D.A. Davidson & Co. member SIPC

Regulation Best Interest Disclosures

Effective Date: May 31, 2024

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1. Important Information About This Disclosure

As a valued retail client of D.A. Davidson & Co. ("D.A. Davidson" or "we" or our "Firm"), we are providing you with this Regulation Best Interest Disclosure ("Reg BI Disclosure") to help you better understand the services we offer and our relationship with you. This Reg BI Disclosure applies to all brokerage accounts and brokerage investment recommendations made to you by D.A. Davidson and should be utilized as a reference tool throughout your relationship with our Firm.

Among other things, this Reg BI Disclosure addresses the:

- **scope and terms** of our relationship with you,
- **capacity** in which we are acting,
- **type and scope** of our brokerage services,
- **material limitations** on our brokerage services,
- **conflicts of interest** that our Firm and our financial professionals have when we recommend investments to you as your broker, and
- **fees and costs** associated with your account(s), holdings, and transactions.

In order to help you get the most value out of this Reg BI Disclosure, we encourage you to read it carefully along with our Firm's *Form CRS – Client Relationship Summary ("Form CRS")*, which, along with this Reg BI Disclosure, is available at dadavidson.com/Disclosures. Copies of both are available, at no cost to you, upon request. This Reg BI Disclosure also references a number of additional sources of information, along with details on how you can access them, and we encourage you to refer to them.

It is important to understand when, and how, the discussions in this Reg BI Disclosure apply to you:

- First, this Reg BI Disclosure applies only on and after the effective date listed on the cover page. This is the case even if you received it before the effective date.
- Second, this Reg BI Disclosure generally applies only to our brokerage services. Specifically, in Section 2.1 (Our Capacity) we explain the distinction between the services we offer in a broker-dealer (brokerage) capacity, and the services we offer in an investment adviser (investment advisory) capacity.
- Third, this Reg BI Disclosure applies only to D.A. Davidson's relationship with our "retail clients" – essentially, this term means individuals (including their legal representatives) to whom we provide investment recommendations that are used primarily for personal, family, or household purposes.[1] The investments and services we offer to retail clients are sometimes referred to as our "Wealth Management" platform. You are not a retail client if you are acting in a professional, corporate, or in certain circumstances a fiduciary capacity to an employer sponsored benefit plan.

Where we provide investment recommendations and other services to, or on behalf of, other types of investors (for example, foundations or other institutional account holders, corporations, pension plan trustees, etc.), these relationships will be subject to different rules.

2. Scope and Terms of Our Relationship with You

D.A. Davidson is registered with the Securities and Exchange Commission (the "SEC") as both a broker-dealer and an investment adviser. Our brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. Free and simple tools are available for you to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

Depending on your financial circumstances and needs, and certain other factors, you may choose our Firm's brokerage services, investment advisory services, or both. There are important differences between brokerage and advisory services, including their costs, the specific services we provide, and the rules that govern them. You should carefully consider these differences when deciding which type(s) of services and accounts are right for you. Information regarding the differences between our brokerage and advisory services is also provided in our *Form CRS*.

2.1. Our Capacity

All recommendations made by D.A. Davidson and your D.A. Davidson financial professional regarding your brokerage account(s) will be made in a broker-dealer capacity, and all recommendations regarding your advisory account(s) will be made in an investment adviser capacity. Certain recommendations made by D.A. Davidson and your D.A. Davidson financial professional regarding any of your brokerage account(s) or advisory account(s) that are retirement and other qualified accounts, including employer-sponsored plans ("plans"), individual retirement accounts ("IRAs"), SEP IRAs, SIMPLE IRAs, Keogh plans, Coverdell educational savings accounts, and other similar accounts (collectively, "retirement accounts") are also made in accordance with the Department of Labor's PTE 2020-02[2]. The primary differences are summarized below.

If you have a brokerage account and an advisory account with D.A. Davidson, and your financial professional makes investment recommendations to you with respect to both accounts, they will explain to you verbally whether a particular recommendation is for

[1] The Securities and Exchange Commission (the "SEC") uses the term "retail customers" to define the types of investors to which its Regulation Best Interest applies. As used in this Reg BI Disclosure, "retail client" means the same thing as the SEC's term "retail customer." The types of investment recommendations that are subject to Regulation Best Interest are limited to those involving securities transactions and investment strategies involving securities (including account recommendations).

[2] The U.S. Department of Labor's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") is a special rule that permits us to receive compensation in connection with certain recommendations we make with respect to retirement accounts.

your brokerage account, your advisory account, or both (unless it is clear under the circumstances to which account the recommendation applies). Your financial professional will explain this at the time the recommendation is made. The fact that you have an advisory account does not mean that D.A. Davidson has fiduciary obligations to you when providing brokerage services, recommendations or handling your brokerage accounts.

Also, while most of our financial professionals are licensed to provide recommendations and services both in a brokerage capacity and an investment advisory capacity, some of our financial professionals offer only brokerage accounts and services. If this applies to your D.A. Davidson financial professional, they will not be able to offer investment advisory accounts or services. If your financial professional is limited to offering brokerage accounts and services only, they will disclose this limitation by providing you with a supplemental disclosure at the outset of your relationship with us, and before making any initial recommendation(s) to you.

Brokerage Accounts

In our capacity as a broker-dealer, we can make recommendations to you to open a brokerage account and about buying, selling, and holding securities, and effect purchases and sales of securities on your behalf (for your brokerage account). We can also provide you with research and information about investments, financial education, and custody of assets, along with certain other supporting services. When we act in our capacity as a broker-dealer, we are paid for our services through commissions and other transaction-based charges.

We offer several different options and account types for your brokerage account(s), including brokerage accounts held with D.A. Davidson as the custodian and accounts held directly with the issuer of the securities purchased, such as a fund company (sometimes referred to as “directly-held” accounts).

We do not have any minimum account or investment requirements for our brokerage accounts, but some of the investments you can purchase through us have minimum investment requirements. More information about these minimum investment requirements is available in the investment’s offering document or prospectus.

Within brokerage accounts, our Firm and financial professionals do not make investment decisions for you or manage your investments on a “discretionary” basis. This means that we cannot buy or sell investments in your brokerage account without first obtaining your consent. Generally, you will need to consent separately to each trade, unless you have set up a systematic purchase/ redemption program (for example, to invest in certain mutual funds), in which case you do not have to consent separately to each contribution or redemption payment – they will occur automatically according to your instructions. Another example is a dividend reinvestment program, where you elect ahead of time to apply all dividends to purchasing new shares.

A recommendation to open or move to a brokerage account would be made under Regulation Best Interest (and for employer sponsored Plans and IRAs under PTE 2020-02) based on your investment objectives, risk level, investment time horizon, financial information and other circumstances (collectively, your “investment profile”). Brokerage account services and features include one or more of the following: no account minimums, fees paid on a transactional basis, the ability to maintain concentrated and illiquid positions or certain investments and strategies, the ability to direct your own transactions; and the transaction based costs associated with a D.A. Davidson brokerage account are justified by these services and features. Our financial professionals may recommend a brokerage account and investments to you, but you are solely responsible for making the ultimate decision whether to open the account and purchase or sell (or hold) investments. We will only purchase or sell investments when specifically directed by you.

Our Firm and financial professionals also do not monitor your brokerage account or the performance of any investment after an investment is purchased, including those investments we recommend for you. Periodically, we may voluntarily review those investments to determine whether to provide additional information and/or recommendations. But in all cases, you are responsible for deciding whether to continue holding investments in your account.

When we act in our capacity 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 and rulemaking bodies such as the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Municipal Securities Rulemaking Board (“MSRB”) (with respect to municipal bonds, as well as 529 plans (education savings plans), which are considered municipal fund securities), as well as applicable state laws. And, under Regulation Best Interest, our Firm and financial professionals are obligated to act in your best interest and not put our interests ahead of yours when we recommend securities transactions, or investment strategies involving securities (including account type recommendations), to you.

Investment Advisory Accounts

As an investment adviser, we can recommend that you open an advisory account and provide investment advice to you for an advisory fee (rather than commissions and other transaction-based charges). Our Firm’s advisory fees are usually based on a percentage of your advisory assets with us and are typically paid quarterly. Our primary investment advisory services include discretionary and non-discretionary “wrap fee” programs (where we or another firm within our programs acts as your investment adviser/asset manager, and we also provide brokerage services such as trade execution and custody, for a single “wrap” fee); financial planning services; and advice to plan sponsors about employer-sponsored retirement plans (such as 401(k)) called “retirement plan services”. Where we provide investment advice, we may also place trade orders for you with our Firm as a broker-dealer.

When we act in our capacity as an investment adviser, we will do so pursuant to a written agreement with you that sets forth the investment advisory relationship and our obligations to you. When we act as an investment adviser to you, we are considered to have a fiduciary relationship with you under the Investment Advisers Act of 1940, which includes both a duty of care and a duty of loyalty.

A recommendation to open or move to an advisory account would be made under the Advisors Act Fiduciary Duty (and for employer sponsored Plans and IRAs under PTE 2020-02) based on your investment profile. Advisory account services and features include one or more of the following: investment management, ongoing account monitoring and rebalancing, financial planning (including estate, wealth or retirement planning), access to affiliated/third party managers; and the asset-based costs associated with D.A. Davidson's advisory program(s) are justified by these services and features. Our financial professionals may recommend the account type, advisory program, portfolio and investment manager to you, but you are solely responsible for making the ultimate decision whether to open the account and engage in/with the program, portfolio, and investment manager.

At the outset of our investment advisory relationship with you, you will also receive a disclosure document that describes our investment advisory services and includes important information about, among other things, our fees, personnel, other business activities, and conflicts between our interests and your interests. This disclosure document, our Form ADV, Part 2A brochure, is available at dadavidson.com/Disclosures.

Individual Financial Professional Designations

In some cases, your D.A. Davidson financial professional may hold one or more professional designations, which are often denoted by letters following their last name in written materials, or otherwise. For example, in written or oral communications your financial professional might have indicated to you that they are a "CWS®" (Certified Wealth Strategist®) or a "CFA®" (Chartered Financial Analyst®) or holds some other similar designation**. These designations are issued by private organizations having no affiliation whatsoever with our Firm or any securities regulator. It is important for you to understand that they are different from the legal capacities (broker-dealer vs. investment adviser) described above, and your financial professional's securities licensing (for example, Series 7, Series 65, etc.).**

As a Firm, D.A. Davidson does not generally prohibit our financial professionals from holding such designations or communicating them to clients, if we believe the designation imposes bona fide education requirements. To that end, we maintain a list of Firm approved designations that may be used by financial professionals. However, it is important for you to understand that these designations apply solely to those individuals who hold them, and not to our Firm or our other financial professionals (even if they are in the same office or on the same team). D.A. Davidson's obligations to you are set forth solely by our agreements with you, applicable laws, and the rules established by such regulatory bodies as the SEC and FINRA. **D.A. Davidson expressly disclaims any responsibility or intent to follow any and all rules or standards imposed (or claimed to be imposed) by private, unaffiliated organizations on the individuals who hold their professional designations.**

Special Rules for Retirement Accounts

When D.A. Davidson or your D.A. Davidson financial professional provide "investment advice" to you (within the meaning of the Employee Retirement Income Security Act or the Internal Revenue Code (the "retirement laws")) regarding your retirement plan account or individual retirement account, we are fiduciaries under the retirement laws with respect to such investment advice. The way we make money creates some conflicts with your interests, so we operate under special rules that require us to act in your best interest and not put our interest ahead of your interests when providing such investment advice. Under these rules, the Firm and our financial professionals must also:

- Meet a professional standard of care (give prudent advice);
- Not put our financial interests ahead of yours (give loyal advice);
- Avoid misleading statements about our conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we and our financial professionals give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

This fiduciary acknowledgment does not create an ongoing duty to monitor your accounts or create or modify a contractual obligation, or fiduciary status or obligations under state law. This fiduciary acknowledgement does not apply to retirement plans or other accounts that are not subject to ERISA or Section 4975 of the Internal Revenue Code, including federal, state, local, and non-US workplace employee benefit plans. 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 account assets to us;
- Recommendations about investments held in accounts that are not retirement accounts (i.e., taxable accounts) or held in accounts at financial institutions other than D.A. Davidson and for which we do not act as broker of record;
- Recommendations that you execute at another financial institution;
- Transactions or trades you execute without a recommendation from us (e.g., unsolicited trades), or that are contrary to, or inconsistent with, our recommendation; and
- Recommendations that do not meet the definition of fiduciary "investment advice" in Department of Labor regulation section 2510.3-21. For your information, 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 IRA or plan account.

Rollovers from an Employer-Sponsored Plan

D.A. Davidson or one of its representatives may provide (1) general information and education to you about the factors to consider when deciding whether to move retirement assets to D.A. Davidson, or (2) a recommendation that you move your retirement assets to D.A. Davidson. A recommendation to roll assets out of an employer-sponsored plan to D.A. Davidson will be valid only if made in writing, and after an extensive review of detailed information that you provide about your plan, including its investment options, services, features, and fees and expenses, and your financial circumstances and preferences. You understand and agree that our analysis of the costs and services of your retirement plan, as compared to the costs and services D.A. Davidson provides, depends on the information you provide to us (or in certain circumstances, information we obtain from third parties about the plan (or similar types of plans). You are responsible for updating us if your investment objectives, risk tolerance and financial circumstances change.

Transferring IRA assets from another financial institution
If you decide to move assets from an IRA at another financial institution to D.A. Davidson, it is based on your determination that:

- Greater services and/or other benefits (including asset consolidation and holistic advice and planning) can be achieved with the D.A. Davidson IRA; and
- The costs associated with D.A. Davidson IRA are justified by these services and benefits.

You understand and agree that with respect to any assets you decide to transfer/roll over from an IRA at another financial institution, now or in the future, 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 a D.A. Davidson IRA; (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 D.A. Davidson and its employees resulting from your decision to roll or transfer assets to a D.A. Davidson IRA.

Best Interest Standard and Reasonable Compensation
The best interest standard under both Regulation Best Interest and PTE 2020-02 does not require that we guarantee the performance of any investment or that your investment objectives will be achieved. In addition, we and our financial professionals may provide recommendations and take actions in connection with the accounts of other clients that may differ from the recommendations and services provided to you. There may be times when we are legally prohibited from making a recommendation that may be otherwise considered to be in your best interest, such as due to insider trading. You understand that any recommendations we and our financial professionals make will reflect the information you provide to us about your investment objectives, risk tolerance, financial circumstances, and investment needs, and we will not be responsible for any information you omit or fail to provide, including changes thereto. We and our financial professional's recommendations and advice will also reflect any limitations you impose, including through applicable investment restrictions and guidelines. You are responsible for notifying us and your financial professional if your investment objectives, risk tolerance or financial circumstances change. We and our financial professionals will not be responsible for your decision to invest or transfer your retirement account assets in a manner that is different from, or inconsistent with, our recommendations or other advice and guidance, and you assume the risk of such decision, nor will we or our financial professionals be responsible for your delay in implementing a recommendation.

Reasonable compensation under the retirement laws has generally been determined based on the compensation paid or received in an arm's-length transaction considering the nature and extent of all services (including products, features, and benefits) provided. This standard does not require us to offer our services at the lowest cost, or for the least compensation, in the marketplace, or that we offer our services to you at the same or lower cost or compensation levels than we offer them to other clients, including similarly situated clients. Certain clients may have negotiated lower fees and compensation for their accounts than those that apply to your account. By entering into an agreement with us, you agree that you believe that the fees and other compensation payable for our services are reasonable considering the totality of the services provided. If you decide not to use all or some of the services that are made available to you, you agree that we have no obligation or responsibility to reduce or lower our fees and compensation during the period those services are available to you. If you want to change the services we make available to you or have any concerns regarding the level of fees your retirement account pays or our compensation, please contact your financial professional immediately.

2.2. Type and Scope of Services

Brokerage Services
Your financial professional can make recommendations to you about buying, selling, and holding securities (including investment funds and products), and we effect purchases and sales of securities on your behalf (for your brokerage account). They can also make recommendations of investment strategies involving securities, which includes recommendations of account types. D.A. Davidson can also provide research and information about investments, financial education, and custody of assets, along with certain other supporting services.

Cash Management Program. We offer an account feature to have uninvested cash in your brokerage account "swept" automatically into accounts with various third-party banks that are insured by the Federal Deposit Insurance Corporation ("FDIC"). This feature is referred to as a "cash management program." Please note that, if you participate in our cash management program, this does not mean that you will have bank accounts in your name from which you can access the funds (other than through D.A. Davidson). Our cash management program is described in more detail in our *Cash Management Program Disclosure Statement*, which is available at dadavidson.com/Disclosures.

Margin. An additional supporting service that we make available is margin lending. If you use this service, this means we will lend money to you to buy investments. Our margin lending service is described in more detail in our *Margin Disclosure Statement*, which is available at dadavidson.com/Disclosures.

Davidson Lending Program (Securities-Based Lending). Another supporting service that we make available is to refer qualifying clients to borrow money from a third-party lender (the "Lender") under the Davidson Lending Program (the "Loan"). The Loan can be used for any personal or business purpose other than to purchase, carry, or trade securities. The Loan is secured by the assets in a client's non-qualified brokerage and/or advisory account(s).

Any referral by D.A. Davidson and its financial professionals made to a Lender or for a Loan is an ancillary service. The financial professional can educate clients about the Loan, act as an intermediary between the client and the Lender, but does not recommend the Loan, a draw down on the Loan, or otherwise provide a best interest recommendation with regard to the Loan. The financial professional also will not provide advice or oversee any such lending arrangement.

Clients considering a loan should refer to the disclosure titled Important Considerations for Liquidity Needs available at dadavidson.com/Disclosures for more educational information about liquidity options, including considerations for taking the Loan, compensation received by D.A. Davidson and its financial professionals for making the referral, and associated conflicts of interest.

Account Types and Services
In order to use any of our brokerage services described above, you must first open an account with us. Our Wealth Management platform offers a number of account types with different features and benefits that are intended to address different needs and objectives of our retail clients. When opening an account with us, you may choose between several different options or account types for your brokerage account, including standard brokerage accounts held with D.A. Davidson as the custodian; accounts held directly with the issuer of the securities purchased; education accounts (for example, education savings plans), which are typically "directly-held" accounts; and retirement accounts (for example, IRAs).

Before deciding whether to open an account with us, you will want to discuss our account options with your financial professional to determine which option(s) best fit(s) your financial circumstances and needs.

Our Investment Philosophy
With respect to our Firm's retail clients, we believe that there are different ways to achieve success as to important financial goals such as saving and investing for retirement, education, and other needs. We believe that investing is, and should be, individualized, and so retail clients should be provided with meaningful choices about various products, services, and approaches. Accordingly, on our Wealth Management platform, we recommend and provide services with respect to a broad range of securities and other investments. It is our view that both individual securities such as stocks and bonds, and investment funds and other "packaged" products, can play important roles in building appropriate client portfolios.

It is not our philosophy or business model to limit the investments we make available to retail clients to a narrow menu of products or types, or only to proprietary products.

While we do not subscribe to any specific "play book" or prescriptive investment process across our retail client relationships, it is our Firm's belief that there are certain fundamental principles that should be consistently observed. At the time our financial professional provides recommendations to a retail client, the financial professional must have a reasonable basis to believe that the recommendations are in the retail client's best interest and must not place the financial professional's interests (or our Firm's interests) ahead of the retail client's interests.

In forming this reasonable belief, our financial professionals must take into account the potential risks, rewards, and costs associated with the recommendations they are making. This means that the retail client's profile must be considered which includes such information as age, financial circumstances and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and other information that the retail client discloses to their financial professional or our Firm in connection with a recommendation.

Finally, while we believe in the merits of offering a broad menu of investment choices, we likewise believe it is appropriate to limit our product and service offerings in some respects. For example, while certain "alternative" investment products can provide opportunities for enhanced returns, additional diversification and risk hedging in appropriate cases, they may likewise present additional risks, costs, and complexities. Similarly, certain types of option trading, investing on margin and other activities can increase a client's risk profile. In the interest of advancing the best interests of our retail client base generally, our Firm limits our offerings of "alternative" and more complex products. We also place limitations on specific types of options trading, investing using margin, and certain other activities that can lead to risk levels we believe are inappropriate for most retail clients.

