Conflicts of Interest Disclosure

CFD057

cfd Investments, Inc. (CFDI) is a retail Broker-Dealer registered with the Securities and Exchange Commission (SEC) and most US jurisdictions. CFDI is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

As a retail Broker-Dealer, CFDI offers brokerage services to the public. CFDI is not a registered investment advisor, and does not offer investment advisory services to the public, except it does offer investment advice to customers solely incidental to its business in providing brokerage services to the public. CFDI is affiliated with Creative Financial Designs, Inc., (hereinafter, "Designs"), which is a Registered Investment Adviser authorized to do business in most US jurisdictions.

Brokerage and investment advisory services and fees differ and it is important for you as a retail investor 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.

Prior to or at the time of a recommendation, CFDI, or a financial professional acting on our behalf, must provide you, the retail customer, with a written disclosure of all material facts relating to the scope and terms of our relationship. In particular, CFDI must disclose conflicts of interest that might incline a financial professional to make a recommendation that is not unbiased.

These include:

- A statement that CFDI is acting as a broker-dealer (versus acting as a registered investment adviser) with respect to your financial professional's recommendation.
- The material fees and costs that apply to your transactions, holdings, and accounts.
- All material facts relating to conflicts of interest that are associated with your financial professional's recommendation.
- The type and scope of services provided to you, including any material limitations on the securities or investment strategies involving securities that may be recommended to you by your financial professional. A fact is considered "material" if there is a substantial likelihood that a reasonable retail customer would consider it important.

CFDI and Designs, have jointly created a Customer Relationship Summary (hereinafter "CRS" or "form CRS") that outlines the basic information about how you can work with CFDI and/or Designs. The CRS is a required regulatory disclosure, but it is designed to be a very high-level overview of the nature of the relationship established between the customer and CFDI and/or Designs.

Regulation Best Interest (hereinafter, "Reg BI"), which was promulgated by the SEC, applies to all registered broker/dealers, and imposes the requirement to provide customers with layered disclosures. This means that a broker/dealer consistent with its other duties to clients, must make various disclosures at various times in order to help customers understand specific information relating to transactions at issue. Additionally, an investment adviser must, consistent with its fiduciary duty, make certain disclosures to customers from time to time.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, and only under such circumstances, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

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

This document is intended to be part of the layered disclosures contemplated by the SEC, and is provided as a supplement to other disclosures provided by CFDI and Designs. This document provides certain information deemed material by CFDI and Designs, including information relating to conflicts of interest.

I. General Disclosures

a. **Best Interest Standard of Care.** CFDI, acting in its capacity as a broker-dealer, and its financial professionals comply with the Best Interest standard of care as established by SEC regulations. What this means is that both CFDI and its financial professionals will put your interests first. CFDI and its financial professionals will only make recommendations to you that are in your best interest, and that CFDI will consider your interests before its own interests, or the interests of its financial professionals in determining which products or services to recommend. Please note that this does not mean that CFDI is disinterested with respect to your transactions, but instead means that the interests of you, as the client, are a priority over any interests of CFDI or any interests of our financial professionals.

b. **Conflicts of Interest, Generally.** It is recognized that there are times where the interests of CFDI or its financial professionals and the interests of the retail customer may be in conflict. Though CFDI restates its commitment here that it will put the interests of retail customers above its own interests, it is important to recognize where those interests may differ. Where they do differ, CFDI has taken certain steps to mitigate the effects of the conflict of interest and to encourage the financial professional to live up to the standard and commitment of CFDI to give primary consideration to the interests of the retail customer with respect to all recommendations made to the retail customer.

c. **The Business of CFDI and Designs.** CFDI is a full-service, independent broker-dealer, offering a wide array of financial accounts and products to retail customers. CFDI is also an insurance agency, licensed in many U.S. jurisdictions, and therefore offers a wide array of insurance products to retail customers.

CFDI is affiliated with Designs which is an investment adviser registered with the SEC. Designs offers advisory services which are described in detail in its Form ADV 2a, which is available on its website (www.creativefinancialdesigns.com/disclosures), and can be provided to you upon request.

