



# Form ADV Part 2A Appendix 1: Wrap Fee Program Brochure

April 25, 2025

This wrap fee program brochure provides information about the qualifications and business practices of Regal Investment Advisors LLC ("Regal") relating to the Advisor Choice Program. If you have any questions about the contents of this brochure, please contact us at 616- 224-2204.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Regal Investment Advisors LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 Summary of Material Changes

Form ADV Part 2 – Appendix 1 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 28, 2024, the wrap brochure has been updated to ensure that all information related to the program is accurately reflected. This update includes revisions aimed at improving clarity, enhancing conciseness, and reducing redundancy throughout the document.

Material changes include an adjustment to the maximum fees allowable under the Advisor Choice Program. Additionally, the Firm amended its IAR compensation language in Item 5 to describe the salary compensation structure for specific Investment Advisor Representatives. We encourage you to review the updated document to stay informed about the Program's structure and associated costs.

Additionally, on April 25th, we subsequently updated Item 9 Additional Information to reflect a \$20,000 fine imposed by FINRA against our broker-dealer affiliate, Regulus Financial Group, LLC due to the omission of necessary disclosure information on Regulus's Form CRS.

For more information you may request a full copy of our current Brochure at any time, without charge, by calling 616.224.2204.

Additional information about Regal Investment Advisors is available via the SEC's Investment Adviser Public Disclosure website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Regal Investment Advisors who are registered, or required to be registered, as Investment Adviser Representatives of Regal Investment Advisors.

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## Item 4: Services, Fees, and Compensation

### Introduction

Regal Investment Advisors LLC ("Regal" "Firm") is a registered investment adviser based in Kentwood, Michigan. Regal offers both wrap fee and non-wrap fee investment advisory services. This Brochure describes the services we provide through the Advisor Choice Program ("Program") our wrap-fee program. We are the sponsor and act as the Investment Adviser for the Program. Other advisory services offered by Regal are described in our ADV Part 2A Brochure.

As used in this brochure, the words "we", "our" and "us" refer to Regal and the words "you", "your" and "Client" refer to you as a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. Our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm. Regal conducts its investment advisory business through a network of independent Investment Adviser Representatives ("IARs") who operate offices located throughout the United States. Regal oversees the advice and asset management services provided by our Associated Persons (including IARs). Your IAR will recommend products, platforms, or services within the scope of options Regal makes available to your IAR. While all IARs share a common affiliation with Regal, they are independent and their individual investment philosophies and strategies they use may differ significantly from each other. Consequently, Regal does not necessarily provide clients who have similar investment objectives or risk tolerances the same investment strategies or advice.

### Description of Services and Fees

In the Advisor Choice Program, the Firm manages client accounts for a single fee that includes portfolio management services, custodial services, administrative services, and certain transaction costs. Under the Program, Regal offers investment advice designed to assist clients in obtaining professional asset management for a convenient single wrap fee. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the Program.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

### Program Fee

We charge an annual wrap fee based on the market value of your assets under management. This fee covers portfolio management, trade expenses, and account custodian transaction costs. The benefits under a wrap fee program depend, in part, upon the size of the account, the management fee charged, and the number of transactions likely to be generated in the account. For example, a wrap fee program may not be suitable for accounts with little trading activity. To evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.

In considering the investment programs described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers, therefore our firm and Associated Persons may have the financial incentive to recommend the Program. Similar advisory services may be available from other registered investment advisers for lower fees.

The wrap fee is negotiated on an Investment Adviser Representative (IAR)-by-IAR, client-by-client, or account-by-account basis. IARs determine advisory fees differently, using methods such as householding multiple accounts, assigning flat fees, or implementing tiered fee schedules. These fees are disclosed to you in the investment advisory agreement that you sign in advance of services being provided. Some clients may receive more favorable pricing structures than others. The maximum allowable program fees are:

Assets Under Management	Maximum Annual Fee
\$0 - \$500,000	2.50%
\$500,001 - \$1,000,000	2.25%
\$1,000,001+	2.00%

Our annual investment advisory fee is billed and payable quarterly in advance based on the value of your account on the

last day of the previous quarter. If the investment advisory agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the details set forth in your specific Client Investment Advisory Agreement.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also have access to your account statements. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

### **IAR Compensation**

Our IARs are either employees or independent contractors. Employee IARs receive a salary, and a portion of the advisory fees you pay helps to cover their compensation. Independent contractor IARs do not receive a salary but instead receive a percentage of the advisory fees paid by clients for their services. The firm retains a portion of the advisory fees to cover operational costs and supervision of both employee and independent contractor IARs. Our IARs may receive a higher percentage of the fees we receive as their production increases. This practice creates a conflict as your advisor is incentivized to increase their production with us and our affiliates to obtain higher percentages and additional compensation.