In each case, the recommendations our financial professionals provide to their retail clients will reflect the Firm's fundamental principles listed above. The specific investments that our financial professionals will recommend to a retail client will reflect both the client's financial circumstances and needs, as well as the financial professional's personal experience and familiarity with different securities and other products. If your financial professional recommends that you invest in one or more of the products described in Section 4 (Fees and Material Conflicts of Interest Associated with Specific Investments) they will discuss the investment with you, as well as the goals and primary risks of the recommended investment.

2.2.1. Material Limitations

Our Firm and financial professionals provide a wide range of brokerage services. For example, while the range of products we offer in some categories is somewhat restricted, we do not limit our overall investment offerings to a narrow menu of products, strategies, asset classes or types. Likewise, we do not limit our investment offerings to proprietary products, or generally to securities from a select group of issuers. Finally, we do not generally impose minimum account or investment requirements in brokerage accounts, although some of the investments you can purchase through us have minimum investment requirements.

Notwithstanding the range of our brokerage services, the following describes the material limitations on our services and the services of our financial professionals.

No Account Monitoring. As noted previously, our Firm and financial professionals do not monitor your account after effecting a securities transaction for you, including those investments our financial professionals recommend. Periodically, we may voluntarily review those investments to determine whether to provide additional recommendations. While our financial professionals remain available to assist you, they do not monitor your account or your investment performance after effecting a securities transaction for you, or otherwise at any time. In all cases you are responsible for deciding whether to continue holding investments in your account.

No Discretionary Investment Authority. Our financial professionals do not make investment decisions for you or manage your brokerage account on a discretionary basis. This means that we cannot buy or sell investments in your account without first obtaining your consent (in each case). 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 do so when specifically directed by you.

Investment Limitations. While we generally offer a wide range of investments, including investment funds and products, there are certain investments we do not offer. For instance, we do not offer every type of investment fund, insurance product or education savings plan. We also do not offer funds, insurance products and other products from every fund company or other issuer. This means that our financial professionals are limited to recommending only those investments that we are authorized to offer.

Financial Professional Limitations. Not all of our financial professionals can offer the full range of investments and services we offer. As noted previously, while most of our financial professionals are licensed to offer both brokerage and investment advisory services, some of our financial professionals are licensed to offer brokerage accounts and services only. If this limitation applies to your financial professional, we will disclose this to you in writing. In addition, some of our financial professionals are not licensed to recommend and sell certain products, such as insurance products. This is a material limitation on the securities or investment strategies that your financial professional may recommend to you, and you should discuss any such limitations with your financial professional. In addition, you may research your financial professional's experience and licenses at Investor.gov/CRS or on FINRA's BrokerCheck website at brokercheck.finra.org.

Certain Regulatory Restrictions. Most of the investments we offer on our Wealth Management platform are available to all of our retail clients, but there are some exceptions. For example, before purchasing interests in most "alternative investment funds" such as hedge funds and private equity funds (which are "private placements") you may have to meet certain financial or other thresholds in order to qualify as an "accredited investor," a "qualified purchaser" and/or a "qualified client," depending on the specific fund and its requirements. Likewise, under FINRA rules, if you have certain associations within the financial services industry, you may be considered a "restricted person" who is prohibited from purchasing "new issue" securities through initial public offerings (IPOs), etc. We will inform you if any of these restrictions apply to you.

No Proxy Voting. D.A. Davidson and our financial professionals do not vote proxies on any investments held in clients' brokerage accounts.

2.3. Fees and Costs, Generally

This section provides certain information about the material fees and costs associated with your account, transactions, and holdings. Because fees and costs vary depending on the specific transaction or service provided, Section 2.3.1 (Fees and Service Charges Associated with Your Account) immediately below first describes the fees and service charges associated with your account, as reflected in our Fees and Service Charges schedule. Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings) then provides a summary of the primary types of commissions and similar charges that are paid directly to us from your brokerage account when you buy and sell certain investments. Finally, Section 2.3.3 (Summary of Other Revenues Paid to Our Firm as a Result of Your Transactions and Holdings) provides a summary of the primary types of sales commissions and other payments that we receive from certain investment and insurance products that you may buy within your brokerage account.

For more detail on the fees and costs associated with specific types of investments that our financial professionals may recommend (including both fees and costs that are paid to our Firm, and others that are not), please review the investment-specific discussions in Section 4 (Fees and Material Conflicts of Interest Associated with Specific Investments) carefully.

2.3.1. Fees and Service Charges Associated with Your Account

Depending on the type of account(s) you open, and the services and investment types you choose, you will pay certain fees and service charges associated with your account(s) and holdings. Described below are the material fees and service charges associated with your account(s), including why they are charged and the frequency with which they are charged. The specific fee rates and amounts listed below are current as of the effective date of this Reg BI Disclosure and may change from time-to-time. Our financial professionals do not receive any compensation related to the fees and service charges described in this Section. 2.3.1 (Fees and Service Charges Associated with Your Account). The fees and service charges described in this Section 2.3.1 (Fees and Service Charges Associated with Your Account) are in addition to the payments described in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), in Section 2.3.3 (Summary of Other Revenues Paid to Our Firm as a Result of Your Transactions and Holdings), and in Section 4 (Fees and Material Conflicts of Interest Associated with Specific Investments). We encourage you to discuss any questions you have about fees and service charges with your financial professional.

IRA Maintenance Fee. If you have an IRA account, we will typically charge you an annual "IRA maintenance fee" for maintaining your IRA with us after the first year. This IRA maintenance fee compensates us for certain maintenance services that we provide to your brokerage account and reimburses us for certain operational expenses that we incur**. This fee is typically $60 per individual (based on their Social Security Number) for all IRAs you maintain with us and is paid annually.** This fee does not apply during the first year the account is opened. Certain accounts or households that qualify for the Firm's Prestige Program (which is generally limited to investors that meet certain asset thresholds with our Firm) may be eligible to have the annual IRA Maintenance fee waived.

Trade Processing (Handling) Fees. Where we buy and sell certain products on the secondary market on your behalf, your trade confirmation will reflect a Trade Processing [Handling] Fee, in addition to the mark up or mark down or commission. This charge is collected by the Firm for operational expenses. **Currently, the fee is $6.85**. Additionally, all sell transactions of exchange traded securities otherwise not defined as "bonds, debentures, other evidences of indebtedness, security futures products, and options on securities indexes excluding a narrow based security index transacted on such national securities exchange" will reflect an Exchange Fee of nominal value based on the size of the sale, which is charged to D.A. Davidson by utilized exchanges and passed on to the retail client.

Margin Fees. When you purchase investments, you may pay for them in full, or you may borrow part of the purchase price from

D.A. Davidson. If you choose to borrow funds in this manner, we will administer and facilitate the margin loan(s) according to the terms set forth in our margin loan agreement with you. We will charge you for our margin services. Margin fees, which are the interest associated with the margin loan(s), compensate us for the cost and risk of lending money to you, and our administrative services. Certain accounts or households that qualify for the Firm's Prestige Program (which is generally limited to investors that meet certain asset thresholds with our Firm) may be eligible for a preferential and negotiated margin rate. Current margin rates are posted on our Firm's website at dadavidson.com.

Wire Transfer Fees. We will charge you a "wire transfer fee" each time you direct us to wire cash from your account to another account held outside our Firm. **The wire transfer fee is typically $25 for each domestic wire transfer and $75 for each international wire transfer.**

Returned Check/Returned ACH Fees. Absent unusual circumstances, we will typically charge a fee for any returned checks and automated clearing house (ACH) transfers, as well as to stop payment and re-issue a check. **The fee in each case is $25 and is charged once for each returned check/ACH transfer, and each check stop payment/re-issue.**

Account Transfer Fees. We will charge you a one-time, per account, "account transfer fee" to reimburse us for the costs associated with transferring your account to another financial institution. The account transfer fee includes fees associated with the Automated Client Account Transfer System, commonly referred to as the ACAT fee. **This fee is typically $100 and is paid when you initiate the transfer of your account to another broker-dealer. In addition, typically a $50 fee applies for each transfer of estate assets held in a client's name and may be higher based on transfer agent or custodian fees.**

More Information
More information about the fees associated with your account(s) is available in the schedule of *Fees and Service Charges*, which is provided upon opening an account, and is also available on our website at dadavidson.com/Disclosures.

2.3.2. Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings

Depending on the specific investments you choose and how they are transacted, you will pay D.A. Davidson and our financial professionals directly through commissions and commission-equivalents charged directly to your brokerage account, or indirectly through payments from the investments you buy.

The Firm can offer you securities in both types of markets, primary and secondary. A primary market transaction is where D.A. Davidson underwrites and distributes (or sells) newly issued securities through an Initial Public Offering ("IPO") or similar process. A secondary market transaction is where you are buying or selling previously issued securities on the trading markets as opposed to newly issued securities. This could involve the Firm purchasing/selling the securities either from the market on your behalf (defined as "agency trading") or purchasing/selling the securities from its own inventory through principal trading.

Brokerage Commissions for Secondary Market Transactions**.** For certain types of securities we offer on the secondary market in your brokerage account (such as equities (stocks), exchange-traded funds (ETFs), exchange-traded notes (ETNs), closed-end funds, Real Estate Investment Trusts (REITs) and options) we will charge you a brokerage commission each time you buy or sell the investment. A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid.

Mark-Ups and Mark-Downs for Secondary Market Transactions and Principal Transactions**.** For certain types of securities we offer on the secondary market in your brokerage account (such as CDs, bonds, and structured products) and when we engage in principal trading, we will charge you a mark-up when investments are purchased, and mark-down when investments are sold. Mark-ups and mark-downs have the same effect as brokerage commissions, meaning they are added to or subtracted from the value of your transaction proceeds, and can be higher or lower than the brokerage commission rates described in Section 4 (Fees and Material Conflicts of Interest Associated with Specific Investments). A percentage of those mark-ups and mark-downs are paid by D.A. Davidson to your financial professional, according to their production and our commission grid.

Sales Charges. For certain types of securities we offer in your brokerage account (such as equities, bonds, CDs, closed-end funds, Unit Investment Trusts (UITs), REITs, alternative investment funds and structured products), instead of charging you a brokerage commission we receive sales charges and similar fees from the funds or their sponsors. We can receive these fees both up-front and in the form of an ongoing compensation for as long as you hold the security. A percentage of those sales charges and ongoing fees are paid by D.A. Davidson to your financial professional, according to their production and our commission grid.

Sales Commissions/Concessions for Newly Issued Securities**.** Where we distribute (sell newly-issued shares of) certain types of securities in the primary market in your brokerage account (such as equities, bonds, CDs, closed-end funds, UITs, REITs, alternative investment funds, and structured products), we receive underwriting fees, syndicate fees, sales commissions and/or sales concessions or similar fees (referred to as "sales commissions/concessions") from the issuer. A percentage of those sales commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid.

See Section 4 (Fees and Material Conflicts of Interest Associated with Specific Investments) for sales commissions specific to each type of applicable security.

2.3.3. Summary of Other Revenues Paid to Our Firm as a Result of Your Transactions and Holdings

Depending on the specific investments you choose and your account holdings at D.A. Davidson, you may pay us indirectly through compensation we receive from third parties. Specifically, these payments include:

Recordkeeping/Shareholder Servicing/Distribution Fees**.** Investment funds, such as mutual funds and closed-end funds, charge ongoing fees that are embedded into their costs. Some of these fees are shared with D.A. Davidson, in exchange for sub-accounting, distribution and other services we provide, but these fees are not paid to our financial professionals directly.

***Education and Marketing Support*.** Some investment product sponsors contribute to or reimburse our Firm for the cost of educational and marketing events for our clients and financial professionals. Subject to approval by our Firm, product sponsors may also pay for travel, meals, entertainment and attendance at conferences, training events and due diligence trips for our financial professionals, but these payments are not made to our financial professionals directly.

***Revenue Sharing*.** Some issuers and sponsors of investments we recommend share a portion of their revenues with D.A. Davidson based on the total amount of sales we make of their investments, or the total amount of client assets invested with them. We do not share these payments with our financial professionals.

Most of these fees are higher the larger the dollar amount of the trade or investment (or our overall volume of business with the provider) is. These payments create financial incentives for us to recommend that you trade investments often, make large trades, and buy investment products that pay us higher commissions and other payments over those that pay us lower commissions and other payments.

Please note that the discussions in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings) and Section 2.3.3 (Summary of Other Revenues Paid to Our Firm as a Result of Your Transactions and Holdings) are not comprehensive. They are intended only for general reference purposes, and to help you better understand the discussion of conflicts of interest in Section 3 (Material Conflicts of Interest). We recommend that, in connection with any investment or insurance product you are considering, you carefully review the investment-specific discussion in Section 4 (Fees and Material Conflicts of Interest Associated with Specific Investments) of this Reg BI Disclosure, and the other sources of information described, such as the prospectus or offering document for the investment (where applicable), or other additional resources.

2.3.4. Summary of Expenses you Pay for Certain Transactions and Holdings

Certain types of securities we offer in your brokerage account (such as mutual funds, closed-end funds, ETFs, ETNs, Unit Investment Trusts (UITs), alternative investment funds, and REITs) and annuities and life insurance products, described in detail under Section 4 (Fees and Material Conflicts of Interest Associated with Specific Investments), have direct costs associated with them that you pay indirectly as an investor to the product sponsor. These fees and expenses (often described as the “expense ratio”) will impact investment returns and are fully described in specific investment disclosures provided to you upon purchase. These expenses are typically used to pay continued annual operating expenses of the investment such as management expenses, accounting expenses, audit expenses, servicing expenses, distribution expenses, legal expenses, and recordkeeping expenses. As noted above, the ongoing fees and expenses can also include fees commonly referred to as recordkeeping, shareholder servicing or distribution fees (such as 12b-1 fees), which can be received by D.A. Davidson on an ongoing basis. A percentage of these fees received by D.A. Davidson are paid to your financial professional, according to their production andour commission grid.

3. Material Conflicts of Interest

Like any financial services firm, D.A. Davidson has certain conflicts of interest (conflicts) that relate to the recommendations our Firm and our financial professionals make. For purposes of this Reg BI Disclosure, a conflict of interest essentially means an economic interest that might provide an incentive for a broker-dealer firm or its financial professionals to make recommendations that are not in the best interest of their retail clients.

Some of these conflicts exist between the interests of retail clients and our Firm and financial professionals alike. Others exist between the interests of retail clients and our Firm alone, or between the interests of retail clients and financial professionals alone. The section below discloses material facts relating to these conflicts so that you are able to make an informed decision regarding any recommendation we provide to you. Certain products may have unique conflicts of interest. Where applicable, product specific conflicts are discussed within the relevant product under Section 4 (Fees and Material Conflicts of Interest Associated with Specific Investments).

3.1. Conflicts for Both Our Firm and Financial Professionals

Conflicts between the interests of retail clients and both our Firm and financial professionals can be caused by a variety of factors. They include the role we play in a transaction, the type of product purchased or sold, compensation arrangements, and trading arrangements. The material facts relating to these conflicts, including certain ways our Firm addresses and manages them, are described below:

Brokerage vs. Advisory Accounts. Both our Firm and our financial professionals typically make more money when you select our investment advisory services over our brokerage services. This creates an incentive for us and your financial professional to recommend advisory services over brokerage services. Our Firm requires our financial professionals to consider a number of factors, such as the type and level of services required and the expected trading frequency, before recommending an account type to a retail client. This is intended to help ensure that our account type recommendations to you are reasonably expected to be cost-effective choices in light of your investment services and needs. Additionally, our Firm does not impose requirements on how many accounts a financial professional must have that are brokerage accounts or advisory accounts, nor incentivize the decision through a different compensation grid. The conflicts described in this section and throughout this document apply specifically to transactions within brokerage accounts.

Volume and Size of Trades. Both our Firm and our financial professionals make more money when you buy and sell securities frequently, buy and sell larger amounts of securities, and make new investments in funds and other products. In all of those cases, our Firm receives either brokerage commissions, mark-ups or mark-downs, sales charges, or similar payments. We receive these payments each time you trade or buy a new investment. Likewise, the amount of the commission or other payment we will receive for a particular purchase or sale will increase the larger the trade is. This means that we have a financial incentive to recommend larger trades over smaller trades. It should be noted, however, that while our total commission amount increases with the size of each trade, the incremental commission rate decreases. This creates a financial incentive to recommend higher numbers of smaller trades over fewer numbers of larger trades.

These transaction-based payments provide incentives for us and your financial professional to encourage you to trade more often, make larger trades (or more frequent smaller trades), and purchase additional investment products that result in additional revenue for our Firm and your financial professional.

Conversely, if you place certain small trades (for example, less than a $75 commission for a trade of equities (or most mutual funds), or less than a $50 commission for a fixed-income trade), your financial professional will receive a reduced percentage share of their production (i.e., the commission charged), or no share at all. Since your financial professional will be paid less even on a pro rata basis for certain small trades, this gives them a financial incentive not to recommend small transactions even if they would be in your best interest.

To help manage the conflicts related to volume and size of stock trades, D.A. Davidson has policies and procedures in place that monitor volume of trading (as to frequency, amount, or both), as well as systems to help identify situations where this could be occurring. Recommending excessive trading volume in order to increase brokerage commissions is an abusive practice that D.A. Davidson reviews on a regular basis.

Differential Compensation Across Product/Investment Types and Within Product/Investment Types. The compensation we receive for buying and selling investments varies depending on the investment. This creates an incentive for us to recommend investments that pay us more compensation over those that pay us less compensation, or no compensation. Both our Firm and our financial professionals make more money when you buy investment products that pay us higher sales charges and similar fees than others. In addition to these transaction-based charges, we typically receive additional payments when you invest in mutual funds, UITs, closed-end funds, ETFs, education savings plans, and annuities and life insurance products. For example, certain investments make ongoing trailing payments to us based on invested assets (and not just new investments) such as 12b-1 fees from mutual funds or trail compensation for annuities and insurance products (“third-party payments”). These third-party payments are described in detail in the prospectus or offering materials for the investment, which will be provided to you in connection with any purchase. Compensation can also differ within a particular product/investment type. We pay each of our financial professionals a portion of the payments that we receive in connection with the financial professional’s client transactions and holdings.

To help manage the conflicts related to recommending certain products over others, our Wealth Management product platform, along with our pricing policies, are designed to help manage the size of compensation differentials within each product. For example, to help manage conflicts relating to equity transactions, over certain other investments that trade in the same manner we charge the same commission rates for purchases and sales of stocks as for other investments that trade on the secondary market, including ETFs, ETNs, traded REITs and closed-end funds. Likewise, D.A. Davidson generally charges the same commission rates for all stocks that are available on our trading platform. We also provide resources and training to encourage our financial professionals to consider comparable products available on our platform and the appropriateness of each product based on the client’s investment profile. Also, to help manage conflicts related to mutual fund recommendations, we limit the amount of sales charges that are taken into account in determining our financial professionals’ compensation (please see the discussion of “Mutual Funds” under Subsection 4.5 for more detail) and require our financial professionals to evaluate mutual funds using an analytical tool that compares mutual funds based on varying criteria. To help manage the financial incentive that our financial professionals could have to recommend an insurer’s products over others, within our distribution (sales) arrangements, the differences in commission rates (with respect to product types and contract periods) are limited from insurer to insurer.

For variable annuities in particular, to help mitigate any conflict our commission rates are usually 5.25%, and never exceed 5.50% (a difference of 0.25%). We also have a detailed supervisory process for reviewing sales of variable annuities and variable universal life and any additional annuity benefits, or insurance coverage, services and riders recommended to you. The process also requires our financial professionals to evaluate variable annuities and variable universal life using an analytical tool that compares them based on varying criteria.

We also provide resources and training to encourage our financial professionals to consider comparable products available on our platform and the appropriateness of each product based on the client’s investment profile.

Commission Rates. When you trade securities on the secondary market, our Firm and our financial professionals make more money when you buy and sell securities for which the rates of brokerage commissions charged directly to your account (or rates of mark-ups and mark-downs) are higher. To help address this conflict, under our Firm’s pricing policies we charge the same commission rates for secondary market transactions in all equities, REITs, ETFs, ETNs and closed-end funds. We also charge the same mark-up and mark-down rates for all fixed-income transactions – including all types of bonds and CDs alike – which usually trade over-the-counter (rather than on public exchanges). However, as described above, you should understand that both our Firm and our financial professionals receive more compensation for selling certain types of investments and insurance products than others. And, in many cases, we receive more compensation for selling certain specific products within a single category than others.

