

In a profession based on objective advice, true independence offers many choices intended to benefit an independent financial advisor and their clients. The client's choice of an independent financial advisor is the first step in getting unbiased recommendations and impartial guidance based directly on the client's needs and goals.

What is an independent financial advisor?

Objective advice on achieving your client's financial goals may be best delivered by an independent financial advisor. Independent financial professionals are not employees of an investment or financial services firm - they are independent business owners. They have the freedom to structure their business in a manner that best serves the client. An independent financial professional utilizes a broker-dealer who provides services that include processing investment business, marketing assistance, practice management, and education. In addition, a broker-dealer holds responsibility for regulatory compliance and adherence to securities laws.

What is an independent broker-dealer?

An independent broker-dealer allows financial professionals to offer non-proprietary products, such as mutual funds or life insurance, from a wide variety of companies. Choosing to work with an independent broker-dealer enables advisors to offer the client unbiased investment advice compensated in the form of fees, commissions, or both.

Quality firms safeguarding your assets

An independent broker-dealer can choose a non-affiliated clearing firm such as First Clearing, LLC to provide the trade execution, clearing, custody, and other related services for clients of their financial advisors. Clearing relationships are typical throughout the industry and allow the financial advisors to focus on helping the client achieve their investment goals while taking advantage of the clearing firm's safeguards for the physical protection of the client's assets.

Securities regulations are designed to protect clients' funds and fully paid for securities when they are in custody at a registered broker-dealer. The Securities Exchange Commission (SEC) is an agency of the U.S. government that oversees the Financial Industry Regulatory Authority (FINRA), which in turn oversees broker-dealers, clearing firms, and the financial advisor. Both the SEC and FINRA require members to comply with various rules intended to minimize the chance of financial failure and maximize the protection of the client's assets. The SEC also requires a registered broker-dealer to segregate fully paid for, investor owned assets - meaning that if the broker-dealer fails, investors' assets will remain safe, separate from the broker-dealer's assets.

Client assets are protected by the Securities Investor Protection Act, which is administered by the Securities Investor Protection Corporation (SIPC). SIPC is a non-profit, non-government, membership corporation funded by member broker-dealers. SIPC's primary role is to return funds and securities to investors if the broker-dealer holding these assets becomes insolvent. SIPC does not insure against the rise and fall of the market but does insure the client's funds against theft, up to \$500,000 in securities.

Excess Coverage Maintained by First Clearing, LLC

Above and beyond SIPC coverage, First Clearing maintains additional insurance coverage through Lexington Insurance Company, an AIG Company (referred to here as "Lexington"). For clients who have received the full SIPC payout limit, First Clearing's policy with Lexington provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). In other words, the aggregated amount of all client losses covered under this policy is subject to a limit of \$1 billion with each client covered up to \$1.9 million for cash.

About Lexington Insurance Company

Lexington Insurance Company is the leading U.S.-based surplus lines insurer. For more information about Lexington, please visit lexingtoninsurance.com.

The Limits of SIPC and Lexington's Insurance Coverage

Please note that coverage provided by SIPC and Lexington does not protect against the loss of market value of securities. All coverage is subject to the specific policy terms and conditions.