### **Changes in Financial Circumstances**

We rely on information provided by clients and are not required to verify details obtained from clients or their other professionals. Unless specified otherwise, we assume no service restrictions beyond managing accounts in alignment with stated investment objectives. Clients must promptly inform us of any changes in their financial situation or investment goals to ensure appropriate adjustments to their portfolio and services.

### **Termination of Advisory Relationship**

You may terminate the investment advisory agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the investment advisory agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Billing on Cash Positions**

Regal treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions. Regal will not bill on accounts solely held in cash or cash equivalents. Regal conducts periodic suitability reviews of client accounts and monitors accounts with large cash balances as a percentage of a client portfolio to confirm suitability in line with the client's investment objectives.

### **Billing on Margin**

Unless otherwise agreed in writing, the gross amount of assets in the client's account, including margin balances, are included as part of assets under management for purposes of calculating the firm's advisory fee. Clients should note that this practice will increase total assets under management used to calculate advisory fees which will in turn increase the amount of fees collected by our firm. This practice creates a conflict of interest in that our firm has an incentive to use margin in order to increase the amount of billable assets. At all times, the firm and its Associated Persons strive to uphold their fiduciary duty of fair dealing with clients. Clients are free to restrict the use of margin by our firm. Please refer to Item 8 for more details on the risks associated with the use of margin.

## Periods of Portfolio Inactivity

Regal has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

## Additional Fees and Expenses

The wrap fee covers brokerage commissions for transactions executed through the qualified custodian. However, it does not include mark-ups, dealer spreads, taxes, exchange fees, foreign currency exchange costs, wire transfer fees, or other third-party-imposed charges. Additionally, mutual funds and exchange-traded funds (ETFs) impose separate fees detailed in their respective prospectuses. Option trading, when approved, may involve additional fees and margin requirements.

Our wrap fee may be higher or lower than fees charged by other firms, and similar services may be available at different pricing structures elsewhere. Clients should evaluate all costs, including fees charged by mutual funds, ETFs, and other service providers, to fully understand their total investment expenses. Withdrawals may be made subject to customary settlement procedures, but frequent withdrawals may impact investment objectives.

## Item 5 Account Requirements and Types of Clients

We provide investment advisory services to individuals, trusts, estates, pension and profit-sharing plans, charitable organizations, corporations, and other business entities. While no minimum investment is required to open an advisory account, we reserve the right to terminate accounts that, in our sole discretion, are too small to manage effectively.

Our firm offers both discretionary and non-discretionary portfolio management services tailored to your investment objectives. Clients in discretionary accounts grant us authority to make investment decisions, including security selection, trade execution, and broker selection, without prior approval. This authority is typically granted through the investment advisory agreement and/or trading authorization forms. Clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account by providing written instructions. Non-discretionary clients must approve all transactions before execution and may decline any recommendations.

Clients establishing a wrap fee account must consent to using one of our clearing/custodian broker-dealers, including:

- Fidelity Institutional Wealth Services (cleared through National Financial Services LLC)
- Schwab Institutional (cleared through Charles Schwab & Co., Inc.)

These brokers provide custody, trade execution, clearing, and settlement services, as well as institutional-level benefits such as block trading, advisory fee deductions, and access to no-transaction-fee mutual funds. In general, we have determined that it is in our client's best interest to trade with the wrap program sponsor considering the cost to trade elsewhere. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

If you do not direct our firm to execute transactions through one of these broker-dealers, we reserve the right not to accept your account. Most wrap program sponsor firms assess clients a "trade away" fee for trades not executed through them. We may choose to trade away if we are able and believe we can achieve best execution for a particular trade at another broker-dealer. Wrap-fee clients will pay additional trading costs or fees due to "trade away" transactions.

Not all advisers require their clients to direct brokerage. Since you are required to use a broker-dealer which we have an arrangement with, we may be unable to achieve the most favorable execution costs of your transactions. We believe that the broker-dealers with whom we have relationships with provide quality execution services based on several factors, including, but not limited to, the ability to provide professional services, reputation, experience, and financial stability.