Primary vs. Secondary Market Compensation. Payments from primary market transactions are generally higher, and can be significantly higher, than payments from secondary market transactions, as such terms are described in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings) and create an incentive for us to recommend primary market trades for products that we underwrite over secondary market trades or other investments.

If your financial professional recommends a primary market trade, they will discuss this conflict with you, and will provide or make available to you specific information, including a prospectus, which describes the compensation the Firm will receive. The compensation the Firm and your financial professional receive for these types of trades is not included on your confirmation statement.

To help manage the conflicts related to primary and secondary market compensation, we have a supervisory process for reviewing certain criteria around recommended transactions to ensure they align with a client's investment profile.

Underwriting and Similar Fees. When D.A. Davidson underwrites and distributes newly issued common or preferred stock, a corporate or municipal bond offering, or other "primary market" sale of new issue securities, we receive underwriting fees, syndicate fees, selling commissions/concessions and/or other similar fees. The compensation D.A. Davidson receives is usually paid to the Firm as an underwriting fee and typically ranges between 1.0% and 7.0%. Approximately 50% of this fee goes to your financial professional and approximately 50% goes to the Firm. Because of the role the Firm plays in underwriting the securities, the compensation D.A. Davidson and its financial professionals receive for primary market transactions is higher than the compensation received for secondary market transactions. As stated above, this amount can be significantly more than the fees paid to the Firm for secondary market transactions. Additionally, when acting as a managing or co-managing underwriter, D.A. Davidson is compensated at a higher rate (within the range stated above) than when the Firm acts as a selling group member. This creates an incentive for our Firm to make available on our platform, and encourage the purchase of, new issue securities for which we act as an underwriter, distributor or in a similar role. For purposes of determining our financial professionals' compensation, a percentage portion (e.g., typically 60% in the case of a stock) of underwriting and similar compensation we receive as a Firm is taken into account when determining your financial professional's compensation. Otherwise, we mitigate this conflict by conducting surveillance over client accounts that invest in these offerings. If your financial professional recommends a primary market trade, they will discuss this with you, and will provide or make available to you specific information, including a prospectus, which describes the compensation the Firm will receive. The compensation the Firm and your financial professional receive for these types of trades is not included on your confirmation statement.

Share Classes. For investment types with multi-share class structures, such as mutual funds, education savings plans, and annuities and life insurance products, over time our Firm and our financial professionals will typically receive higher amounts of compensation if you choose a share class that is more costly to you. Different share classes will pay us higher or lower up-front sales charges, ongoing payments (such as 12b-1 fees), trailing commission, and similar fees. Therefore, some share classes are generally more appropriate (in other words, less expensive) for longer-term investors, and others are generally more appropriate for shorter-term investors. Our Firm has policies and procedures in place that require our financial professionals to consider a client's expected time horizon for an investment before recommending a particular share class. Also, we have a Class C Share Conversion Program to reduce the potential for investors to hold Class C shares beyond the point where the ongoing costs of ownership can exceed Class A shares. Please see Section 4 (Fees and Material Conflicts of Interest Associated with Specific Investments) for each type of security with multi-share class structures for more detail.

Please note, however, that the lowest-cost share classes may not be available to all retail clients in all cases, due to limitations imposed by the product sponsor, such as high minimum investment amounts or account type requirements (e.g., a retirement account or an advisory account). You can find more information about the compensation paid on different share classes in the prospectus for the investment product, or by asking your financial professional.

Rollovers and Transfers. Our Firm and our financial professionals make more money when you increase your assets with us, including assets rolled over from workplace retirement plans or transfers of IRAs at other financial services companies into IRAs with the Firm ("rollovers or transfers"). When you engage in a rollover or transfer to an IRA, we will receive compensation in connection with the investments you buy, sell, and hold in your IRA, and we will pay a portion of that compensation to your financial professional. These payments create an incentive for us and your financial professional to recommend rollovers and transfers. To mitigate this conflict, our financial professionals do not make recommendations for you to rollover or transfer assets to our Firm, but rather provide investors with educational materials to help them determine whether or not to complete an IRA rollover or transfer. Where clients cannot make an independent decision to rollover assets from a workplace retirement plan and meet certain monetary thresholds, we can provide a recommendation through a centralized team whose compensation is not impacted by whether or not the assets are brought to the Firm. The centralized team must first collect certain information about the fees, investments, and services in the retirement plan, and compare the plan and IRA based on a number of factors to determine whether an IRA rollover to the Firm would be in the retail client's best interests.

Davidson Lending Program (Securities Based Lending). Our Firm and our financial professionals both make more money when you select certain additional services, such as the Davidson Lending Program. The Firm receives interest, calculated as a percentage of the client's outstanding loan balance, and will share a percentage of this compensation with its financial professionals. This creates a conflict of interest by providing an incentive for the Firm and your financial professional to recommend the Loan or draws on the loan to you. Additional conflicts of interest, considerations and risks of the Davidson Lending Program are described in detail in Important Considerations for Liquidity Needs at dadavidson.com/Disclosures.

To mitigate this conflict of interest, financial professionals do not provide recommendations to you regarding the Davidson Lending Program. Your financial professional will provide you with general information and education to consider but you must make an independent decision to engage in the Davidson Lending Program without receiving an individualized or personalized suggestion or recommendation from your D.A. Davidson financial professional. The Davidson Lending Program is not available for ERISA or IRA accounts.

Education and Marketing Support. Some investment product sponsors contribute to or reimburse D.A. Davidson for the cost of educational events and marketing events for our retail clients and financial professionals. Others pay for travel, meals, entertainment and attendance at educational conferences, and due diligence trips which provide our financial professionals with additional opportunities to be educated about services and investments that can be offered to clients. Some of these events, which are hosted by D.A. Davidson, are offered in multiple tiers – this means that product sponsors pay different amounts and as a result receive different levels of benefits. For example, these different benefits might include having their speaker at a main session versus a breakout session or a more prominent display in the materials used in connection with the event.

These payments provide an incentive for our Firm and our financial professionals to recommend investment products whose sponsors provide these additional support payments to us, and those who make higher support payments than others. Our Firm imposes an internal review and approval process to ensure that these payments are not unreasonably high (or otherwise inappropriate) under the circumstances. Additionally, we do not permit payments for educational and marketing events to be made directly to our financial professionals. **A list of the investment product sponsors who provide our Firm with payments and reimbursements in support of our education and marketing efforts (current as of the effective date of this Reg BI Disclosure) is furnished in the attached Exhibit.**

Gifts from Sponsors. D.A. Davidson financial professionals and other employees sometimes receive non-cash compensation from investment product sponsors that is not in connection with any particular client. This compensation may include such items as gifts valued at less than $100 annually, an occasional dinner or ticket to a sporting or entertainment event, or reimbursement in connection with client events, or marketing or advertising initiatives, including services for identifying prospective clients. These payments provide an incentive for our financial professionals to recommend investment products whose sponsors provide these forms of compensation. To mitigate these incentives, our Firm imposes an internal review and approval process for gifts made to our financial professionals.

Referrals to Affiliates. Our financial professionals refer clients that request a corporate trustee to D.A. Davidson Trust Company ("DTC") to serve in that capacity and manage the assets. Our financial professionals also refer clients that request specialized bill pay services to DTC to serve in that capacity and manage the assets. For making the referral, a portion of the fees that clients pay to DTC (50%) is considered when determining the financial professionals' compensation. Those funds also generate payment at a 50% rate on their compensation grid, which may be higher than the grid for which they otherwise may have qualified. Our financial professionals refer institutional or high net worth clients to Davidson Investment Advisors, Inc. ("DIA") to manage assets in its capacity as an independent investment adviser. For making this referral, a portion of the fees that clients pay to DIA (typically, 20%-60%, with the average being 43%) is considered when determining the financial professional's compensation. When our financial professionals refer clients to our affiliates, such as DTC or DIA, we receive more compensation (additional fees for the additional services) than if a third-party service provider were selected instead. To help manage this conflict, when a referral takes place, the affiliate will gather information from the client (separate from the financial professional) to ensure that they meet certain criteria and would benefit from the service offered. The affiliate has discretion as to whether to accept the client's account. You as a client do not pay more for our affiliates' services as a result of the referral from your financial professional.

Principal Trades. Generally, we receive more total compensation and other benefits for principal trades of investments than we receive for riskless principal trades. This creates an incentive for us to recommend investments that we hold in our inventory and trade on a principal basis.

To help manage the conflict related to engaging in principal trades of bonds our financial professionals cannot request a specific trade process and are not compensated solely based on whether the trade is entered on a principal or riskless principal basis. In addition, the Firm has policies and procedures to monitor for best execution.

3.2. Conflicts for Our Firm Alone

Conflicts between the interests of retail clients and our Firm (but not our financial professionals) may likewise be caused by a variety of factors. They include the role we play in a transaction, compensation arrangements, trading arrangements, and client-specific arrangements. The material facts relating to these conflicts, including certain ways our Firm addresses and manages them, are described below:

Margin. Our Firm makes more money, in the form of interest payments, when clients utilize additional brokerage services such as margin lending. This creates an incentive for the Firm to encourage the purchase of securities through utilization of margin. We mitigate this conflict by not sharing any margin revenue with our financial professionals on margin balances. See the *Margin Disclosure Statement* at dadavidson.com/Disclosures for more information.

Cash Management Program. Our Firm receives important and significant compensation and benefits from client's use of the cash management program. See the *Cash Management Disclosure Statement* at dadavidson.com/Disclosures for more information.

Revenue Sharing. In addition to sales charges and similar payments, some issuers and sponsors of investments we recommend share with us a portion of their revenue. These payments, sometimes called "revenue sharing" payments, are usually based on the total amount of sales we make of their investments, or the total amount of client assets invested with them. This creates an incentive for our Firm to include on our platform, and encourage the purchase of, investments whose issuers and sponsors share revenue with us, and share more revenue with us than others. We do not share these payments with our financial professionals, to reduce any financial incentive they might have to recommend revenue-sharing investments over others. **A list of the investment product issuers and sponsors who provide our Firm with revenue sharing payments (other than for education and marketing support, as described above), which is current as of the effective date of this Reg BI Disclosure, is furnished in the attached Exhibit.**

Recordkeeping/Shareholder Servicing/Distribution Fees. For some investment products, such as mutual funds, education savings plans and annuities and life insurance products, we receive ongoing fees for recordkeeping, distribution (12b-1 fees) and other shareholder or administrative services. For example, we receive fees in connection with mutual fund investments for sub-accounting and sub-transfer agent services in respect of our clients. We receive these fees for tracking fund ownership among our client accounts, distributing prospectuses and proxy voting information, processing transactions on an omnibus basis and similar services. These fees create an incentive for our Firm to make available on our platform, and encourage the purchase of, investments who pay us for such services, and pay us more than others.

As a percentage of client assets held in investment products for which we receive these types of fees, the total such fees we would receive in most years is approximately 0.05-0.07%. Because we generally provide these types of services on an omnibus (across-the-board) basis, the fee rates we receive typically do not vary materially within categories of products (for example, from one mutual fund to another mutual fund). We do not share these recordkeeping, distribution, or other shareholder service fees with our financial professionals.

Proprietary Products. Our Firm, considered together with our affiliates, receives more compensation and other benefits if you select mutual funds or other investments that are issued, sponsored, or managed by us. This creates an incentive for us to make available on our platform, and encourage the purchase of, proprietary products over others. To help address this conflict, our financial professionals are paid the same amount for selling proprietary products and third-party products, holding all other variables equal. **A list of the proprietary products we offer to retail clients (current as of the effective date of this Reg BI Disclosure) is furnished in the attached Exhibit.**

3.3. Conflicts for Financial Professionals Alone

Conflicts between the interests of retail clients and our financial professionals (but not our Firm) may be caused by a variety of arrangements, including compensation arrangements, retail client-specific arrangements, or outside business activities. The material facts relating to these conflicts, including certain ways our Firm addresses and manages them, are described below:

Production/Compensation Grid. The single most important factor affecting a financial professional's cash compensation is the total amount of revenues they generate for our Firm, which is sometimes referred to as their "production." Specifically, the primary cash compensation we pay to our financial professionals (which is determined and paid on a monthly basis) is a percentage share of their production, which is generally between 25% and 51%. The exact percentage they receive for a given month is determined primarily according to their production over the previous six (6) month period, and tenure with our Firm, as set forth in our compensation grid. Our compensation grid has thresholds that enable the financial professional to increase their compensation through an incremental increase in production.

Sales commissions and most other transaction-based charges for brokerage services, securities-based lending interest, ongoing payments such as trails and 12b-1 fees, as well as investment advisory fees, generally count toward our financial professionals' production. Of course, and as explained previously, the compensation that both our Firm and our financial professionals receive is based on these revenues, so we both have a financial incentive to increase those commissions and other payments. However, your financial professional has an additional incentive to maximize their ongoing production, because the higher it is over the previous six (6) month period, the greater percentage share they will receive for that current month. Stated simply, increasing their production generally entitles the financial professional to receive a larger share of that production. Therefore, the financial professional has a strong financial incentive to recommend frequent and larger trades, investment products and accounts that pay us higher revenues, and additional investments, services and accounts that increase their production-eligible revenues (as described in Section 3.1 (Conflicts for Both Our Firm and Financial Professionals) and throughout this Reg BI Disclosure).

Sections 3.1 (Conflicts for Both Our Firm and Financial Professionals) and 3.2 (Conflicts for Our Firm Alone) summarize several of the ways our Firm attempts to address and manage these conflicts. In addition, under our compensation grid, the percentage of their production that the financial professional will receive as cash compensation is determined on a month-by-month basis over a 6-month lookback period, and the grid includes incremental rate steps. These features are intended to help manage the incremental compensation increases that our financial professionals can achieve for discrete sales, or for sales over a short period.

Also, certain revenues we receive as a Firm do not count toward our financial professionals' production, such as margin interest, interest from the cash management program, and all other fees described in Section 2.3.1 (Fees and Service Charges Associated with Your Account), payments from third-party banks that participate in our cash management program, recordkeeping, sub-accounting and other administrative service fees from mutual funds, and certain revenue sharing payments.

Certain other revenues our Firm receives are credited to our financial professionals' production on a reduced basis, such as equity underwriting compensation (as described under Individual Equities below) and fees for referrals to DTC and DIA (as described under Referrals to Affiliates above).

Other Bonuses and Awards. Our financial professionals are able to earn deferred performance awards of up to 5% of their annual production, which are payable in cash or stock of D.A. Davidson's parent company and are subject to five-year cliff vesting. Financial professionals with over seven (7) years' tenure with the Firm can also earn additional loyalty bonuses of up to 4% of their annual production. These awards and bonuses are based largely on each financial professional's tenure and production with our Firm at the end of a performance measurement period (which is September 30, the end of D.A. Davidson's fiscal year). Typically, each of our financial professionals are eligible to receive bonuses and awards with respect to any single year that total up to 9% of their production.

Upon qualified retirement, financial professionals can receive compensation through the sharing of gross production generated from their transitioned book of business, generally over the course of four (4) years after the end of their employment. In addition, financial professionals can receive an additional gross production premium of 5.0% to 12.5%, depending on Firm tenure, reoccurring revenue mix, and productivity.

Based on their production and other factors, our financial professionals can also earn awards in the form of non-cash compensation (i.e., rewards trips), larger expense allowances (up to 1.5% of production) and additional "concierge" support services.

The conflicts created by these additional incentives are particularly acute toward the end of the applicable performance measurement period, which coincides with our Firm's fiscal year-end on September 30. To mitigate the conflict related to measuring additional incentives at our fiscal year-end, the Firm conducts specific surveillance of financial professional's activity levels during this period. Additionally, in order to earn certain bonuses and awards, a financial professional must be in good standing with the Firm's policies and procedures.

Team Formation. The Firm supports a team formation process with minimum production requirements that permit a financial professional to earn compensation based on both their own production and that of their teammates. This creates the same conflicts of interest identified under Production/Compensation Grids and Other Bonuses and Awards.

New Financial Professional Incentives. We grant some of our financial professionals are who are new to our Firm forgivable loans – in other words, loans that can be repaid through bonus payments that they can earn by remaining employed with our Firm over a period of years (typically nine (9) years). In many cases, for the first year a new financial professional is employed with our Firm, we offer them a fixed compensation grid which may be higher than the grid for which they otherwise may have qualified. We also offer some new financial professionals one of the three following incentives: (i) an increased compensation grid on future advisory fees and commissions if they meet certain production goals; (ii) additional forgivable loans if they reach certain production goals; or (iii) additional forgivable loans if they bring certain amounts of assets to our Firm.

These incentives encourage our financial professionals to recommend that clients move additional assets to our Firm and, for (i) and (ii) above, to recommend higher levels of trading and the purchase of additional and larger investments. These additional forms of compensation are typically earned over the course of a few years where they are tied to performance measures of twelve (12) consecutive month periods, to help reduce the incentive a new financial professional might have to achieve large sales volume over shorter periods. Additionally, clients that have an existing relationship with a financial professional who joins our Firm will be furnished with an educational document prepared by FINRA that discusses conflicts of interest resulting from moving their account to our Firm. Also, while new financial professionals are usually eligible for expense allowances (as described above under "Other Bonuses and Awards"), they typically are not eligible for deferred performance awards while they qualify for a fixed compensation grid and are not eligible for loyalty bonuses because they have not yet earned seven (7) years' tenure.

Certain Manager Incentives. Our managers, directors and supervisors oversee the sales and marketing activities of our Firm. The compensation of our Branch Office Managers ("BOMs") is tied in part to the production levels of branches over which they have managerial or supervisory responsibility. The tying of BOMs' compensation to the production of the branches they supervise incentivizes them to spend more time on increasing production levels than on their supervisory responsibilities. Only BOMs are compensated in this fashion. Our Firm has other management and supervisory personnel who participate in the supervision and oversight of our branches, and Firm generally, and who are not compensated based on production levels. However, BOMs have ultimate supervisory and oversight responsibility over their branches.

Outside Business Activities. Some of our financial professionals have outside business activities that compete for their time. If your financial professional engages in any outside business activities, these activities can create an incentive for your financial professional to spend more time on the outside business activity rather than on their brokerage relationships with you and other retail clients.

You may research any outside business activities your financial professional may have for which they receive compensation at brokercheck.finra.org. All financial professionals are required to obtain approval from their supervisor prior to engaging in such activities to help ensure the activity does not conflict with their financial professional duties with D.A. Davidson.

4. Fees and Material Conflicts of Interest Associated with Specific Investments

This section describes the specific types of investments and insurance products typically offered by the Firm and its financial professionals, their characteristics, brokerage fees and costs, as well as any material conflicts of interest that apply to those investments. This should be read in conjunction with the general Fees and Service Charges described in Section 2 (Scope and Terms of Our Relationship with You) and in Section 3 (Material Conflicts of Interest).

This section describes the compensation that we receive as well as other material fees and costs that you will typically pay in connection with specific investments and insurance products. The fees and costs described below apply in addition to the Fees and Service Charges described in Section 2.3.1 (Fees and Service Charges Associated with Your Account), such as Trade Processing (Handling) Fees, and margin interest.

When you purchase an investment that is subject to price fluctuation its performance cannot be guaranteed and you may lose money. Past performance is not a reliable indicator of future performance but may help you evaluate an investment's volatility over time. In some cases, we have included hypothetical transactions as examples, and certain estimates relating to fees and costs. **Please note that fees and costs associated with your specific transaction may differ from these hypothetical examples and estimates.**

With some exceptions noted below, our Firm will send you a trade confirmation each time you buy or sell a security. The confirmation will include required information about the commissions and other payments you paid in connection with your purchase or sale. It will also explain whether we acted as agent or as principal with respect to the trade. If you are charged a mark-up or mark-down (including when we are acting in an underwriting capacity as described below), the amount we are paid in connection with your purchase or sale will not be reflected in your trade confirmation unless required by applicable regulation. **You should always carefully review your trade confirmation and contact your financial professional with any questions.**

If your D.A. Davidson financial professional recommends that you invest in one or more of the products described in the subsections below, they will discuss the investment with you. You will be provided with a prospectus, offering document, or other required materials when available in conjunction with your transaction. You should read these documents carefully as they will provide additional information about the product, including its risks, that are not described below.