## Changes in Financial Circumstances

We rely on information provided by clients and are not required to verify details obtained from clients or their other professionals. Unless specified otherwise, we assume no service restrictions beyond managing accounts in alignment with stated investment objectives. Clients must promptly inform us of any changes in their financial situation or investment goals to ensure appropriate adjustments to their portfolio and services.



## Item 6 Portfolio Manager Selection and Evaluation

We are the sponsor and sole portfolio manager for the Advisor Choice Program. In the wrap fee program, IARs typically serve as the portfolio managers for client accounts. However, some accounts may be managed by third-party investment managers. Clients should direct any questions regarding the management of their account to their IAR, who can provide further clarification on the specific manager overseeing their investments. Regal retains the right to determine IAR qualifications for managing the Program. We manage wrap fee accounts in the same way we manage non-wrap fee accounts.

Regal's advisory services are tailored to the individual needs of clients. You will work with an IAR of our firm to identify your financial needs, investment objectives, tolerance for risk, and investment time horizon for each account to be established in the Program. Based on information you provide, we will assist you in identifying objectives in accordance with the risk profile that is suitable for the account. Moreover, our IARs are required to recommend investment advisory programs, investment products and securities that are suitable for, and in the best interest of, each client based upon the client's investment objectives, risk tolerance and financial situation and needs considering cost.

We do not calculate, nor do we have third-parties calculate individual portfolio manager performance inclusive of all client portfolios or strategies managed by the IAR. Therefore, performance information may not be calculated on a uniform and consistent basis. Clients will receive their individual portfolio performance information as part of the statements received from their custodian.

We and our Associated Persons may benefit from the fees and charges paid by you and other clients for the services described in this Brochure. We disclose throughout this Brochure the conflicts associated with participating in the Program. We address these conflicts in a variety of ways, and we have established a variety of restrictions, procedures and disclosures designed to address actual and potential conflicts of interest. We maintain policies and procedures, supervisory and review processes, including approval requirements that are designed to review and mitigate any financial incentive or conflict to favor any one security type or investment product or services. We also provide disclosures of these conflicts in our ADV Part 2A and other client documents. We have ongoing requirements to review whether a particular program selection is appropriate for the client and to address actual or perceived conflicts of interest.

### Advisory Business

Please see Items 4 and 5 above for detailed information on our Advisory Business as it relates to the Program. Please see Regal's ADV Part 2A for detailed information on our Advisory Business as it relates to the Firm.

### Performance-Based Fees and Side-by-Side Management

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

### Methods of Analysis, Investment Strategies and Risk of Loss

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

#### *Charting Analysis*

Involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index, or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

Risk: Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

#### *Fundamental Analysis*

Involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

### ***Cyclical Analysis***

A type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions.

**Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

### ***Technical Analysis***

Involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

### ***Long-Term Purchases***

Securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long term, which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost, "locking-up" assets that may be better utilized in the short-term in other investments.

### ***Short-Term Purchases***

Securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term, which may be difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

### ***Option Writing***

A securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

**Risk:** Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

### ***Option Trading/ Use of Leverage***

We primarily give investment advice that is related to long-term holdings. However, for certain approved clients we may employ the use of options strategies. Option securities are complex derivatives of equity securities that incorporate certain leverage characteristics and as such carry an increased risk of investment loss. The options strategies require a margin feature. Option transactions generally involve the use of put and/or call options to engage in a specific trading strategy. The use of leverage can dramatically magnify both gains and losses, increasing the possibility of a total loss of investment. Trading securities on margin results in interest charges and, depending on the amount of trading activity, such charges could be substantial. The level of interest rates and the rates at which client accounts can borrow can affect the operating results of those client accounts. Any restriction on the availability of credit from lenders could adversely affect the account's performance.



### ***Risk of Loss***

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### ***General Risks***

Investing in securities involves risk, including the potential loss of principal. Market conditions, economic factors, interest rate fluctuations, and company-specific events can all impact investment performance. There is no guarantee that any investment strategy will achieve its objectives or that past performance will be indicative of future results. Our investment strategies and advice will vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. Clients should carefully consider their investment goals, risk tolerance, and financial situation before making investment decisions. For information regarding the recommendation of specific types of securities, please refer to the Firm's ADV Part 2A, which includes examples of risks associated with various securities types.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

### **Proxy Voting for Client Accounts**

We accept proxy voting for a limited number of client accounts. Proxy voting is only accepted for a client account in those instances where a client has completed a Regal Investment Advisors Proxy Voting Authorization Form, and we have accepted and executed that form. Absent contrary instructions from a client, it is our policy to vote client proxies in accordance with management. In instances where management has not provided direction, we will abstain from voting such proxies.

As referenced above, we only accept proxy voting authority for a limited number of client accounts. For most client accounts we do not accept proxy voting authority. For the majority of client accounts for which we do not exercise proxy voting authority, clients will receive proxy materials directly from the custodian for their account. Clients who have retained proxy voting authority may contact us using the contact information provided on the cover page of this Brochure.

## **Item 7 Client Information Provided to Portfolio Managers**

Regal takes seriously its obligation to protect the confidentiality of client information. Clients will be provided with our privacy notice upon the establishment of an account. Regal IARs, who serve as portfolio manager, have access to all client information obtained by Regal with respect to the clients' accounts, they manage. IARs communicate directly with clients on a regular basis as needed in order to ensure your most current investment goals and objectives are understood and are followed. In most cases, we will communicate such information as part of our regular investment management duties. In addition, you may communicate personal information, instructions, and changes in your investment goals and objectives when market or economic conditions warrant such action directly to an Associated Person of Regal.

## **Item 8 Client Contact with Portfolio Managers**

There are no restrictions on your ability to contact your IAR who acts as the portfolio manager of the Program. You should contact our firm or your IAR directly with any questions regarding your account.

## **Item 9 Additional Information**

### **Disciplinary Information**

Information on disciplinary history and registration of Regal and IAR's of Regal may be obtained online at [adviserinfo.sec.gov](http://adviserinfo.sec.gov), [brokercheck.finra.org](http://brokercheck.finra.org), or by contacting state regulatory authorities. Following is a list of those legal or disciplinary events that may be material to your evaluation of Regal or the integrity of Regal's management.

On September 16, 2021, Regal Investment Advisors, John Kailunas II, and Brian Yarch settled without admitting or denying the findings with the SEC for not providing advisory service to certain advisory clients after the original IAR left Regal and

did not disclose conflicts of interest arising from compensation received from an affiliated portfolio manager. The cited conduct was unintentional, and amounts paid pursuant to the Order have been distributed to affected clients. All payments related to the SEC Judgement have been paid in full.

Regal agreed to pay disgorgement of \$595,899, prejudgment interest of \$100,875, and a civil penalty of \$150,000, and to perform certain undertakings. Also, without admitting or denying the findings in the order, John Kailunas, II and Brian Yarch agreed to penalties of \$50,000 each, and Brian Yarch agreed to a limitation from acting in a chief compliance officer capacity, with the right to apply to act as a chief compliance officer after three years. Regal, Kailunas, and Yarch also agreed to cease-and-desist orders and to be censured.

From May 22, 2021, to February 6, 2024, Regal's affiliate, Regulus Financial Group, LLC, did not disclose its own and Regal's disciplinary history in the firm's customer relationship summary (Form CRS). Form CRS contains the heading, "Do you or your financial professionals have legal or disciplinary history?". Item 4 of the instructions to Form CRS state that a firm must respond "Yes" if it or any of its financial professionals disclose, or is required to disclose, legal or disciplinary history on specified regulatory disclosure forms, such as Form BD. Regulus' CRS erroneously stated "Yes, although Regulus does not, some of our financial professionals do have a legal or disciplinary history." Due to filing and delivering to customers a Form CRS that omitted required information, Regulus was censured and fined \$20,000 by FINRA.

## **Other Financial Industry Activities and Affiliations**

### **Registrations with Broker-Dealer**

Associated Persons providing investment advice on behalf of our firm may be registered representatives with Regulus Financial Group, LLC ("Regulus"), a securities broker-dealer and member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We are affiliated with Regulus through common control and ownership.

Regulus registered representatives receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned as registered representatives is separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. To mitigate this conflict Associated Persons must avoid servicing their own personal interests ahead of the interests of Regal's clients and described in the Firm Code of Ethics. Not all of our Associated Persons are registered representatives with Regulus.

### **Arrangements with Affiliated Entities**

John Kailunas II, Brian D. Yarch, and Don Carlson, Managing Members of Regal Investment Advisors LLC are also owners and executive officers of Regal Holdings of America. Regal Holdings of America is the majority owner of Regulus Financial Group, LLC. Regulus is a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

Regulus has entered into a tri-party clearing agreement with Pershing LLC, and with Saxony Securities, Inc. as the intermediary firm. Regal's advisory relationships with Pershing LLC/Saxony Securities, Inc. are conducted through Regulus.