4.1. General Overview: Risk of Loss

All investments carry certain risks which depend on a number of factors. The below section describes certain risks which apply broadly to a variety of investment products. Because there are differences between investment products, the categories of potential risk are broad. **Therefore, this discussion is not comprehensive, and we encourage you to discuss the risks associated with various investments with your financial professional. Where additional types of risk apply specifically to certain investments, that information will be provided within a prospectus, offering document, or other required materials when available in conjunction with your transaction.**

Business Risk is the risk that investments in a particular company will lose substantial value or default due to the company's insolvency or bankruptcy, or fluctuations in the applicable business sector generally.

Market Risk is the risk that the value of investments may decline, at times sharply and unpredictably, because of economic changes or other events that affect individual companies or large portions of the market.

Sector Risk is the risk that investments in a particular sector or industry will lose substantial value or default due to a downturn in that sector/industry, even if the investments are in established well-managed companies.

Emerging Markets Risk is the risk that markets of emerging market countries are less developed and less liquid, subject to greater price volatility and generally subject to increased economic, political, regulatory, and other uncertainties than more developed markets.

Foreign Investment Risk is the risk that investing in foreign (non-U.S.) securities may cause more rapid and extreme changes in value than investments in securities of U.S. companies, due to less liquid markets, and/or adverse economic, political, diplomatic, financial, and regulatory factors. Foreign governments also may impose limits on investment and repatriation and impose taxes. Any of these events can trigger investment losses.

Geographic Investment Risk is the risk that investments concentrated in a certain country or other geographical region will be adversely affected by events occurring in that region, including natural disasters, adverse governmental action, acts of God, war, insurrection or political upheaval, or instability as to markets or other economic and political structures.

Inflation Risk is the risk of inflation exceeding the return of an investment.

Interest Rate Risk is the risk that the value of investments will decline because of rising interest rates. The magnitude of this decline will often be greater for longer-term securities than shorter-term securities. This risk is typical for fixed-income investments.

Cybersecurity Risk is the risk of cyber incidents resulting from deliberate attacks or unintentional events that include, but are not limited to, gaining unauthorized access to digital systems, misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites.

Liquidity Risk is the risk that certain investments will not be sufficiently marketable to be sold (liquidated) within a short time frame without incurring a loss in value.

Management Risk (or Securities Selection Risk) is the risk that the portfolio manager's investment strategy, approach or specific securities selections may fail to produce the intended result, and the overall investment may under-perform its benchmark or the broader market indices.

Leverage Risk is the risk that using leverage (borrowing or synthetic borrowing) to multiply exposure to particular investments or markets, with the goal of multiplying returns, will also multiply losses. Leveraged investments will lose more money from downturns than unleveraged investments. The greater the leverage rate (2x, 3x), the greater the risk.

Credit Risk (or Default Risk) is the risk that the borrower will default on its obligations, for example due to its bankruptcy or insolvency.

Opportunity Risk is the risk the underlying asset may increase in value while the amount an investor receives is capped, in order to offer downside protection in the form of a buffer, barrier, knock-in, or by early redemption of the investment. Investments with performance caps will likely underperform the underlying assets during a rising market.

Concentration Risk is the risk that an investment portfolio is heavily allocated in one or few securities, industries, sectors, or geographic locations. This increases the impact of negative or positive performance compared to a portfolio which is diversified.

Insurance Carrier Risk (specific to annuity and insurance products) is the risk associated with an insurance carrier's financial strength in meeting current, ongoing, and senior financial obligations, which are obligations to policy/contract holders. An insurance carrier's balance sheet strength, operating performance and financial profile are major factors that quantify an insurance carrier's financial strength.

Global Economic Risk is the risk that national and regional economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country, region or market might adversely impact issuers in a different country, region, or market. Changes in legal, political, regulatory, tax and economic conditions may cause fluctuations in markets and securities prices around the world, which could negatively impact the value of an account's investments. Major economic or political disruptions, particularly in large economies, may have global negative economic and market repercussions. Additionally, events such as war, terrorism, natural and environmental disasters and the spread of infectious illnesses or other public health emergencies may adversely affect the global economy and the markets and issuers in which an account invests. These events could reduce consumer demand or economic output, result in market closure, travel restrictions or quarantines, and generally have a significant impact on the economy. Such events could materially increase risks, including market and liquidity risk, and significantly reduce account values.

Currency Risk is the risk that foreign currencies will fluctuate in value relative to the U.S. dollar, adversely affecting the value of investments in foreign currencies, or other investments denominated in foreign currencies. Due to this risk, an investor can lose money if the local currency of a foreign market depreciates against the U.S. dollar, even if the market value of the investments held in that market appreciates.

Commodity Risk is the risk that investing in commodities or commodity-related securities may subject the portfolio to greater volatility over other investments. In addition to overall market movements, these investments can be adversely impacted by commodity index volatility, changes in interest rates, and factors affecting a particular industry or commodity, such as acts of God, embargoes, acts of war or terrorism, or political and regulatory developments. There is also a risk that prices for a given commodity are lower for delivery today than they are for delivery in the future ("contango").

Reinvestment Risk is the risk that, in a declining interest rate environment, investors holding interest bearing investments (such as fixed income) may have to reinvest proceeds in other investments that do not pay comparable levels of income, leading either to a reduction in cash flows or the need to reinvest in securities having a higher credit (default) risk.

Prepayment Risk (or Call Risk) is the risk that the issuer of investments with callable features (such as bonds) will exercise its right to call in order to prepay its obligations prior to maturity, which can result in a decreased rate of return and a decline in value of those investments.

4.2. Individual Equities (Stocks)

4.2.1. Equities: Overview

A share of stock is a security that represents a partial equity ownership interest in a particular company. Owning stock of a company entitles you to certain rights, such as receiving dividends the company issues and any net proceeds from the sale or liquidation of the company, if this should occur. The Firm can offer you both types of stock, common and preferred. Common stock entitles its owners to vote on certain issues pertaining to the company. Preferred stock is usually non-voting but entitles its owners to receive dividends on a priority basis before they are paid on common stock.

Each newly issued equity has a prospectus that contains important information to help you make an informed decision about an investment in the newly issued equity. You should read the equity's prospectus carefully prior to investment and consider several different factors, including the investment objective, investment strategies and risks associated with an investment in the newly issued equity.

In addition to the details provided as part of this disclosure, more information about equities can be found through the following resources:

- The SEC's website at investor.gov/introduction-investing/investing-basics/investment-products/stocks.
- The equity's offering document (if a primary market transaction)

4.2.2. Equities: Client Costs and Our Compensation

Equities in Brokerage Accounts - Primary Market Trades
Where D.A. Davidson underwrites and distributes newly issued equities on the primary market through an IPO or similar process, it receives underwriting fees, syndicate fees, selling commissions/concessions and/or other similar fees as described in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings). The compensation D.A. Davidson receives is usually paid to the Firm as an underwriting fee and typically ranges between 1.0% and 7.0% (expressed as a percentage of the purchase price you pay). A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

Equities underwritten or distributed on the primary market are not offered in our retirement accounts.

Equities in Brokerage Accounts – Secondary Market Trades
D.A. Davidson offers a secondary market for equities. Where D.A. Davidson effects a secondary market trade for you on an agency basis (as defined in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), we will charge your brokerage account a commission that is based upon the amount of the equities you buy or sell. A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

The following chart describes the commission rates we will charge for these trades. On occasion, your financial professional may agree to a lower (discounted) commission than the commission shown here (as described in Section 3.3 (Conflicts for Financial Professionals Alone). Please note that these rates are current as of the effective date of this Reg BI Disclosure, and D.A. Davidson reserves the right to change these rates at any time:

Trade Amount	Commission Rate (%)
First $5,000	2.95%
Next $5,000 ($5,000.01 - $10,000)	2.10%
Next $5,000 ($10,000.01 - $15,000)	1.80%
Next $10,000 ($15,000.01 - $25,000)	1.60%
Next $25,000 ($25,000.01 - $50,000)	1.20%
Next $50,000 ($50,000.01 - $100,000)	0.85%
All additional amounts (above $100,000)	0.70%

For example, *say you wish to purchase 1,000 shares in a public company that cost $10 per share ($10,000 trade principal). The total commission we would charge would not exceed $252.50, which is the sum of:*
- $147.50 (2.95% of $5,000) on the first $5,000 of trade principal, and
- $105.00 (2.10% of $5,000) on the next $5,000 of trade principal.

In this case, your total cost for the shares would not exceed $10,252.50. (For simplicity, we are excluding any other charges that may apply, such as the $6.85 Trade Processing [Handling] Fee).

Instead, *say you wish to buy as many shares as possible with a total cost (shares plus commissions) of no more than $10,000.*

In that case, we would buy you 975 shares for $9,750, and our total commission would not exceed $247.25, which is the sum of:
- $147.50 (2.95% of $5,000) on the first $5,000 of trade principal, and
- $99.75 (2.10% of $4,750) on the next $4,750 of trade principal.

In this case, your total cost (shares plus commissions) would be no more than $9,997.25 ($9,750 for the shares plus $247.25 in commissions), so you would have $2.75 left over. (For simplicity, we are excluding any other charges that may apply, such as the $6.85 Trade Processing [Handling] Fee).

Where D.A. Davidson effects a secondary market trade for you on a principal basis (as defined in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), we will charge your brokerage account a mark-up when investments are purchased, and a mark-down when investments are sold, which will be more or less than the commission schedule above. Mark-ups and mark-downs have the same effect as brokerage commissions, meaning they are added to or subtracted from the value of your transaction proceeds.

4.2.3. Equities: Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to equity transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to equities: (1) Volume of and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/Investment Types; (3) Commission Rates; (4) Primary vs. Secondary Market Compensation; (5) Underwriting and Similar Fees; (6) Principal Trades; and (7) Small Trades/Discounts.

Below are additional material conflicts which apply specifically to mutual fund transactions:

- D.A. Davidson may also engage in agency cross transactions in equities. An agency cross transaction is a transaction in which D.A. Davidson acts as broker for the parties on both sides of the transaction. For its brokerage services, D.A. Davidson may receive compensation from both sides of the transaction. In acting for both sides of the transaction, the Firm will have a conflict of interest because, while it will generally seek to maximize the benefit from the transaction for both sides, D.A. Davidson will be compensated regardless of whether this objective is achieved. For brokerage accounts, agency cross trades are permitted for equity transactions when D.A. Davidson determines that each respective transaction is consistent with the client's best interest, and that by engaging in the transaction D.A. Davidson may reduce transaction and market impact costs (such as when accounts are adjusting their respective durations, when one account is in a liquidation mode while another is in an accumulation mode, or for tax management purposes). In such instances, D.A. Davidson, may recommend the sale of securities from a client's account while at or about the same time recommending the purchase of the same securities for the account of another client under certain conditions. No agency cross transactions may be affected for or on behalf of retirement accounts.

4.3. Bonds (Fixed-Income)

4.3.1. Bonds: Overview

Bonds are fixed income (debt) investments issued by different types of governmental and non-governmental issuers. When you purchase a bond, you are lending funds to the issuer. In exchange, the issuer agrees to pay a stated rate of interest – called the bond's coupon rate – until the end of the bond's life (the "maturity") or until the bond is redeemed by the issuer (if the terms of the bonds permit that through a call feature). At maturity, or when the bond is redeemed, the issuer also agrees to return your money invested (your principal). Bond maturities range from very short terms of one week all the way up to 30 years or more.

The interest or coupon rate of a bond will be based on a variety of factors, such as credit quality and maturity. The more creditworthy a borrower, the less interest they will offer to pay; whereas the less creditworthy a borrower, the more they will offer to pay. Additionally, longer-term bonds will usually have to pay higher rates to compensate investors.

Market conditions also influence existing bond pricing. For example, if market interest rates decrease, the value of bonds with higher interest rates could increase, and if market interest rates increase, the value of bonds with lower interest rates could decrease.

The bonds (by issuer type) we offer fall into one of these categories:

Corporate bonds: Issued by public and private companies to fund that company's projects. Interest payments on corporate bonds are usually made semi-annually. Corporate bonds may be redeemable by the issuer prior to maturity upon the occurrence of certain events as enumerated in the offering document or prospectus. Corporate bonds are not tax-exempt products.

Treasuries and Other U.S. Government Guaranteed bonds: Issued and backed by the full faith and credit of the U.S. Government to fund federal projects. The timing of interest payments varies depending on the type of treasury or government bond. Treasuries and government bonds may be redeemable by the issuer prior to maturity upon the occurrence of certain events as enumerated in the offering document or prospectus. Treasury and government bond interest payments are not exempt from federal income taxation but may be exempt from state and local taxation.

Municipal bonds: Issued by state and local government entities to finance public works and other projects. Interest payments on municipal bonds are usually made semi-annually. Municipal bonds may be redeemable by the issuer prior to maturity upon the occurrence of certain events as enumerated in the offering document or prospectus. For many municipal bonds, interest payments are exempt from federal income taxation. In some cases, municipal bonds are also exempt from state and local income taxation. Tax-exempt municipal bonds generally pay lower coupon rates than other bonds with similar credit quality because they offer investors this additional tax advantage.

Municipal bonds acquired at too steep a discount could be subject to an unexpected tax because of the 'de minimus rule', which applies to municipal bonds acquired at a discount of less than 0.25% (the de minimus threshold). For each full year from the time of purchase to maturity, gains resulting from the discount are taxed as capital gains rather than ordinary income. The ordinary income tax rates are generally higher than the capital gains rate. Steeper discounts are caused by rising interest rates generally, or a credit event that affects the value of the bonds.

Generally, there are two types of municipal bonds:

- General Obligation Bonds - The issuer's obligation to pay principal and interest due to bondholders is usually secured by the "full faith and credit" of the government issuer, which is usually supported by the issuer's taxing power. **Please note that all general obligation bonds have at least some Credit Risk (in other words, risk of default). They should not be confused with Treasuries *and other U.S. Government guaranteed* bonds and similar instruments that are backed by the "full faith and credit" of the U.S. Government and are generally considered to have no Credit Risk.**
- Revenue Bonds - The issuer's obligation to pay principal and interest due to bondholders is supported just by the revenues derived from the public works or other project specified in the bond issue (for example, tolls from a road, revenues collected by a public utility or hospital, etc.), and not by the full faith and credit of the government issuer. Some revenue bonds, called "conduit" bonds, are issued to benefit a charity, hospital, university, or other entity, which borrows the funds generated by the bonds from the issuing government. The issuer is usually not responsible if required payments to bondholders on "conduit" revenue bonds are not made. More broadly, if any revenue bond is a "non-recourse" bond and payments are not made when due, bondholders do not have a claim against the issuer, or the underlying project or its revenue stream.

Mortgage-backed Securities (MBS): Issued by mortgage lenders and secured by mortgages on homes and other real estate.

- Many mortgage-backed securities are agency securities – i.e., issued by U.S. government agencies. **However, it is important to understand that agency bonds issued by government-sponsored enterprises like the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) are not guaranteed by the full faith and credit of the U.S. Government.** They carry Credit Risk (in other words, risk of default).
- Agency bonds issues by the Government National Mortgage Association (Ginnie Mae or GNMA) are guaranteed by the full faith and credit of the U.S. government.

Each newly issued bond has a prospectus or offering memorandum that contains important information to help you make an informed decision about an investment in the newly issued bond. You should read the newly issued bond's prospectus carefully before investing. In deciding whether to invest in a newly issued bond, you should consider several different factors, including the investment objective, investment strategies and risks associated with an investment in a particular newly issued bond.

In addition to the details provided as part of this disclosure, more information about bonds can be found through the following resources:

- The bond's offering document (if primary market transaction)
- FINRA's website: finra.org/finra-data/fixed-income which provides information about pricing and issuer credit ratings
- Municipal Securities Rulemaking Board's (MSRB) website: msrb.org
- MSRB's Electronic Municipal Market Access (EMMA) website: emma.msrb.org
- U.S. Securities and Exchange Commission (SEC) at investor.gov

4.3.2. Bonds: Client Costs and Our Compensation

Bonds in Brokerage Accounts - Primary Market Trades

Where D.A. Davidson underwrites and distributes newly issued bonds on the primary market through an IPO or similar process, it receives underwriting fees, syndicate fees, selling commissions/concessions and/or other similar fees as described in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings). The compensation D.A. Davidson receives is usually paid to the Firm as an underwriting fee and typically ranges between 0.35% and 2.0% (expressed as a percentage of the purchase price you pay). A percentage of these fees are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

Bonds traded on the primary market are not traded in our retirement accounts.

Bonds in Brokerage Accounts - Secondary Market Trades

D.A. Davidson offers a secondary market for bonds. Where D.A. Davidson effects a secondary market trade for you on an agency or principal basis (as defined in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), we will charge your brokerage account mark-ups or mark downs.

The following chart describes the mark-up and mark-down amounts we charge for these trades according to the bond's maturity. These rates are set to align with fixed income product pricing, where longer maturities generally result in more income to the holder. Note that your mark-up or mark-down may also be lower than the amount noted below due to discounting or the market price, among other factors. In limited instances, your mark-up or mark-down may be higher than the amount noted below due to extenuating circumstances. Please also note that these mark-ups and mark-downs are current as of the effective date of this Reg BI Disclosure, and D.A. Davidson reserves the right to change these rates at any time. Note that mark-ups and mark-downs on bonds are not typically reflected in trade confirmations you receive from our Firm unless they are required to be reflected by applicable regulation. However, your financial professional can help you determine the amount of the mark-up or mark-down associated with any bond trade.

Fixed Income Pricing for secondary market (previously issued) bond transactions (not to exceed 3% of the bond's face value, except in limited instances):

Maturity	Mark-Up on Purchase per Bond
Less than one (1) year	$2.50
1-<2 years	$10.00
2-<5 years	$15.00
5 years & longer	$20.00

Maturity	Mark-Down on Sale per Bond
Less than one (1) year	$2.50
1-<2 years	$5.00
2-<5 years	$7.50
5 years & longer	$10.00

For example, *say you wish to purchase 10 bonds each with a $1,000 par (face) value ($10,000 total), having a maturity of four years. The total mark-up adjustment would not exceed $15.00 per bond, or $150.00 in this example.*

Your total cost for the bonds would not exceed $10,150.00 (for simplicity, we are excluding any other charges described in 4.2.2 (Equities: Client Costs and Our Compensation) that may apply, such as the $6.85 Trade Processing [Handling] Fee).

4.3.3. Bonds: Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to bond transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to bonds: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/Investment Types; (3) Primary vs. Secondary Market Compensation; (4) Underwriting and Similar Fees; (5) Principal Trades; and (6) Small Trades/Discounts.

Below are additional material conflicts which apply specifically to bond transactions:

- D.A. Davidson may also engage in agency cross transactions in bonds. An agency cross transaction is a transaction in which D.A. Davidson acts as broker for the parties on both sides of the transaction. For its brokerage services, D.A. Davidson may receive compensation from both sides of the transaction. In acting for both sides of the transaction, the Firm will have a conflict of interest because, while it will generally seek to maximize the benefit from the transaction for both sides, D.A. Davidson will be compensated regardless of whether this objective is achieved. For brokerage accounts, agency cross trades are permitted for bond transactions when D.A. Davidson determines that each respective transaction is consistent with the client’s best interest, and that by engaging in the transaction D.A. Davidson may reduce transaction and market impact costs (such as when accounts are adjusting their respective durations, when one account is in a liquidation mode while another is in an accumulation mode, or for tax management purposes). In such instances, D.A. Davidson, may recommend the sale of securities from a client’s account while at or about the same time recommend the purchase of the same securities for the account of another client. No agency cross transactions may be affected for or on behalf of retirement accounts.

4.3.5. Bonds: Extreme Market Conditions

In the event of extreme market conditions impacting trading in bonds, clients may experience: an increase in average time of execution, limited or no liquidity, and varying levels in pricing, which may result in challenges for the Firm to obtain fair, consistent, and reasonable quotes. D.A. Davidson may take additional and atypical steps to fill fixed income orders during extreme market conditions and depending on facts and circumstances, notably client needs, may execute client orders with fewer quotes and or wider spreads in prices. It is important to consult with your financial professional to gain a better understanding of the current market conditions, as they may vary depending on the environment and will likely change rapidly.