Associated Persons providing investment advice on behalf of our firm may be licensed as insurance agents. They will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Not all of our Associated Persons are insurance agents.

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. While we believe that compensation charged by our affiliates is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. Regal periodically evaluates the fees charged by our affiliates to ensure they remain generally competitive in the market. You are under no obligation to use our affiliates' services and may obtain comparable services and/or lower fees through other firms.

### **Code of Ethics**

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your

account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. 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 mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Review of Accounts**

Regal monitors client account holdings on a continuous basis. IARs are responsible for providing investment advice and conducting ongoing reviews for client accounts. Clients are encouraged to meet with their IAR at least once per year to discuss any changes in personal or financial circumstances, suitability of the investments, risk tolerance and any new or revised account restrictions. Triggering factors for additional reviews may include, for example, a client request, significant changes to a client's financial condition, risk tolerance or investment objectives, and/or changes in economic conditions, etc.

### **Client Referrals and Other Compensation**

We directly compensate non-employee (outside) consultants, individuals, and/or entities ("Promoters") for client referrals. In order to receive a cash referral fee from our firm, Promoters must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Promoter, you should have received a copy of this brochure along with the Promoter's disclosure statement at the time of the referral. If you become a client, the Promoter that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Promoter expires or a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Promoter are contingent upon your entering into an advisory agreement with our firm. Therefore, a Promoter has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

We may enter into contractual arrangements with one or more Associated Persons of our firm, under which these individuals may receive compensation from our firm for the establishment of new client relationships. Associated Persons who refer clients to our firm must comply with the requirements of the jurisdiction(s) where they operate. Incentive based compensation paid to any such employee will be contingent upon you, as client, entering into an advisory agreement with our firm. You will not be charged additional fees based on this compensation arrangement. However, such a contractual arrangement in litigation to recover damages on your behalf.

### **AssetMark**

We have entered into an agreement with AssetMark, Inc. ("AssetMark") a third-party asset manager for non-wrap accounts (TPAM) we may recommend, whereby AssetMark provides our firm with a quarterly reimbursement for qualified marketing and/or business development expenses incurred by our firm. Examples of qualified expenses include organized group meetings, client communication materials, advertising, seminars and conference expenses, coaching/training/business development programs, and meetings with prospective investors. The amount of reimbursement is based on the amount of assets placed with AssetMark. Therefore, this arrangement creates a conflict of interest in that we have a financial incentive to recommend AssetMark to our client over other TPAMs. Notwithstanding our agreement with AssetMark, to mitigate this conflict we will recommend AssetMark to clients only to the extent that our recommendation is in the client's best interest given the client's financial needs, investment goals, risk tolerance, and investment objectives.

### **Betterment**

We receive a non-economic benefit from Betterment for Advisors and Betterment Securities ("Betterment") in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment. The availability to us of Betterment products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **FinLife Partners**

In an effort to enhance the quality and breadth of services that Regal provides to its clients, we utilize a suite of digitally powered technology solutions offered by FinLife Partners®, a division of United Capital Financial Advisers, LLC ("FinLife

Partners"). FinLife Partners provides access to its technology platform to Regal that includes the use of certain digital tools and systems, training relating to use of the technology platform, and if elected by Regal, certain clerical documents, and data compilation services. FinLife Partners is not in any way involved in, or responsible for the individual investment management or guidance provided to Regal's clients. Regal pays FinLife Partners a flat fee ("CS Use fee") for its technology implementation services as well as fees calculated per a percentage-basis formula in accordance with the volume of clients for who Regal utilizes such services and/or products. As such for certain services offered, clients indirectly contribute to the payment of the cost of services paid to FinLife Partners. Relating to the cost for services, Regal is financially incentivized to refer clients to FinLife, creating a conflict of interest.

Additionally, upon the date of the quarterly invoice for the CX Use Fee, FinLife Partners will determine the aggregate of Regal's assets invested in Goldman Sachs Asset Management managed mutual funds ("GSAM Mutual Funds"). If Regal invests \$15 million or more in GSAM Mutual Funds, Regal will receive a quarterly credit equal to \$6,250 for every \$15,000,000 of assets invested in GSAM Mutual Funds on the date of the applicable invoice. The total credit may not exceed the total quarterly invoiced amount for the CX Use Fee as specified on the fee schedule. FinLife Partners will measure eligibility for and apply the credit, if any, on a quarterly basis against the annual fees due and owing. FinLife Partners reserves the right to terminate the credit program at any time.