4.4. Certificates of Deposit (CDs) (Fixed-Income)

4.4.1. CDs: Overview

CDs are deposit products of deposit institutions (“issuers”), which are insured by the Federal Deposit Insurance Corporation (“FDIC”), subject to certain limitations. All CDs that we offer to clients are from FDIC-insured banks. The purchase amount of a CD, minus applicable fees, is deposited with the issuing bank, which agrees to pay a stated rate of interest for a specific period of time, and to return the investor’s money at the end of the CD’s life (the “maturity”). CDs are offered in a wide range of maturities**.**

Although not a security, CDs are a type of fixed income (debt) investment, similar in some ways to bonds. Like most bonds, CDs carry some default risk or credit risk, meaning that the issuing bank could default and be unable to pay interest and principal owed when due. However, CDs are bank deposits, and for each bank that is a member of the FDIC, the deposits of each depositor of the bank up to $250,000 are eligible for FDIC insurance coverage. FDIC insurance is designed to reduce the credit risk/default risk of CDs and other bank deposits. For additional details regarding FDIC insurance and its limitations, refer to the Certificate of Deposit

Disclosure Statement which is provided to you upon purchasing a CD. For information on equity-linked CDs, refer to Section 4.15 (Structured Products).

Some CDs allow investors to redeem prior to maturity, subject to an early redemption fee or penalty. Otherwise, early withdrawals are generally not permitted. D.A. Davidson, though not obligated to do so, may maintain a secondary market for CDs. If you wish to sell your CD prior to maturity and D.A. Davidson does not maintain a secondary market, D.A. Davidson may attempt to sell your CD in a secondary market maintained by another broker-dealer. D.A. Davidson cannot provide assurance that you will be able to sell your CDs prior to their maturity. In addition, a secondary market for CDs may be discontinued at any time without notice. Therefore, you should not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to maturity, or having access to proceeds prior to maturity.

The majority of CDs we offer fall into one of these categories:

Interest Bearing CDs: Interest-bearing CDs pay interest at either a fixed rate or at a variable rate. A fixed rate CD will pay the same interest rate throughout the life of the CD. The interest rate on variable rate CDs may increase or decrease from the initial rate at pre-determined time periods ("steprates") or may be reset at specified times based upon the change in a specific index or indices ("floating rates"). The dates on which the rates on step-rate CDs will change or the rates on floating rate CDs will reset, as well as a description of the basis on which the rate will be reset, will be set forth on the trade confirmation or a supplemental document.

Zero-Coupon CDs: Zero-coupon CDs do not bear interest, but rather are issued at a substantial discount from the face or par amount, the minimum amount of which is $1,000. Interest on the CD will "accrete" at an established rate and the holder will be paid the par amount at maturity.

Callable CDs. Callable CDs present different investment considerations than CDs not subject to call by the issuer. You may face the risk that: (i) the CD may be paid off prior to maturity as a result of a call by the issuer and your return would be less than the yield that the CD would have earned had it been held to maturity; (ii) if the CD is called, you may be unable to reinvest the funds at the same rate as the original CD; and/or (iii) the CD is never called and you may be required to hold the CD until maturity. You should carefully review your trade confirmation for terms of your CD, including the time period when the issuer may call your CD.

In addition to the details provided as part of this disclosure, a Certificate of Deposit Disclosure Statement will be provided to you when you purchase a CD.

4.4.2. CDs: Client Costs and Our Compensation

CDs in Brokerage Accounts - Primary Market Trades
Where D.A. Davidson underwrites and distributes newly issued CDs on the primary market through an IPO or similar process, it receives underwriting fees, syndicate fees, selling commissions/concessions and/or other similar fees as described in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings). The compensation D.A. Davidson receives is usually paid to the Firm as an underwriting fee and typically ranges between 0.35% and 2.0% (expressed as a percentage of the purchase price you pay). A percentage of fees are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

CDs in Brokerage Accounts - Secondary Market Trades
D.A. Davidson offers a secondary market for CDs. Where D.A. Davidson effects a secondary market trade for you on an agency or principal basis (as defined in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), we will charge your brokerage account mark-ups or mark downs.

The following chart describes the mark-up and mark-down rates we charge for these trades according to the CD's maturity. These rates were set to align with fixed income product pricing, where longer maturities generally result in more income to the holder. Note that your mark-up or mark-down may also be lower than the maximum noted below due to discounting or the market price, among other factors. Please also note that these rates are current as of the effective date of this Reg BI Disclosure, and D.A. Davidson reserves the right to change these rates at any time. Note that mark-ups and mark-downs on CDs are not typically reflected in trade confirmations you receive from our Firm unless they are required to be reflected by applicable regulation. However, your financial professional can help you determine the amount of the mark-up or mark-down associated with any CD trade.

CDs on the secondary market are not traded on a principal basis in our retirement accounts.

Fixed Income Pricing for secondary market (previously issued) CD transactions:

Maturity	Maximum Mark-Up on Purchase
Less than one (1) year	0.25%
1-2 years	1.0%
3-5 years	1.5%
6 years & longer	2.0%

Maturity	Maximum Mark-Down on Sale
Less than one (1) year	0.25%
1-2 years	0.5%
3-5 years	0.75%
6 years & longer	1.00%

4.4.3. CDs: Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to CD transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to CDs: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/Investment Types; (3) Primary vs. Secondary Market Compensation; (4) Underwriting and Similar Fees; (5) Principal Trades; and (6) Small Trades/Discounts.

D.A. Davidson is not affiliated with any bank for those CDs we recommend and sell to clients.

4.5. Options

4.5.1. Options: Overview

Options are investment contracts that give the buyer (the owner) a right to either buy or sell a pre-determined amount of an underlying asset at a pre-determined price (called the strike price), on or before a pre-determined date (called the expiration date). Typically, one option contract represents 100 shares of the underlying asset. Options are derivative investments because their value, performance, and risks are derived from that of the underlying asset. The underlying assets offered at D.A. Davidson are primarily equity securities, indices, and ETFs**.**

There are two primary types of option contracts:

- Call options give the owner (buyer) the right to buy a pre-determined amount of an underlying asset at the strike price on or before the option's expiration date.
- Put options give the owner (buyer) the right to sell a pre-determined amount of an underlying asset at the strike price on or before the option's expiration date.

There are two parties to an options contract:

- The buyer (owner) pays the current market price ("premium") for the contract and gets the benefit of certain rights described in the contract ("contractual rights"). When the buyer (owner) enforces the rights provided by the option contract, it is called an "exercise" of the option contract.
- The seller (writer) collects the premium from the buyer in exchange for giving the buyer their contractual rights. When you sell or write an options contract, you have the obligation to honor the contract if the buyer exercises the option. Specifically, you will either be required to buy or sell the asset at the strike price. When the buyer exercises an option contract which you have sold, you will be "assigned" the option and required to fulfill the obligations called for by the contract. These obligations can lead to large financial losses. For this reason, the risk of selling/writing options contracts is generally higher than buying/owning them.

In all cases, which party makes money on an options contract (and how much) depends on the price movement of the underlying asset. For a call option, the owner/buyer benefits when the underlying asset appreciates (goes up in value) and the seller/writer benefits when it does not. For a put option, the owner/buyer benefits when the underlying asset depreciates (goes down in value) and the seller/writer benefits when it does not. When you are an owner/buyer, you should give us instructions in order to exercise your option's rights. If you are the owner/buyer, D.A. Davidson may exercise your option's rights, but it is not obligated to do so.

Due to the complex nature of options contracts, D.A. Davidson will limit the types and strategies of option trading that we recommend to you, and allow you to perform, within your account.

In addition to the details provided as part of this disclosure, more information about options can be found through the following resources:

- Options Disclosure Document ("ODD") - Characteristics & Risks of Standardized Options: theocc.com/Company-Information/Documents-and-Archives/Options-Disclosure-Document
  - Prior to buying or selling options, you will have to enter into our Option Application and Account Agreement, and you will receive a copy of the ODD
- The Options Institute: cboe.com/optionsinstitute/options_basics/
- D.A. Davidson's Option Booklet & Uncovered Writing Disclosure Statement: dadavidson.com/Portals/0/bus-corp/Disclosures/da_davidson_co/options_characteristics_and_risks.pdf
- U.S. Securities and Exchange Commission (SEC) at investor.gov/introduction-investing/investing-basics/investment-products

4.5.2. Options: Client Costs and Our Compensation

Options in Brokerage Accounts – Secondary Market Trades
D.A. Davidson offers a secondary market for options. Where D.A. Davidson effects a secondary market trade for you on an agency basis (as defined in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), we will charge your brokerage account a commission that is based upon the amount of the options you buy or sell. A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

The following chart describes the commission rates we will charge for these trades. On occasion, your D.A. Davidson financial professional may agree to a lower (discounted) commission than the commission shown here (as described in Section 3.3 (Conflicts for Financial Professionals Alone). Please note that these rates are current as of the effective date of this Reg BI Disclosure, and D.A. Davidson reserves the right to change these rates at any time:

Trade Principal (Amount)	Commission Rate (%)
First $1,000	5.00%
Next $4,000 ($1,000.01 - $5,000)	2.50%
Next $10,000 ($5,000.01 - $15,000)	1.50%
All additional amounts (above $15,000)	0.50%

In addition to the percentage-based commission a $3.00 per option contract commission will be added on option trades priced at $1.00 or above and a $1.75 per option contract commission will be added on option trades priced at less than $1.00.

As explained above, if exercising your option contract or if you are assigned an option contract which you have sold, you will pay a separate commission on the transaction in the underlying asset. The brokerage commission charged will be in accordance with the commission rates in Section 4.1.2 (Equities: Client Costs and Our Compensation).

If you are the owner/buyer or seller/writer, you will also pay or receive, respectively, the premium associated with the options contract, which will differ based on the terms of the option contract and the volatility of the underlying asset.

4.5.3. Options: Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to options transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to options: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/Investment Types; and (3) Commission Rates.

4.6. Mutual Funds

4.6.1. Mutual Funds: Overview

A mutual fund (“fund”) is a company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. The combined holdings of the mutual fund are known as its portfolio. Investors can buy shares in mutual funds and each share represents an investor’s part ownership in the fund and the investment returns it generates. Mutual funds issue shares on a continuous basis, and there is no secondary trading market for mutual fund shares, rather they are sold back (or redeemed) by the fund. Mutual funds are required to sell their shares at the fund’s net asset value (NAV) per share plus any applicable sales charge or “load,” which are described below. The fund’s NAV is essentially the “per share” value of the fund’s assets over its liabilities (and is the market value of the mutual fund shares).

As a general matter, because mutual funds hold a number of underlying securities, they are better diversified (and therefore should be less volatile) than investments in individual securities such as stocks and bonds. However, all mutual funds carry risks, including loss of your investment principal. The risks associated with a particular mutual fund will correlate to those of its underlying investments and markets and will fluctuate as the underlying investments increase or decrease in value.

The Firm offers a wide range of mutual funds from many different fund companies, and across many asset classes, strategies, and styles. If you invest in mutual funds, in some cases they may be held (custodied) by D.A. Davidson, and in other cases they may be directly held with the fund company.

Funds are also offered in different share classes having different characteristics, fees and expenses, as summarized below. Regardless of the share class an investor owns, the investor owns an interest in the same portfolio of underlying securities. You should consider the length of time you expect to hold your investment in a mutual fund, as it will generally play an important role in determining which share class is most appropriate for you and discuss this with your financial professional. The various types of fees and expenses denoted for each share class are further described in Section 4.6.2 (Mutual Funds: Client Costs and Our Compensation).

Class A shares

- Front-end sales charge is deducted from the amount invested at time of purchase; thus, less than 100% of purchase is invested
- Lower operating expenses than Class B and C shares
- Typically do not have a contingent deferred sales charge (“CDSC”) however, CDSC may apply in certain circumstances
- Breakpoint discounts available on larger purchases (see “Breakpoint Discounts” below)
- 12b-1 fees for Class A shares are typically 0.25% annually

Class B shares

- No front-end sales charge; thus, 100% of purchase amount is invested
- Typically have a CDSC that decreases over time
- Higher operating expenses than Class A shares
- Conversion to Class A shares typically occurs between six and eight years from date ofpurchase
- Usually not appropriate for larger purchase amounts
- Please note that we do not typically sell Class B mutual fund shares to clients (though some of our clients may have pre-existing Class B mutual fund holdings

Class C shares

- Typically no front-end sales charge exists; thus, 100% of purchase is invested
- CDSC of 1% typically applies to redemptions made within 12 to 18 months after the shares are purchased
- Higher operating expenses than Class A shares
- Conversion to Class A shares typically occurs between six and eight years from date of purchase
- Usually not appropriate for larger purchase amounts or longer holding periods
- 12b-1 fees for Class C shares are typically 0.75% - 1.0% annually

Class R shares

- Typically offered to eligible 401(k) and other retirement or deferred compensation plans
- No front-end sales charge or CDSC
- Higher 12b-1 Fee expenses than Class A shares, but lower than Class C shares; 12b-1 fees are typically 0.25% to 0.50% annually

Money Market Mutual Funds

- Typically managed with the objective to preserve a stable value of $1.00 per share (not guaranteed)
- No front-end sales charge or CDSC
- Can impose liquidity fees, not to exceed 2% of the redemption amount, and/or temporarily suspend redemption privileges if a fund's weekly liquid assets fall below a designated threshold set by the SEC.

No Load Funds

- Typically no front-end sales charge exists; thus, 100% of purchase is invested
- No front-end sales charge or CDSC
- Higher operating expenses than Class A and R shares
- 12b-1 fees for No Load funds typically range from 0% - 0.75%

Class E shares Only available through employer-sponsored education savings plans (see Section 4.7 (529 Plans) below)

- No front-end sales charge or contingent deferred sales charge
- May not be available for all investment options
- 12b-1 fees for Class E shares are typically 0.50% annually

Each mutual fund has a prospectus that contains important information to help you make an informed decision about an investment in the fund. You should read the fund's prospectus carefully before investing. In deciding whether to invest in a mutual fund, you should consider several different factors, including the mutual fund's investment objective, investment strategies and risks, the investment adviser responsible for the management of the mutual fund's assets, and the fees and expenses associated with the fund.

Additionally, FINRA maintains a Mutual Fund Expense Analyzer tool on its website at finra.org that can help you decide on the right share class for your situation.

4.6.2. Mutual Funds: Client Costs and our Compensation

Mutual Funds in Brokerage Accounts Fees and Costs – Sales Charges

As noted in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings) you will often pay a sales charge when you buy shares of a mutual fund. These costs may include transaction fees, such as front-end or contingent deferred sales charges (often referred to as "loads"), paid directly by you as a fund investor.

We receive a portion of the mutual fund's sales charges to compensate us for our efforts, and the efforts of our financial professionals, in selling shares of the mutual fund. The amount of the sales charges we receive from your investment depends on the specific circumstances such as the specific fund, share class and amount of investment you choose.

Most mutual funds utilize multiple share classes, with differing sales charges. Though there are many different types of share classes, the most common share classes available to you are Class A, Class C, and Class R, as previously described.

The most common types of mutual fund sales charges are:

- **Front-end sales charges.** A sales charge is deducted from a mutual fund investment at the time of purchase (front-end) and calculated as a percentage of the total investment purchase. Typical schedules of front-end sales charges range from 4.5-6.0% for investments of less than $25,000, decreasing incrementally down to 0% for very large investments ("breakpoint rates" as described below). Most of the front-end sales charges deducted from a mutual fund investment are paid as a commission to the broker who made the sale, such as D.A. Davidson. A percentage of the sales charges received are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).
- **Back-end sales charges.** A back-end sales charge is sometimes referred to as a contingent deferred sales charge ("CDSC"). This charge, which decreases over time, is deducted from a mutual fund investment if the fund shares are sold prior to a specified period as stated in the mutual fund prospectus. The CDSC is calculated as a percentage of the total sales proceeds. The level of the applicable CDSC will decline over time until it is eventually eliminated. CDSC timelines are applied to each mutual fund purchase separately, including subsequent purchases of the same fund. In effect, your investment may have a rolling series of CDSCs based on each individual purchase date. A CDSC may also apply in some special circumstances as outlined in the mutual fund prospectus. A percentage of the CDSCs received are paid by D.A. Davidson to your financial professional, according to his or her production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone) above.

- **Asset-Based Distribution/Service Fees (12b-1 Fees).** Generally, these fees are deducted from a mutual fund's assets to cover a fund's marketing and distribution expenses. 12b-1 fees reduce the overall returns of the mutual fund and are disclosed in a fund's prospectus. These 12b-1 fees are shared between D.A. Davidson and the fund's distributor as set forth in the prospectus, and a percentage of the 12b-1 fees received are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).
- **Sub-Accounting Related Services.** D.A. Davidson receives compensation from mutual funds when providing sub-accounting and other administrative services with respect to mutual fund positions. This compensation, also called sub-transfer agent ("sub-TA") fees may also be paid to D.A. Davidson by third parties hired by D.A. Davidson to provide these services. These services include processing purchases, redemptions and exchanges, dividend reinvestment, tax reporting and other recordkeeping services. D.A. Davidson does not share any portion of the sub-accounting or sub-TA fees we receive with our financial professionals.

Sales Charge Discounts. For Class A shares, the amount of front-end sales charges you pay can vary based on certain discounts you might qualify for. Please note that it is your responsibility to inform your financial professional of all your mutual fund holdings and your future intent with regard to mutual fund holdings to help ensure you receive appropriate discounts. You may be asked to provide proof of this ownership. The full details of each mutual fund's sales charge discounts are contained in the mutual fund prospectus. To briefly summarize the most common types of discounts available:

- **Breakpoint Discounts.** Class A shares of mutual funds give qualifying investors the right to receive a front-end sales charge discount when "breakpoints" (or investment dollar thresholds) are reached. The breakpoint schedule for each mutual fund is detailed in the fund prospectus. Breakpoint discounts are available on initial and subsequent purchases. Also, discounts on purchases may be obtained based on current holdings in the same fund family (see "Rights of Accumulation" below) or a commitment of future purchases (see "Letters of Intent" below).
- **Initial Purchases.** When making an initial purchase of Class A shares in one mutual fund family, the front-end sales charge and minimum purchase requirement to obtain a discount can be determined by referring to the sales charge schedule in the fund's prospectus.
- **Rights of Accumulation.** Breakpoint discounts may also apply to additional purchases based on an investor's existing holdings within a fund family. These discount entitlements are referred to as Rights of Accumulation ("ROA").
  When calculating the value of an investor's current mutual fund family holdings for ROA purposes, the value of shares owned at all financial institutions, including the fund company directly, combined with the value of shares owned in certain family member and related accounts, may count toward a breakpoint discount. In fact, many mutual fund families allow investors to aggregate the value of shares owned by the investor, the investor's spouse and minor children when determining the breakpoint discount.
- **Letter of Intent.** Discounts on purchases of Class A mutual fund shares may also be obtained based on the investor's promise of future, additional fund purchases. Signing a Letter of Intent ("LOI") commits the investor to purchase a specified amount of Class A shares within a defined period of time, usually 13 months. This commitment is made in exchange for the right to immediately receive a breakpoint discount. If the investor subsequently fails to invest the amount of the LOI commitment, the fund will retroactively deduct the correct sales charges based on the amount that was actually invested.

Proprietary and Affiliated Funds. In addition to the various sources of compensation summarized above, certain of D.A. Davidson's affiliates manage or sub-advise mutual funds that might be recommended to you:

- **Davidson Multi-Cap Equity Fund.** The Davidson Multi-Cap Equity Fund ("Multi-Cap Equity Fund"), for which Davidson Investment Advisors, Inc. ("DIA") serves as the investment adviser, may be recommended by your D.A. Davidson financial professional for your brokerage account. DIA receives fees for advising the Multi-Cap Equity Fund, which are disclosed in the Multi-Cap Equity Fund prospectus. Those fees are based on the amount of assets held in the Multi-Cap Equity Fund which increases with any new purchases of shares. As a mutual fund shareholder, you would pay indirectly a portion of the ongoing expenses of the Multi-Cap Equity Fund (which include the DIA advisory fee, all 12b-1 Fees and all other ongoing fees incurred in the administration of the Multi-Cap Equity Fund, as described above). By purchasing the Multi-Cap Equity Fund in a D.A. Davidson brokerage account, you would also pay D.A. Davidson any transaction fees associated with the Multi-Cap Equity Fund. For more information regarding the Multi-Cap Equity Fund, see the prospectus available at davidsonmutualfunds.com.