### Revenue Sharing Agreements

Pursuant to an agreement in place with North Star Investment Management Corporation, Regal's affiliated broker-dealer, Regulus Financial Group, LLC receives an annual fee of 0.45% of assets invested in certain North Star funds by investors referred by Regal. This presents a conflict of interest as Regal has an incentive to encourage representatives, or clients through financial planning services, to invest in the following mutual funds managed by North Star (as of March 26th, 2024):

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

**Less expensive or better performing mutual funds with the same or similar fund objective may be available.** As a fiduciary, we have a duty to put the needs of clients above our own and will only recommend an investment if the investment would serve the needs of our client.

### Research and Soft Dollar Arrangements

We may consider the value of research and brokerage products or services provided by a broker-dealer when selecting where to execute client transactions. This practice, known as using "soft dollars," may create a conflict of interest, as the firm benefits from these services while transaction costs are client assets. Soft dollar arrangements may also incentivize higher trading volumes. We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Our use of soft dollars complies with Section 28(e) of the Securities Exchange Act of 1934, which provides a "safe harbor" for investment managers using client commissions to obtain research that assists in investment decision-making. We determine in good faith that commissions paid are reasonable in relation to the value of brokerage and research services received.

Research services may include market data, financial analyses, and investment recommendations. Brokerage services may involve technology and tools that facilitate trade execution. These services are used for overall investment decision making and not solely for accounts generating soft dollars. In some cases, we may allocate costs between research/brokerage and administrative use, ensuring only the portion related to investment decisions is funded with soft dollars. Additionally, we may pay higher transaction fees for mutual fund trades through certain brokers to obtain research, which may not directly benefit the accounts incurring these costs. Soft dollar credits may be accumulated and used for specified expenses. While brokers providing research may receive more business, we do not exclude others from executing trades solely for lacking soft dollar arrangements.

### Other Uses and Products

The firm may use some products or services not only as "research" and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution), but for our administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost attributable to making investment decisions and executing transactions is paid with commission



dollars; we bear the cost of the balance. Our interest in making such an allocation differs from clients' interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.

### **Amount and Manner of Payment**

A broker-dealer through which the firm wishes to use soft dollars may establish "credits" arising out of brokerage business done in the past, which may be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker-dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business the firm does with a particular broker-dealer during any period may be less than such a suggested level but may exceed that level and may generate unused soft dollar "credits." We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to said broker-dealer as we would have paid had the broker-dealer provided such products and services.

### **Fidelity Program**

Regal Investment Advisors participates in the Client Commission Arrangement (the "Program") offered by Fidelity Brokerage Services, LLC ("Fidelity"). Fidelity offers independent investment advisors services which include custody of securities, trade execution, clearance, and settlement of transactions. We receive some benefits from Fidelity through our participation in the Program. There is no direct link between our participation in the Program and the investment advice we give to you, although we receive economic benefits through participation in the program that are typically not available to Fidelity retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Regal Investment Advisors by third-party vendors. Fidelity may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by Fidelity through the program may benefit us but may not benefit our accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at Fidelity. Other services made available by Fidelity are intended to help Regal Investment Advisors manage and further develop its business enterprise. The benefits received by us or our personnel through participation in the Program does depend on the amount of brokerage transactions directed to Fidelity. As part of its fiduciary duties to you, we endeavor at all times to put your interests first. Clients should be aware, however, that the receipt of economic benefits by Regal Investment Advisors or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Firm's choice of Fidelity for custody and brokerage services.

### **Schwab Advisor Services**

Schwab Institutional provides Regal Investment Advisors with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers at no charge to them so long as a total of at least \$10 million of the adviser's clients account assets are maintained at Schwab Institutional. Our access to Schwab's services does not constitute a formal soft dollar agreement, but we do receive economic benefits as a result of our participation. Schwab Institutional services may include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require significantly higher minimum initial investments. Schwab Institutional also makes available to Regal Investment Advisors other products and services that benefit Regal Investment Advisors but may not benefit its clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of Regal Investment Advisors' fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. The availability to Regal Investment Advisors of the foregoing products and services is not contingent upon Regal Investment Advisors committing to Schwab Institutional any specific amount of business (assets in custody or trading).

### **Financial Information**

This item is not applicable to this Brochure. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Regal does not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Regal has not been the subject of a bankruptcy petition.