Mutual Funds in Brokerage Accounts – Ongoing Fees and Expenses

Mutual funds typically have direct costs associated with them that you pay indirectly as an investor. These fees and expenses (often described as the "expense ratio") will impact investment returns and are fully described in the mutual fund prospectus provided to you upon purchase. These expenses are typically used to pay continued annual operating expenses of the investment such as management expenses, accounting expenses, audit expenses, servicing expenses, distribution expenses, legal expenses, and recordkeeping expenses. As noted above, the ongoing fees and expenses can also include fees commonly referred to as recordkeeping, shareholder servicing or distribution fees (such as 12b-1 fees), which can be received by D.A. Davidson on an ongoing basis. A percentage of those fees are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

4.6.3. Mutual Funds: Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to mutual fund transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to mutual funds: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/investment Types; (3) Share Classes; (4) Education and Marketing Support; (5) Gifts from Sponsors; (6) Revenue Sharing; (7) Recordkeeping/Shareholder Servicing/Distribution Fees; (8) Proprietary Products; and (9) Small

Trades/Discounts.

Below are additional material conflicts which apply specifically to mutual fund transactions:

- **Differential Compensation Across Mutual Fund Options.** Compensation to our Firm and financial professionals can differ between mutual funds. To help manage the financial incentive that our financial professionals have to recommend certain mutual funds over others, we cap (limit) the amount of the sales charges that are taken into account in determining our financial professionals' compensation as follows:

  - Front-end sales charges for Class A shares are capped at 3.5%
  - CDSCs for Class C shares are capped at 1.0%

  Despite this limit, a financial professional would still receive higher pay for recommending a fund that pays 3.5% over one that pays any lower amount (i.e., the financial professional would receive credit for 3.0% if this is what the fund pays, 2.5% if this is what the fund pays, etc.) **Also, in all cases the full amount of the dealer commission described in the mutual fund's prospectus is still paid to D.A. Davidson; any excess over the cap is simply retained by our Firm and not passed on to our financial professionals.** To help manage these incentives further we require our financial professionals to evaluate mutual funds using an analytical tool that compares mutual funds based on varying criteria.
- **Proprietary and Affiliated Funds.** D.A. Davidson, considered together with our affiliates DIA, will receive more total compensation if you select the Davidson Multi-Cap Equity Fund over a fund managed by a third party. To help manage this conflict, our financial professionals are paid the same amount for selling the Davidson Multi-Cap Equity Fund as for any other mutual fund(s), holding all other variables (for example, investment amount, share class, etc.) equal.
- **Proprietary and Affiliated Funds.** D.A. Davidson, considered together with our affiliates DIA and DFIM, will receive more total compensation if you select the Davidson Multi-Cap Core Mutual Fund or the Aquila Funds over a fund managed by a third party. To help manage this conflict, our financial professionals are paid the same amount for selling the Davidson Multi-Cap Core Mutual Fund as for any other mutual fund(s), holding all other variables (for example, investment amount, share class, etc.) equal.
- **Share Classes.** The total compensation we will receive (sales charges, 12b-1 Fees, etc.) over time will generally be higher if you choose a share class that is more costly to you, as these will typically pay us higher up-front sales charges and similar payments or higher ongoing payments such as 12b-1 Fees. To help manage this conflict, D.A. Davidson has policies and procedures in place that require our financial professionals to consider a client's expected time horizon for an investment and existing and anticipated holdings before recommending a particular share class. D. A. Davidson has also adopted a Class C Share Conversion Program to reduce the potential for investors to hold Class C shares beyond the point where the ongoing costs of ownership can be excessive**.** Under this program, if the Class C shares are eligible and held for six or more years, they will automatically convert into Class A shares of the same fund at the net asset value without the sales charge that typically applies to Class A share purchases. The share class conversion is not treated as a taxable event. This allows investors to benefit from the lower ongoing costs of Class A shares.
- **Discounts.** With respect to Class A mutual fund investments, we will receive higher amounts of front-end sales charges if you do not qualify for the types of discounts described under Section 4.6.2 (Sales Charge Discounts). This could occur if you choose to make a number of smaller investments across a wide variety of fund families, as opposed to larger investments within a smaller number of or the same fund family. To help manage this conflict, D.A. Davidson has policies and procedures in place that prohibit our financial professionals from making recommendations that are designed to prevent clients from benefiting from sales charge discounts.

4.7. 529 Plans

4.7.1. 529 Plans: Overview

529 Plans are tax-advantaged municipal (state-sponsored) investment programs designed specifically for education savings by allowing investment earnings to grow tax-deferred, and withdrawals to be exempt from federal taxation and generally exempt from state taxation when used for qualified education expenses. There are two types of 529 Plans: education savings plans and prepaid tuition plans. Education savings plans permit investors to allocate contributions to investment options made available in the plan (which can include mutual funds, ETFs and/or a bank product). Prepaid tuition plans allow investors to lock in tuition rates at certain specified educational institutions. The Firm only offers education savings plans and does not offer prepaid tuition plans. Another feature of 529 Plans is the ability to roll all or a portion of the assets into a Roth IRA without triggering income tax or penalties if certain criteria are met.

You can enroll in an education savings plan by directly enrolling with the state or plan's program manager ("Direct-Sold Plan") or by accessing the plan though a financial professional ("Advisor-Sold Plan"). You are responsible for managing your own investments in a Direct-Sold Plan. D.A. Davidson can only offer and make recommendations for Advisor-Sold Plans. You should consider the important differences in services and costs between Direct-Sold education savings plans and the Advisor-Sold Plans that D.A. Davidson can offer to you. For any education savings plan purchased through D.A. Davidson you will receive account statements and trade confirmations directly from the education savings plan program manager (often a mutual fund company), not from our Firm.

Education savings plans invest your after-tax contributions into investment portfolios such as mutual funds. The value of your education savings plan will fluctuate as the underlying investments increase or decrease in value. When education savings plans offer mutual funds, the most common share classes available to you through D.A. Davidson are Class A, Class C, and Class E (see Section 4.6 (Mutual Funds) for more information about mutual fund share classes.

Each education savings plan has a program disclosure document (often called a program description or official statement) to help you make an informed decision about an investment in the education savings plan. You should read the program description carefully before investing. In addition to providing the program disclosure document, your financial professional will also provide you with a '529 Plan Information' form explaining any education saving plan recommendations.

In deciding whether to invest in an education savings plan you should consider several different factors. For example, the asset allocation of the education savings plan should be based on the timeframe when the funds are needed (commonly the age of the beneficiary). Note, however, there is no guarantee that the amount invested in an education savings plan will equal the amount you need for future education expenses and there is a risk that you may lose all or part of your plan account value. It is also important for you to consider state tax advantages when choosing an education savings plan as tax treatment of education savings plans vary by state. In a majority of states, contributions are either state tax deductible or eligible for a state tax credit only if you are a resident of the state-sponsored education savings plan. Alternatively, some states offer state tax deductions or credits for contributions to any state's plan while other states offer no state tax benefits. You should carefully discuss these issues with your tax advisor before investing in any education savings plan.

4.7.2. 529 Plans: Client Costs and Our Compensation

Education Savings Plans Fees and Costs
The fees that D.A. Davidson and its financial professionals earn for Advisor-Sold Plans are based on the investments recommended to you. For example, if we recommend a mutual fund, the fees we earn will be the same as those described under Section 4.6 (Mutual Funds).

In addition to the costs of the investments paid to D.A. Davidson and its financial professionals, Advisor-Sold Plans may charge administrative fees, such as an enrollment/application fee, annual account maintenance fees, ongoing program management fees, and ongoing asset management fees. Some of these fees are collected by the state sponsor of the plan and some are collected by the plan manager. These fees may not apply to Direct-Sold Plans. In addition, some education savings plans will waive or reduce the administrative fees if you maintain a large account balance, participate in an automatic contribution plan, or are a resident of the state sponsoring the education savings plan. Some education savings plans also offer fee waivers if the saver accepts electronic-only delivery of documents or enrolls online.

4.7.3. 529 Plans: Material Conflicts of Interest

There are conflicts between our interests and those of our clients relating to education savings plans. Education savings plans will have the same conflicts as each underlying security they hold as described under each security type in this Section 4 (Characteristics, Risks, Fees and Costs Associated with Specific Investments). For example, if we recommend a mutual fund, the conflicts of interest will be the same as those described under Section 4.6.3 (Mutual Fund Conflicts of Interest). There are also conflicts of interest that may arise when clients roll assets from a 529 Plan into a Roth IRA at D.A. Davidson because it will increase the assets at D.A. Davidson and generate compensation the Firm and its financial professionals. We mitigate this conflict by educating clients on considerations regarding this type of rollover and by not providing a recommendation. Clients must make an independent decision on whether to engage in this transaction. D.A. Davidson and its financial professionals do not provide tax or legal advice.

Below are additional material conflicts of interest which apply specifically to recommending Advisor-Sold education savings plans:

- **Differential Compensation Across Education Savings Plans.** Depending on your state of residency, you may have various options for establishing education savings plans maintained by both your state of residency or other states. Each state determines what investment options are available within that state's education savings plans. Based on the compensation paid for transactions in these investments, our financial professionals have an incentive to recommend you establish an education savings plan in a state that offers products with a higher rate of compensation. To help manage the financial incentive that our financial professionals have to recommend certain education savings plans over others, we supervise recommendations of out of state plans.

4.8. Closed-End Funds

4.8.1. Closed-End Funds: Overview

Closed-end funds are similar to mutual funds in that they pool money from many investors and invest in a portfolio of securities comprised of stocks, bonds, and short-term debt. However, closed-end funds differ from mutual funds in that they do not offer shares continuously, but rather typically issue a limited number of shares through an initial public offering (an "IPO"). They also do not allow investors to redeem their shares at all (or do so only on occasion, for example through a tender offer). Rather, shares of closed-end funds trade on the secondary markets, similar to shares of equities and change in value based on the market price (which may or may not be based on the value of the underlying portfolio). The trading prices for shares of a closed-end fund will often be lower or higher than its net asset value (NAV or value of the fund's assets over its liabilities).

Closed-end funds hold a number of underlying securities and carry risks, including loss of your investment principal. The risks associated with a particular closed-end fund will correlate to those of its strategy, and underlying investments and markets. Leveraged closed-end funds also carry greater risk than non-leveraged funds. The strategies, approaches and risks of various closed-end funds differ significantly, but as a general matter, they are often considered to be higher-risk investments than most mutual funds. Likewise, if you sell a closed-end fund on the secondary market, the price you receive may be lower than you paid, and lower than its NAV at the time of sale.

Each newly issued closed-end fund has a prospectus that contains important information that will help you make an informed decision about an investment in the fund. You should read the fund's prospectus carefully before investing. In deciding whether to invest in a closed-end fund, you should consider several different factors, including the fund's investment objective, investment strategies and risks, the investment adviser responsible for the management of the fund's assets, and the fees and expenses associated with an investment in the fund.

4.8.2. Closed-End Funds: Client Costs and Our Compensation

Closed-End Funds in Brokerage Accounts - Primary Market Trades
Where D.A. Davidson underwrites and distributes newly issued closed-end funds on the primary market through an IPO or similar process, it receives underwriting fees, syndicate fees, selling commissions/concessions and/or other similar fees as described in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings). The compensation D.A. Davidson receives is usually paid to the Firm as an underwriting fee and typically ranges between 1.75% and 3.00% (expressed as a percentage of the purchase price you pay). A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

Closed-End Funds in Brokerage Accounts – Secondary Market Trades
D.A. Davidson offers a secondary market for closed-end funds. Where D.A. Davidson effects a secondary market trade for you on an agency basis (as defined in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), we will charge your brokerage account a commission that is based upon the amount of the closed-end funds you buy or sell. A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

The commission rates we charge for such secondary market closed-end fund trades (as well as secondary market trades of ETFs, ETNs and traded REITs) is the same as the commission rates we charge for equities. Refer to Section 4.2.2 (Equities: Client Costs and Our Compensation). Closed-end fund transactions are also subject to our small trade/discounting policed described in Section 3.3 (Conflicts for Financial Professionals Alone). On occasion, your D.A. Davidson financial professional may agree to a lower (discounted) commission than the commission shown in Section 4.2.2.(Equities: Client Costs and Our Compensation) and as described in Section 3.3 (Conflicts for Financial Professionals Alone). Please note that these rates are current as of the effective date of this Reg BI Disclosure, and D.A. Davidson reserves the right to change these rates at any time.

Closed-End Funds in Brokerage Accounts – Ongoing Fees and Expenses
Closed-end funds offered in your brokerage account have direct costs associated with them that you pay indirectly as an investor. These fees and expenses (often described as the “expense ratio”) will impact investment returns and are fully described in specific investment disclosures provided to you upon purchase. These expenses are typically used to pay continued annual operating expenses of the investment such as management expenses, accounting expenses, audit expenses, servicing expenses, distribution expenses, legal expenses, and recordkeeping expenses.

These ongoing fees and expenses are typically charged as a percentage of your assets. These fees and expenses will impact investment returns and are fully described in the fund prospectus. Expense ratios of various closed-end funds are not standard and can differ significantly. As a general illustration, the average expense ratios of closed-end funds are approximately 1.0%-3.0%, with some being higher or lower.

4.8.3. Closed-End Funds: Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to closed-end fund transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to closed-end funds: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/investment Types; (3) Commission Rates; (4) Primary vs, Secondary Market Compensation; (5) Underwriting and Similar Fees; (6) Education and Marketing Support; and (7) Gifts from Sponsors.

4.9. Exchange-Traded Funds (ETFs)

4.9.1. Exchange-Traded Funds (ETFs): Overview

ETFs have characteristics of both mutual funds and closed-end funds. Similar to mutual funds, an ETF pools assets of multiple investors and invests in a portfolio of securities according to its investment objective and investment strategy. ETFs also continuously offer their shares for sale like mutual funds. In addition, ETFs share certain characteristics with closed-end funds, namely that the fund’s shares trade on a secondary market and may trade at prices higher or lower than the fund’s NAV. ETFs do not sell or redeem individual shares. Instead, certain authorized participants have contractual arrangements with the ETF to purchase and redeem ETF shares directly from the ETF in blocks called creation units and redemption units, respectively, where each creation or redemption unit usually represents 50,000 shares of the ETF. After purchasing a creation unit, the authorized participants generally sell the ETF shares in the secondary market. This creation and redemption process for ETF shares is designed to help keep the market price of ETF shares at or close to the net asset value (NAV or value of the fund’s assets over its liabilities).

Because ETFs hold a number of underlying securities (and typically track an index), they are better diversified than investments in individual securities such as stocks and bonds. However, all ETFs carry risks, including loss of your investment principal. The risks associated with a particular ETF will correlate to those of its underlying strategy, investments, and markets.

Each ETF has a prospectus that contains important information to help you make an informed decision about making an investment. You should read the prospectus carefully before investing. In deciding whether to invest in an ETF, you should consider several different factors, including the fund’s investment objective, investment strategies and risks, the investment adviser responsible for the management of the fund’s assets, and the fees and expenses associated with an investment in the fund.

4.9.2. Exchange-Traded Funds (ETFs): Client Costs and Our Compensation

ETFs in Brokerage Accounts – Secondary Market Trades
D.A. Davidson offers a secondary market for ETFs. Where D.A. Davidson effects a secondary market trade for you on an agency

basis (as defined in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), we will charge your brokerage account a commission that is based upon the amount of the ETFs you buy or sell. A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

The commission rates we charge for such secondary market ETF trades (as well as secondary market trades of closed-end funds, ETNs and traded REITs) is the same as the commission rates we charge for equities. Refer to Section 4.2.2 (Equities: Client Costs and Our Compensation). ETF transactions are also subject to our small trade/discounting policed described in Section 3.3 (Conflicts for Financial Professionals Alone). On occasion, your D.A. Davidson financial professional may agree to a lower (discounted) commission than the commission shown in Section 4.2.2 (Equities: Client Costs and Our Compensation) and as described in Section 3.3 (Conflicts for Financial Professionals Alone). Please note that these rates are current as of the effective date of this Reg BI Disclosure, and D.A. Davidson reserves the right to change these rates at any time.

ETFs in Brokerage Accounts – Ongoing Fees and Expenses
ETFs offered in your brokerage account have direct costs associated with them that you pay indirectly as an investor. These fees and expenses (often described as the "expense ratio") will impact investment returns and are fully described in specific investment disclosures provided to you upon purchase. These expenses are typically used to pay continued annual operating expenses of the investment such as management expenses, accounting expenses, audit expenses, servicing expenses, distribution expenses, legal expenses, and recordkeeping expenses. As noted above, the ongoing fees and expenses can also include fees commonly referred to as recordkeeping, shareholder servicing or distribution fees (such as 12b-1 fees), which can be received by D.A. Davidson on an ongoing basis. A percentage of these fees received by D.A. Davidson are paid to your financial professional, according to their production andour commission grid. ETFs generally have lower annual expenses (expense ratios) than mutual funds because for example, ETFs do not have 12b-1 Fees, and are not usually actively managed.

These ongoing fees and expenses are typically charged as a percentage of your assets. These fees and expenses will impact investment returns and are fully described in the prospectus. Neither D.A. Davidson nor our financial professionals receive any portion of these fees. Expense ratios of various ETFs are not standard and can vary significantly. As a general illustration, the average ETF expense ratio is approximately 0.25% to 0.5%, with some being higher or lower.

4.9.3. Exchange Traded Funds (ETFs): Material Conflicts of Interest
There are conflicts between our interests and those of our brokerage clients relating to ETF transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to ETFs: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/investment Types; (3) Commission Rates; (4) Education and Marketing Support; and (5) Gifts from Sponsors

D.A. Davidson does not sponsor, issue, or manage any ETFs. D.A. Davidson generally does not solicit or recommend leveraged, inverse or leveraged inverse ETFs to our clients.

4.10. Exchange-Traded Notes (ETNs)

4.10.1. Exchange-Traded Noes (ETNs): Overview

Exchange-traded notes ("ETNs") are a type of debt security issued by certain financial institutions. Unlike most bonds and other debt securities, the promised returns on ETNs are not fixed rates of interest. Rather, an ETN's promised rate of return will be linked to the performance of an index or some other market benchmark. When you buy an ETN, the issuer agrees to pay you the value of the index or other benchmark (in other words, your investment amount adjusted by the index/benchmark return), minus any fees, at the ETN's maturity.

ETNs are a type of "unsecured" debt. In other words, the issuer's promise to pay is backed up only by its general credit, not by any specific collateral or assets of the issuer. If the issuer becomes bankrupt or insolvent, investors can potentially lose all of their investment principal. ETNs trade on exchanges, like ETFs. However, unlike ETFs and other funds, ETNs do not own or hold any underlying securities. Likewise, ETNs do not pay regular distributions to investors.

ETNs are intended to allow investors access to markets and indices in which it would be more difficult and more expensive to invest through actual ownership of securities or other assets (i.e., within those markets or indices). Investing in ETNs means that you take on both the risks associated with their target markets and indices and the credit risk (default risk) associated with their issuers, including the potential loss of your investment principal.

Each ETN has a prospectus containing important information to help you make an informed decision about an investment in the ETN. You should read the prospectus carefully before investing. In deciding whether to invest in an ETN, you should consider several different factors, including the associated costs, the underlying index or market benchmark and associated risks, the financial institution issuing the ETN, whether you intend to hold the ETN to maturity (and the likelihood that it will have only a thin trading market), and whether or not it is leveraged (a leveraged ETN will generally be higher-risk).

4.10.2. Exchange-Traded Notes (ETNs): Client Costs and Our Compensation

ETNs in Brokerage Accounts – Secondary Market Trades
D.A. Davidson offers a secondary market for ETNs. Where D.A. Davidson effects a secondary market trade for you on an agency basis (as defined in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), we will charge your brokerage account a commission that is based upon the amount of the ETNs you buy or sell. A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

The commission rates we charge for such secondary market ETN trades (as well as secondary market trades of closed-end funds, ETFs, and traded REITs) is the same as the commission rates we charge for equities. Refer to Section 4.2.2 (Equities: Client Costs and Our Compensation). ETN transactions are also subject to our small trade/discounting policed described in Section 3.3 (Conflicts for Financial Professionals Alone). On occasion, your D.A. Davidson financial professional may agree to a lower (discounted) commission than the commission shown here (as described in Section 3.3 (Conflicts for Financial Professionals Alone). Please note that these rates are current as of the effective date of this Reg BI Disclosure, and D.A. Davidson reserves the right to change these rates at any time.

4.10.3. Exchange-Traded Notes (ETNs): Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to ETN transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to ETNs: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/investment Types; (3) Commission Rates; (4) Education and Marketing Support; and (5) Gifts from Sponsors.

D.A. Davidson does not sponsor, issue, or manage any ETNs. Additionally, D.A. Davidson generally does not solicit or recommend leveraged, inverse and leveraged inverse ETNs to our clients, with limited exception.

4.11 Unit Investment Trusts (UITs)

4.11.1. Unit Investment Trusts (UITs): Overview

Unit investment trusts (“UITs”) invest in a portfolio of underlying securities (for example, stocks and bonds) for a predetermined period of time or maturity. Investors purchase units (similar to shares) of a UIT portfolio, which represent an ownership interest in the underlying securities contained in the portfolio. The underlying securities held in a UIT are fixed at the time the UIT is created, and do not change during the UIT’s term, except where a security held in a UIT portfolio ceases to exist during the UIT’s term. Unlike mutual funds, a UIT does not have a Board of Directors or officers, or an investment adviser that manages the UIT’s underlying securities during its life.

Upon a UIT’s maturity, an investor typically has the following options: (1) receive the proceeds based on the value of the investment; (2) roll the proceeds over into a new UIT; or (3) opt to receive proportionate shares of the securities held in the portfolio (in limited circumstances).

The Firm can offer equity and fixed income UITs. While our Firm offers a number of UITs within different asset classes and strategies, most of the UITs we sell are sponsored by First Trust Portfolios L.P. (“First Trust”). Generally, we do not offer UITs from a broad range of sponsors.

One type of UIT the Firm offers are Buffered UITs (also known as Target Outcome UITs). Buffered UITs are designed to offer capped upside participation and limited downside protection based on the performance of an underlying asset if held till termination. Flexible Exchange Options (FLEX Options) are used to achieve a set principal protection on the downside and capped upside participation based on the performance of the underlying index. Terms of protection and participation will vary, and customers should review the product prospectus for specific terms. These products are meant to be held until termination. If liquidated prior to the termination date the terms of the UIT may not be attained as the options strategy used is only applicable to the options expiration date which coincides with the UIT termination date. Investors should be familiar with options strategies including buying and selling calls and puts.

Each UIT has a prospectus containing important information to help you make an informed decision about an investment in the UIT. You should read the prospectus carefully before investing. In deciding whether to invest in a UIT, you should consider several different factors, including its investment objective, risks, what securities will be placed in the UIT, its maturity, and what fees and expenses will be charged to the UIT’s assets.

4.11.2. Unit Investment Trusts (UITs): Client Costs and Our Compensation

UITs in Brokerage Accounts - Primary Market Trades
Where D.A. Davidson distributes newly issued UITs on the primary market through an IPO or similar process, it receives syndicate fees, selling commissions/concessions and/or other similar fees as described in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings). The compensation D.A. Davidson receives is usually paid to the Firm as a selling commission/concession and typically ranges between 1% and 3.5% (expressed as a percentage of the purchase price you pay). A percentage of those fees are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

UITs in Brokerage Accounts Fees and Costs – Sales Charges
As noted in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), you will pay a sales charge when you buy units in a UIT and an additional cost unique to UITs called the creation & development (C&D) fee. A portion of this charge is kept by the UIT’s sponsor, and a portion is paid to our Firm. These charges are subtracted from the Net Asset Value (“NAV”) of the UIT, meaning they are reflected as reductions to the value of the investor’s portfolio within the UIT. These charges do not differ based on the issuer of the UIT, but rather based on the maturity of the UIT that you purchase.

These charges, and the portions of the charges that are paid to D.A. Davidson for selling UITs, are as follows:

Equity UIT Maturity	Charges Deducted from NAV	Portion of Charges Paid to D.A. Davidson
13 Months or 18 Months	1.50 to 1.95% Total	1.25%
20 Months to 24 Months	2.75% Total	2.00%
5 Years	3.95% Total	3.00% - 3.15%

Fixed Income UIT Maturity	Charges Deducted from NAV	Portion of Charges Paid to D.A. Davidson
3 Years to 4 Years	1.95% Total	1.10%
5 Years to 12 Years	1.95% to 2.50% Total	1.10% - 1.60%
13 Years to 30 Years	3.50% Total	2.60% - 3.50%

Selling or redeeming your interests in UITs before their maturity date, followed by the purchase of newly issued UITs, will cause you to incur sales charges with greater frequency.

UITs in Brokerage Accounts - Secondary Market Trades
D.A. Davidson does not offer a secondary market for UITs.

UITs in Brokerage Accounts – Compensation from First Trust
In addition to the charges described above, D.A. Davidson receives additional compensation from First Trust. This additional compensation, which is a type of revenue sharing called a volume concession, is based upon the total volume of the sponsor's UITs that are sold by D.A. Davidson during the preceding 12-month period (subject to minimum total sales volume requirements over the same 12-month period). These volume concessions, if earned by D.A. Davidson, are paid to us monthly. We do not share any volume concessions our Firm receives with our financial professionals. Please refer to the Exhibit attached to this Reg BI Disclosure for more information.

UITs in Brokerage Accounts – Ongoing Expenses
UITs also have direct costs associated with their operations. Operating and organization expenses, such as portfolio supervision, recordkeeping, administrative fees, and trustee fees are deducted from trust assets on an ongoing basis (and thus indirectly paid by you as a UIT investor). UITs typically do not deduct a separate management fee because the UIT's investment portfolio is not actively managed.

These ongoing expenses associated with a particular UIT can vary significantly and can be charged both up-front and annually. These expenses will impact investment returns and are fully described in the prospectus. As a general illustration, the average up-front organizational UIT expenses are approximately 0.175% - 1.25%, with some being higher or lower. The average UIT ongoing expenses are approximately 0.150% - 2.5%, with some being higher or lower.

4.11.3. Unit Investment Trusts (UITs): Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to UIT transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to UITs: Specifically (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/investment Types; (3) Underwriting and Similar Fees; (4) Education and Marketing Support; (5) Gifts from Sponsors; and (6) Revenue Sharing.

Below are additional material conflicts which apply specifically to UIT transactions:

- **Volume-Specific UIT Sponsor Compensation.** As described in Section 4.11.2 (Unit Investment Trusts: Client Costs and Our Compensation), the Firm receives a volume concession from First Trust. Because we receive this commission up-front and each time a UIT is purchased, we have a financial incentive to both recommend the purchase of First Trust UITs frequently and to recommend you sell one UIT prior to termination and buy another UIT. To help manage this conflict, we have systems in place to monitor transactions that might not be consistent with a client's best interests, specifically where UITs are sold before maturity and another UIT is purchased. Additionally, our financial professionals do not receive any compensation that is based directly on the volume concessions from First Trust.

4.12. Real Estate Investment Trusts (REITs)

4.12.1. Real Estate Investment Trusts (REITs): Overview

Publicly traded real estate investment trusts ("REITs") are companies that either own (and often operate) income-producing real estate assets such as office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, and warehouses, or finance these types of real estate assets through secured loans. Unlike other real estate companies, REITs do not develop real estate properties to resell them, but rather buy and develop properties primarily to operate them as part of their own investment portfolio. Qualifying a real estate company as a REIT under the Internal Revenue Code means that the REIT generally incurs no income tax at the corporate level.

As an investment, REITs provide exposure to the investment performance of commercial real estate. The type(s) of underlying real estate holdings vary significantly from REIT to REIT. REITs are intended to be income-producing investments and by law, REITs are generally required to pay out 90% of their taxable income to shareholders as dividends. For this reason, REITs are generally chosen by investors for their regular income payments. Before investing in a REIT, you should understand that REIT dividends are typically taxable to investors as ordinary income; in other words, they are not subject to the reduced tax rates that apply to certain other corporate dividends. You should speak with your tax advisor if you have questions.

All REITs carry risks, including loss of your investment principal. REITs that specialize in a particular type of real estate asset are typically expected to be more volatile than REITs with higher degrees of diversification. However, all REITs are susceptible to losses due to economic factors that adversely affect real estate markets. If you sell REIT shares on the secondary market, the price you receive may be less than you paid. Particularly during periods of rising interest rates, demand for REITs (and thus, REIT prices) tend to fall as investors increasingly seek bond investments instead.

Most of the REITs we offer and recommend to retail clients are publicly traded REITs (which are usually listed for trading on a national securities exchange), and we discuss publicly traded REITs in this section. We also offer a small number of private, non-traded real estate funds that may be REITs, or may own and hold REITs for tax structuring purposes (described under Section 4.13 (Alternative Investments).

Each newly issued REIT has a prospectus that contains important information to help you make an informed decision about an investment in the REIT. You should read the REIT's prospectus carefully before investing. In deciding whether to invest in a REIT, you should consider several different factors, including the investment objective, investment strategies and risks associated with an investment in a particular REIT.

4.12.2. Real Estate Investment Trusts (REITs): Client Costs and Our Compensation

REITs in Brokerage Accounts - Primary Market Trades
Where D.A. Davidson underwrites and distributes newly issued REITs on the primary market through an IPO or similar process, it receives underwriting fees, syndicate fees, selling commissions/concessions and/or other similar fees as described in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings). The compensation D.A. Davidson receives is usually paid to the Firm as an underwriting fee and typically ranges between 1.0% and 7.0% (expressed as a percentage of the purchase price you pay). A percentage of those fees are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

REITs traded on the primary market are not traded in our retirement accounts.

REITs in Brokerage Accounts – Secondary Market Trades
D.A. Davidson offers a secondary market for REITs. Where D.A. Davidson effects a secondary market trade for you on an agency basis as defined in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings), we will charge your brokerage account a commission that is based upon the amount of the REITs you buy or sell. A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

The commission rates we charge for such secondary market REIT trades (as well as secondary market trades of closed-end funds, ETNs and ETFs) is the same as the commission rates we charge for equities. Refer to Section 4.2.2 (Equities: Client Costs and Our Compensation). REITs transactions are also subject to our small trade/discounting policed described in Section 3.3 (Conflicts for Financial Professionals Alone). On occasion, your D.A. Davidson financial professional may agree to a lower (discounted) commission than the commission shown here (as described in Section 3.3 (Conflicts for Financial Professionals Alone). Please note that these rates are current as of the effective date of this Reg BI Disclosure, and D.A. Davidson reserves the right to change these rates at any time.

4.12.3. Real Estate Investment Trusts (REITs): Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to REIT transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to REITs: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/investment Types; (3) Commission Rates; (4) Primary vs. Secondary Market Compensation; and (5) Underwriting and Similar Fees.

4.13. Alternative Investment Funds

4.13.1. Alternative Investments: Overview

Alternative investment funds are generally private (not publicly traded) securities that are exempt from registration under federal securities laws and subject to limited regulatory oversight. They are intended to complement other portions of the investment portfolios of certain sophisticated investors and to provide opportunities for additional diversification and overall portfolio risk hedging. Alternative investment funds carry risks, including loss of your investment principal.

The Firm offers the following categories of alternative investment funds to eligible investors:

- **Hedge Funds**: Typically, private (non-registered) funds having investment strategies that are not intended to correlate to the returns of the broader markets, such as long/short equity, event-driven, arbitrage and private credit strategies, as well as multi-strategy hedge funds and hedge funds-of-funds.

- **Private Funds:** Private (often non-registered) funds having investment strategies that are not intended to correlate to the returns of the broader markets.
  - **Real Estate Funds** Private real estate strategies which may be non-traded REITs, qualified opportunity zones, 1031 Exchange Offerings, or real estate limited partnerships. Funds may invest in income producing real estate or real estate investments within their portfolios, but may also pursue leveraged real estate speculation, development, capital gain deferral, and/or other strategies.
  - **Private Credit:** Broadly speaking, private credit or private debt (used interchangeably) typically refer to debt investments that are not financed by banks and are not issued or traded on an exchange. Borrowers may seek private credit through non-bank lenders for flexible structures, confidentiality, speed and certainty, credit worthiness, or value-add lenders. In exchange for the illiquid nature of private credit funds, investors seek higher yield than traditional fixed income investments. Private Credit strategies include direct lending, distressed and special situations, structured debt, and specialty finance.
  - **Private Equity:** Private equity describes investment partnerships that buy and manage or restructure companies before selling them. They typically do not hold stakes in companies listed on a stock exchange. Common strategies include buyouts, venture capital, growth equity, secondaries, and distressed. Investors are usually limited partners and may receive returns above public markets based on the general partner's ability to transform business, increase value, and exit investments at a profit.
  - **Interval Funds:** A category of closed-end funds that enable investors to own a basket of securities with one single purchase and usually offer their shares for purchase continuously, like mutual funds. They are not usually traded on the secondary markets. Interval funds only allow investors to redeem their shares at certain pre-established intervals – for example, once per calendar quarter. Typically, the portion of an interval fund's outstanding shares that are available for redemption at each interval is limited to between 5% and 25%. While the redemption price for interval fund shares is based on its NAV, it is permissible for an interval fund to impose a redemption fee of up to 2%. Interval funds are registered under the Investment Company Act of 1940 and subject to SEC regulation.

To avoid registration and application of certain federal securities laws, alternative investment funds often must limit eligible investors to those who fall within one or more of the following categories (who are presumed to have the necessary financial sophistication and resources to accept greater risks, and to be less in need of certain legal protections that attach to most investment funds):

- **Accredited Investors** – for individual investors, this status generally requires that you either have (1) net worth over $1 million alone or with your spouse/spousal equivalent (excluding the value of your primary residence) or (2) earned income exceeding $200,000 (or $300,000 together with your spouse/spousal equivalent) in each of the two prior years, and reasonably expect the same in the current year.
- **Qualified Clients** – for individual investors, this status (which is required in order for the fund's adviser (asset manager) to receive certain performance-based compensation) generally requires that you either have (1) at least $1.1 million under the management of the specific adviser or (2) net worth of at least $2.2 million alone or with your spouse (excluding the value of your primary residence).
- **Qualified Purchasers** – for individual investors, this status generally requires that you own at least $5 million in certain investments.

Each alternative investment fund has a prospectus or offering memorandum containing important information to help you make an informed decision about an investment in the fund. You should read the fund's prospectus or offering memorandum carefully before investing. In deciding whether to invest in an alternative investment fund, you should consider several different factors, including the alternative investment fund's past performance, investment objective, investment strategies and risks, the investment adviser or portfolio manager responsible for the management of the alternative investment fund's assets, and the fees and expenses associated with an investment in the particular alternative investment fund. While past performance of an alternative investment fund is not indicative of future results, an alternative investment fund's long-term performance record and portfolio manager's experience and qualifications are appropriate factors to consider.

Your D.A. Davidson financial professional can help you determine whether or not you are eligible to invest in certain alternative investment funds we offer, and whether or not such an investment would be an appropriate complement to the more traditional investments in your portfolio.

4.13.2. Alternative Investment Funds: Client Costs and Our Compensation

Alternative Investment Funds in Brokerage Accounts Fees and Costs – Sales Charges

As noted in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings) you will often pay a sales charge when you buy shares in an alternative investment fund. These costs may include transaction fees, such as front-end or contingent deferred sales charges (often referred to as "loads"), paid directly by you as a fund investor.

We receive a portion of the alternative investment fund's sales charges to compensate us for our efforts, and the efforts of our financial professionals, in selling shares of the alternative investment fund. The amount of the sales charges we receive from your investment depends on the specific circumstances, such as the specific fund and amount of investment you choose.

The most common types of alternative investment fund sales charges are either a front-end sales charge or a placement fee (typically not both), which are as follows:

- **Front-end sales charges.** A sales charge is deducted from an alternative investment fund at the time of purchase (front-end) and is calculated as a percentage of the total purchase. Typical schedules of front-end sales charges provide for charges of up to 5.75%. Most of the front-end sales charges deducted from an alternative investment funds are paid as a commission to the broker who made the sale, such as D.A. Davidson. A percentage of those fees are paid by D.A. Davidson to your financial professional, according to their production and our commission grid as described in Section 3.3 (Conflicts for Financial Professionals Alone). Some specialized products, like 1031 Exchange Offerings, may have higher sales charges up to 6.5%.

- **Placement fee.** A placement fee can be deducted from an alternative investment fund investment at the time of purchase. This fee is calculated as a percentage of the total investment purchase. Typical placement fees can be up to 1.25%.

Alternative Investment Funds in Brokerage Accounts – Ongoing Fees and Expenses

Alternative investment funds which charge a placement fee typically also have direct costs associated with them that you pay indirectly as an investor. These fees and expenses (often described as the "expense ratio") will impact investment returns and are fully described in specific investment disclosures provided to you upon purchase. These expenses are typically used to pay continued annual operating expenses of the investment such as management expenses, accounting expenses, audit expenses, servicing expenses, distribution expenses, legal expenses, and recordkeeping expenses. As noted previously, the ongoing fees and expenses can also include fees commonly referred to as recordkeeping, shareholder servicing or distribution fees (such as 12b-1 fees), which can be received by D.A. Davidson on an ongoing basis. A percentage of these fees received by D.A. Davidson are paid to your financial professional, according to their production andour commission grid.

On an up-front and ongoing basis, the fees and costs associated with alternative investment funds are often higher than many other types of investment funds. For example, while the fees payable to the fund's adviser (asset manager) or general partner vary significantly from fund-to-fund, a typical hedge fund might impose a 2.0% annual investment management fee in addition to a performance fee equal to 20% of net appreciation (sometimes referred to as a "2 and 20" fee structure).

In addition to management fees and other expenses, the asset manager or general partner of a private markets/real estate fund may be entitled to retain a portion of the fund's profits, sometimes referred to as a carried interest.

Alternative Investment Funds in Brokerage Accounts – Secondary Market Trades

D.A. Davidson does not offer a secondary market for alternative investment funds.

4.13.3. Alternative Investment Funds: Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to alternative investment fund transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to alternative investment funds: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/investment Types; (3) Underwriting and Similar Fees; (4) Education and Marketing Support; (5) Gifts from Sponsors; and (4) Proprietary Products.

Below are additional material conflicts which apply specifically to alternative investment fund transactions:

- **Differential Compensation Within Alternative Investments and Across Other Products.** Compensation to our Firm and financial professionals is generally higher for alternative investment products than other products. To help manage the financial incentive that our financial professionals have to recommend a hedge fund, private markets/real estate fund, or interval fund to you over other investments, we implemented level compensation on our platform so that most funds typically pay a sales commission of up to 5.75% or a placement fee of 1.25% of the amount of your investment and a trailing commission of up to 0.75% for each year you stay in the fund. Some specialized products that require specific eligibility requirements, like 1031 Exchange Offerings, may have higher compensation structures and pay commissions of up to 6.5%. Because of the potential for higher compensation to our financial professionals, we have a heightened supervisory process for reviewing sales of alternative investments.

4.14. Annuities and Life Insurance

4.14.1. Annuities and Life Insurance: Overview

Annuities. When you purchase annuities, you sign a contract with an insurance company to make a single or multiple payments in exchange for an option for future periodic payments to be made to you. In some cases, your payments might begin immediately, but the majority of annuities that we offer are "deferred," meaning the payment stream begins later. All annuities are tax-deferred vehicles. This means you will pay no federal taxes on the investment gains on the funds you invest in your annuity until you make a withdrawal, receive income payments, or a death benefit is paid. When you withdraw your funds, you will pay tax on the gains at ordinary federal income tax rates rather than lower capital gains rates. When you start taking income payments, you can select payment options that will guarantee you payments for as long as you live.

We offer the following types of annuities:

- **Fixed annuities.** You make premium payments that appreciate at a minimum specified rate of interest in exchange for an option for future specified periodic payment that continues over a specified period of time (for example, 20 years), or in other cases may continue for your life, or the joint lives of you and your spouse. The amount of the future specified payments does not depend on the performance of investments or an investment index.
- **Indexed annuities.** You make premium payments that appreciate based on the performance of an investment index (often an equity index, such as the S&P 500), typically subject to a minimum interest rate of zero and in some cases subject to a stated maximum (regardless of index performance). In exchange, you have the option for a future specified periodic payment that continues over a specified period of time (for example, 20 years), or in other cases may continue for your life, or the joint lives of you and your spouse. Indexed annuities are more complicated than fixed annuities, and it is possible to lose money within an indexed annuity (i.e., if the insurance company does not experience financial distress).
- **Variable annuities (including Registered Index-Linked Annuities).** You make premium payments that appreciate based on the performance of the product's underlying investment options – typically sub-accounts that are similar to mutual funds – that you select in exchange for an option for future specified periodic payments that continue over a specified period of

time (for example, 20 years), or in other cases may continue for your life, or the joint lives of you and your spouse. The value of your investment, usually referred to as your cash value, will fluctuate as the values of the underlying investments increase or decrease.

Variable annuities are complex products. You can lose money in a variable annuity (including, potentially, your investment principal, if the underlying separate account investment options perform poorly), and you will also indirectly pay management and other fees for the investment options you select.

Registered Index-Linked Annuities are a type of variable annuity. You make premium payments that appreciate based on the performance of a market index, (often an equity index, such as the S&P 500) offering the opportunity to capture positive index returns up to a limit, while providing a level of downside protection ("buffer" or "floor") if the index return is negative. However, you're not directly invested in either an index or the market. In exchange, you have the option for future specified periodic payment that continues over a specified period of time (for example, 20 years), or in other cases may continue for your life, or the joint lives of you and your spouse.

Many annuities come with optional "riders." A rider is essentially an add-on or enhancement that you can include when purchasing an annuity that offers extra features or benefits. Riders are available at an additional cost and allow you to tailor your annuity contract to help protect what is important to you. Examples of riders include, but are not limited to, lifetime income benefit, death benefit, cost of living and long-term care. A long-term care rider differs from other riders in that to accelerate a long-term care rider and begin receiving benefits from the annuity, you generally have to meet medical qualification standards that necessitate long-term care (e.g., that might mean being diagnosed with a chronic or terminal illness, degenerative disease or severe cognitive impairment that requires round-the-clock care, either in-home or in a nursing facility).

Life Insurance. When you purchase life insurance you sign a contract with an insurance company to pay certain benefits upon your death.

We offer the following types of life insurance:

- **Term Life.** Term life insurance provides a death benefit for a specified period of time or term, generally ranging from 1-30 years. The premium may be level or varied. Optional riders may increase benefits and thus costs. There may be conversion privileges that allow the policy owner the right to convert to permanent insurance.
- **Whole Life.** Whole life insurance policies have a cash value that may be withdrawn (or borrowed against) during your life if you wish. The cash value of a whole life insurance policy is based on the issuing insurance company's declared dividend rate which can change over the life of the policy. The cash value of a variable whole life policy is adjusted based upon the actual performance of separate account investment options that are offered under the insurance contract, and which you choose from, similar to a variable annuity. Whole life insurance may be considered a complex product for which you can lose money, and they should be considered very carefully.
- **Universal Life (including Indexed Universal Life and Variable Universal Life).** Universal life insurance policies have a cash value that can be withdrawn (or borrowed against) during your life if you wish. The cash value of a universal life insurance policy is based on the performance of the issuing insurance company's general account which can change over the life of the policy. The cash value of an indexed universal life policy is adjusted at a rate that is based upon an investment index, similar to an indexed annuity. The cash value of a variable universal life policy is adjusted based upon the actual performance of separate account investment options that are offered under the insurance contract, and which you choose from, similar to a variable annuity. These latter two types of universal life insurance are complex products for which you can lose money, and they should be considered very carefully.

Annuities and life insurance products are not short-term savings vehicles. Withdrawing funds or surrendering an annuity or life insurance product in the short term after purchase will likely trigger surrender fees and charges and may also trigger tax penalties. You can lose the money you invest in certain types of annuities and life insurance products, including potential loss of your initial investment, due to poor performance of the investment options you select and/or the cumulative impact of fees and charges on your cash value.

An important aspect of investing in annuities and life insurance products is to read and understand the product's prospectus carefully. Each product prospectus contains information about the features, benefits, risks, fees and costs associated with an annuity or life insurance product. In addition to the prospectus, your financial professional will provide you with a 'Suitability' Form document explaining any annuity or life insurance product recommendations.

More information about annuities and life insurance, which we also encourage you to read, is available on the following educational websites:

- U.S. Securities and Exchange Commission (sec.gov)
- Financial Industry Regulatory Authority (finra.org)
- National Association of Insurance Commissioners (naic.org)

4.14.2. Annuities and Life Insurance: Client Costs and Our Compensation

Annuities - Commissions
The Firm receives commissions from insurers for our sales efforts, and for assisting you with the insurance application and the delivery processes related to the purchase of an annuity. A percentage of the commissions received are paid by D.A. Davidson to your financial professional, according to their production and our commission grid. While you do not pay the commission directly, the insurer factors this commission into the product's fees and costs. In this way, you indirectly pay the commission. You will not receive a trade confirmation setting forth the commissions we receive for selling annuities to you.

- **Fixed annuities.** The commissions D.A. Davidson receives for selling fixed annuities (as a percentage of premium payments) range from 0.5% to 5% depending on contract period. However, the sales commission for a long-term care fixed annuity ranges from 4% to 8%, or alternatively between 1% and 4.00% (of premiums paid) and a “trailing” commission of up to 1.0% for each year you stay in the annuity, depending on the features of the particular annuity.

- **Indexed annuities.** The commissions D.A. Davidson receives for selling indexed annuities (as a percentage of premium payments) range from 2.50% to 5.25% depending on contract period or alternatively between 0.75% and 3.70% (of premiums paid) and a “trailing” commission of up to 1.0% for each year you stay in the indexed annuity.
- **Variable annuities.** The commissions D.A. Davidson receives for selling variable annuities (as a percentage of premium payments) range from 5.25% and 5.5% (of premiums paid) or alternatively between 1.0% and 2.0% (of premiums paid) and a “trailing” commission of up to 1.0% for each year you remain in the variable annuity. However, because registered indexed-linked variable annuities are priced differently, the commission we receive usually ranges from 3.0% to 5.5% of total premiums or alternatively between 1.0% and 2.0% (of premiums paid) and a “trailing” commission of up to 1.0% for each year you remain in the index linked variable annuity.

Life Insurance - Commissions

In most cases, the commissions D.A. Davidson receives for selling insurance policies (expressed as a percentage of first-year premium payments only) range from 80% to 90% but could be between 10% and 100% in some cases. However, because universal life policies with linked long-term care benefits are priced differently, the commission we receive for those policies usually ranges from 4.0% to 90.0% of total premiums. Compensation options and ranges for life insurance products may also vary based on the client’s age. A percentage of the commissions received are paid by D.A. Davidson to your financial professional, according to their production and our commission grid. While you do not pay the commission directly, the insurer factors this commission into the product’s fees and costs. In this way, you indirectly pay the commission. You will not receive a trade confirmation setting forth the commissions we receive for selling life insurance to you.

Annuities and Life Insurance – Fees and Expenses

The most common types of annuity and life insurance fees and expenses are:

- **Premium Payment Deductions.** For some annuities and life insurance products, the insurance company deducts a fee from your premium payment, meaning that only the “net” premium amount is invested or allocated. In the case of variable annuities, the fee deduction is usually to cover a state insurance premium tax. For variable life insurance, the fee deduction can also cover the insurer’s sales expenses.
- **Minimum Requirement on Initial Premium:** Most insurance companies impose a minimum requirement on the initial premium. In the case of variable life insurance, you will likely be required to make premium payments periodically to keep the policy in force. While you may have some flexibility in the amount or timing of these periodic premium payments, you should consider whether you can afford to continue making premium payments when deciding to purchase a variable life insurance policy. If you fail to make sufficient payments to keep the policy in force, the policy will lapse (that is, terminate without value) and you will no longer have any death benefit protection.
- **Cost of Additional Riders.** Generally, the cost of optional riders for annuities will be between 0.15% and 2.3%, but you should review the product’s prospectus carefully to understand the specifics. There is an underwriting (or medical testing) requirement, similar to life-insurance in order to determine the cost of the annuity and long-term care rider.
- **Surrender and Withdrawal Charges.** Most annuities and insurance products impose a surrender charge if you surrender your product or make a withdrawal of your cash value during the surrender charge period. This surrender charge and the surrender period are described in the product prospectus. Surrender charge periods vary by product but are generally around five to seven years for annuities, even though they sometimes range up to 15 years on some life insurance policies.

  The surrender charges also vary by product, and generally begin around 7.0% of the purchase payment in year one and end around 1.0% of the cash value in the final year of the surrender charge period. Typically, the surrender charges decrease over the duration of the surrender charge period, with the higher surrender charges applying to surrenders and withdrawals made at the beginning of the surrender charge period, and the lower surrender charges applying to surrenders and withdrawals made toward the end of the surrender charge period. Tax penalties can also apply to surrenders or withdrawals made before age 59½.

Annuities and Life Insurance – Compensation from Transamerica

In addition to the charges described above, D.A. Davidson receives additional compensation from Transamerica. This additional compensation, which is a type of revenue sharing called a volume concession, is based upon the total volume of the sponsor’s annuities and life insurance products that are sold by D.A. Davidson during the preceding 12-month period (subject to minimum total sales volume requirements over the same 12-month period). These volume concessions, if earned by D.A. Davidson, are paid to us quarterly. We do not share any volume concessions our Firm receives with our financial professionals. Please refer to the Exhibit attached to this Reg BI Disclosure for more information.

Annuities and Life Insurance – Ongoing Expenses

Insurance companies deduct fees and expenses from your cash value to cover fees and expenses. These ongoing fees and expenses commonly include mortality and expense (M&E) risk fees, cost of insurance fees (assessed under variable life insurance policies), administration fees, transaction fees, and fees associated with certain optional riders. The M&E risk fees are calculated as a percentage of your insurance coverage or account value and are described as an annualized rate charged against assets – in many cases, they range from between 0.5% and 1.5%.

However, some other fees, such as administration or transaction fees, are fixed amount fees charged annually or when specific transactions occur and are deducted from your cash value. The cost of insurance fees charged on life insurance is typically calculated by applying a rate based on your underwriting classification to the “net amount at risk” (the difference between your product’s death benefit and its cash value). These fees usually are deducted from your cash value on an ongoing basis. If you add riders to your annuity or life insurance policy, the fees for those riders will be deducted from your cash value.

In addition, annuities and life insurance products have direct costs associated with the underlying investment options (also known as "sub-accounts") in which you invest that you pay indirectly as an investor. These fees and expenses (often described as the "expense ratio") will impact investment returns and are fully described in specific investment disclosures provided to you upon purchase. These expenses are typically used to pay continued annual operating expenses of the investment such as management expenses, accounting expenses, audit expenses, servicing expenses, distribution expenses, legal expenses, and recordkeeping expenses. As noted above, the ongoing fees and expenses can also include fees commonly referred to as recordkeeping, shareholder servicing or distribution fees (such as 12b-1 fees), which can be received by D.A. Davidson on an ongoing basis. A percentage of these fees received by D.A. Davidson are paid to your financial professional, according to their production and our commission grid. Including all of the above fees, the total expense ratios (in other words, the annual operating expenses expressed as a percentage) of the investment options range in most cases from 0.6% to 3.0%.

4.14.3. Annuities and Life Insurance: Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to annuities and life insurance product transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to annuities and life insurance products: (1) Volume and Size of Trades; (2) Differential Compensation Across Product/Investment Types and Within Product/investment Types; (3) Share Classes; (4) Education and Marketing Support; (5) Gifts from Sponsors; (6) Revenue Sharing; and (7) Recordkeeping/Shareholder Servicing/Distribution Fees.

Below are additional material conflicts which apply specifically to annuities and life insurance transactions:

- **Differential Compensation Across Annuities and Life Insurance Products.** Compensation to our Firm and financial professionals can differ across annuities and life insurance products. To help manage the financial incentive that our financial professionals could have to recommend one insurer's products over others, within our distribution (sales) arrangements, the differences in commission rates (with respect to specific product types and contract periods) are limited from insurer to insurer. For variable annuities in particular, to help mitigate any conflict our commission rates are usually 5.25%, and never exceed 5.50% (a difference of 0.25%). We also have a supervisory process for reviewing sales of variable annuities and variable universal life and any included annuity benefits, or insurance coverage, services and riders recommended to you. The process also requires our financial professionals to evaluate variable annuities using an analytical tool that compares them based on varying criteria.
- **Volume-Specific Sponsor Compensation.** As described in section 4.14.2., the Firm receives a volume concession from Transamerica. Because we receive this commission up-front and each time an annuity or life insurance product is purchased, we have a financial incentive to recommend purchases of Transamerica annuities and life insurance products frequently. To help manage this conflict, we have systems in place to monitor transactions that might not be consistent with a client's best interests. Additionally, our financial professionals do not receive any compensation that is based directly on the volume concessions for Transamerica.
- **Election of Additional Optional Riders.** As described in section 4.14.2., both the Firm and its financial professionals receive higher commissions when you elect additional optional riders and other features that increase premiums. To help manage this conflict, we have systems in place to monitor transactions that might not be consistent with a client's best interests.
- **Higher Compensation than Other Products.** Both the Firm and its financial professionals receive higher compensation when you purchase annuities or life insurance products than any other product. To help manage this conflict, we have systems in place to monitor transactions that might not be consistent with a client's best interests.

4.15. Structured Products

4.15.1. Structured Products: Overview

Structured products are financial instruments that generally pair a certificate of deposit ("CD") or unsecured corporate bond with a derivative (typically an option) to create structured CDs and structured notes, respectively. Structured products are designed to provide investors with access to a particular outcome based on the performance of underlying assets. Structured products can also provide the potential to mitigate certain risks relative to a direct investment in the underlying asset.

Structured products often have complex features, including contingent coupons, embedded call options, and variable payoff profiles, which can vary substantially. These differences allow investors to select structured products appropriate to their specific investment objective and risk profile. Structured products may not be suitable for all investors and carry risks, including loss of your investment principal.

Each structured product has a prospectus containing important information to help you make an informed decision about an investment in the product. You should read the product's prospectus or term sheet carefully before investing. In deciding whether to invest in a structured product, you should consider several different factors, including the product's investment objective, investment strategies and risks, and the fees and expenses associated with an investment in the structured product.

4.15.2. Structured Products: Client Cost and Our Compensation

Structured Products in Brokerage Accounts - Primary Market Trades
Where D.A. Davidson distributes newly issued structured products on the primary market through an IPO or similar process, it receives selling commissions/concessions and/or other similar fees as described in Section 2.3.2 (Summary of Commissions and Commission-Equivalent Charges You Pay to Our Firm for Certain Transactions and Holdings). The compensation D.A. Davidson receives is usually paid to the Firm as selling commissions/concessions and typically ranges between 2.0% and 3.5% (expressed as a percentage of the purchase price you pay). A percentage of those fees are paid by D.A. Davidson to your financial professional, according to their production and our commission grid (as described in Section 3.3 (Conflicts for Financial Professionals Alone).

Structured Products in Brokerage Accounts - Secondary Market Trades
D.A. Davidson does not offer a secondary market for structured products.

4.15.3. Structured Products: Material Conflicts of Interest

There are conflicts between our interests and those of our brokerage clients relating to structured product transactions. For information on material conflicts of interest, refer to Section 3 (Material Conflicts of Interest). The following conflicts of interest described in Section 3 specifically apply to structured products: (1) Volume and Size of Trades; and (2) Differential Compensation Across Product/Investment Types and Within Product/investment Types; (3) Underwriting and Similar Fees; (4) Education and Marketing Support; and (5) Gifts from Sponsors.

D.A. Davidson is not affiliated with any bank for the structured CDs we recommend and sell to clients.

5. Additional Information

This Reg BI Disclosure reflects information that is complete and current as of the effective date on its cover. If we make changes that would require us to send you updated disclosures, we will send them to you by mail or electronically consistent with your elections and the SEC's requirements. We will amend this document from time to time and you will be bound by the amended disclosures if you continue to accept our services after we deliver the amended disclosures to you.

You may request up-to-date information by speaking with your financial professional or viewing our disclosure documents online at dadavidson.com/Disclosures.

D.A. Davidson & Co. (our "Firm")
Exhibit to Regulation Best Interest Disclosure
(Effective March 29, 2024)

1. **The following investment and insurance product sponsors provided our Firm with payments and reimbursements in support of our financial professional education efforts and marketing efforts between March 29, 2023 and March 29, 2024 (as described under Section 2.3.3 of the Regulation Best Interest Disclosure): ***

    - **Mutual Funds, ETFs and ETNs:**, Alta Capital Management, Avantis Investors, American Century, Baron Funds, Beacon Capital, BlackRock, Brown Advisory, Capital Group American Funds, Columbia Threadneedle Investments, Confluence Investment Management, CUNA, Eaton Vance, First Trust, FPA Funds, Franklin Templeton Investments, Genter Capital Management, Hartford Funds, John Hancock Investment Management, J.P. Morgan Asset Management, Janus Henderson, Lord Abbett, Manning & Napier, Marshfield Associates, MFS Investment Management, PIMCO, Polen Capital Management, Principal Finance Group, Prudential Financial, Russell Investments, Sterling Capital Management, Thornburg Investment Management, Transamerica, Victory Capital Management, Virtus Investment Partners, WestEnd Advisors, Yorktown Funds
    - **UITs:** First Trust Portfolios, L.P.
    - **Variable products and other insurance products:** Jackson National, Lincoln Financial Group, OneAmerica Financial, Principal Financial Group, Prudential Financial, Standard Insurance Company, Transamerica
    - **Closed-End Funds**: Cohen & Steers, PIMCO
    - **Alternative Investments**: CAIS

** Typically, the payments and reimbursements our Firm receives in support of our education and marketing efforts are not directly tied to specific product sales or business volume. Investment and insurance product sponsors will change from time to time. These payments and reimbursements are not usually determined by formula and can differ significantly over time. In the majority of cases, we expect to receive less than $100,000 of such payments and reimbursements from any single organization during any given fiscal year.*

2. **The following investment product sponsors provide our Firm with revenue sharing** payments between March 29,2023 and March 29, 2024 (as described under Section 2.3.3 of the Regulation Best Interest Disclosure) (other than payments in support of our education and marketing efforts, as described above):**

    - **UITs (volume concessions):** First Trust Portfolios, L.P.
    - **Annuities and Life Insurance:** Transamerica

*** As a Firm we also receive interest payments from all of the third-party banks who participate in our cash management program. This is described in greater detail in the Cash Management Program Disclosure Statement that has been furnished to you. You may request a current copy from your financial professional.*

3. **Our Firm offers the following proprietary products*** to retail clients between March 29, 2023 and March 29, 2024 (as described under Section 3.2 of the Regulation Best Interest Disclosure):**

    - **Mutual Funds:** Davidson Multi-Cap Equity Fund, which is managed by Davidson Investment Advisors, Inc. ("DIA")
    - **Alternative Investment Funds:** Concordant Partners, LLC (d/b/a The Concordant Fund), which is a hedge fund managed by financial professionals of D.A. Davidson & Co.

****Please note also that San Pasqual Financial Holding Corporation ("San Pasqual") is a privately held corporation which owns a California state-chartered financial institution and trust company and a Nevada state-chartered trust company. Certain D.A. Davidson officers, in their personal capacity, own a minority interest in San Pasqual (the "Davidson Owners"). San Pasqual provides trust administration services but does not manage trust assets. Instead, the company oversees investment managers managing such assets for and on behalf of their clients. San Pasqual also acts as trustee for certain accounts for which D.A. Davidson provides brokerage or investment advisory services. Financial professionals may refer clients to San Pasqual for trust services, and San Pasqual may allow the financial professionals to continue to manage the client's assets held with D.A. Davidson, but San Pasqual is under no obligation to do so. As a trustee, San Pasqual is also authorized to hire a financial professional to manage a trust's investment assets. The Davidson Owners and D.A. Davidson could benefit indirectly from referrals by each organization to the other, through the fees retained by the firm to whom the client is referred.*