There are many different ways that a retail customer can conduct business with CFDI and/or Designs, and these different ways involve different costs to the retail customer, and different payments to CFDI and/or Designs. (See the firm's CRS for more description of how CFDI and Designs can work with retail customers. The form CRS can be found at www.cfdinvestments.com/disclosures.) Both CFDI and Designs may receive compensation for certain accounts and/or services. This is discussed in more detail below, and in Designs' Form ADV 2a. and the form CRS.

d. **Conflicts of Interest Relating to General Disclosures.** CFDI has certain conflicts of interest relating to these general disclosures, as outlined below:

  i. **Receipt of Compensation, in general.** CFDI is compensated for the services that we provide. This creates a conflict of interest, because you will be paying for the compensation received by CFDI, in one form or another. Receipt of compensation by CFDI is a conflict of interest between retail customers and CFDI. This conflict of interest relates to many of the conflicts of interest otherwise discussed in this document.

  ii. **Differing Compensation.** Different products and different types of products have different compensation amounts, and different compensation methodologies. Some products pay higher compensation to CFDI than do others. This creates a conflict of interest between you and CFDI, as this provides a motivation to CFDI to recommend products or accounts that are associated with higher compensation. For specific compensation-based conflicts of interest, see "Varying Compensation Conflicts".

  iii. **Financial Professional Compensation.** CFDI shares a portion of the compensation received with its financial professionals that make recommendations to retail customers. This creates a conflict of interest between you and your financial professional. This conflict of interest relates to most of the conflicts of interest otherwise discussed in this document.

e. **General Mitigation Efforts.** CFDI takes its responsibilities seriously, and puts the interests of its retail customers as its primary concern. CFDI takes several steps to protect retail customers and to mitigate the effects of conflicts of interest. These efforts include, without limitation, the following:

i. **Trained and Qualified Professionals.** CFDI has a network of trained and qualified financial professionals, and CFDI provides ongoing training with a goal to ensure that CFDI and its financial professionals:

   1. fully comply with all industry rules and regulations;
   2. treat retail customers professionally and fairly at all times and under all circumstances; and,
   3. provide retail customers with material information relating to all recommended transactions.

ii. **Supervisory System.** CFDI has a supervisory system designed to assist financial professionals and CFDI to remain in compliance with the rules and regulations established in the securities industry, including the Best Interest requirements, as discussed in more detail in this document. This system includes, without limitation, the following components:

   1. Written Supervisory Procedures;
   2. Transaction review and approval by registered principals that have no direct monitory interest in the transaction, and have a responsibility to act in the retail customer's best interest;
   3. Ongoing training, including continuing education and annual training requirements;
   4. Internal reviews and monitoring of activity of financial professionals and CFDI relating to retail customer activity, and other matters relating to the written supervisory procedures of CFDI, as well as industry rules and regulations; and
   5. Periodic branch office examinations.

iii. **Conflicts of Interest Committee.** CFDI has established a conflicts of interest committee that is tasked with ensuring that all material conflicts of interest are identified. Once identified, CFDI will either eliminate the conflict of interest or mitigate the conflict and properly disclose it to affected retail customers.

II. Conflicts Related To Creative Financial Designs

a. **Different Compensation Method.** Compensation received by CFDI is of a different nature, structure, and amount than compensation received by Designs. This different nature, structure and amount of compensation is directly related to fundamental differences between the services provided by Designs and the products and services offered by CFDI. Notwithstanding this, the fact that compensation is different between CFDI and Designs creates a conflict of interest. This disclosure will discuss certain specific compensation differences between CFDI and Designs, and will also discuss the conflicts of interest that arise as a result of the differences, as well as mitigation efforts implemented by CFDI to minimize the effects of the conflicts of interest. This is also discussed in more detail in Designs' Form ADV Part 2a.

b. **Different Payout Methodology.** Certain compensation received by CFDI and Designs are both shared with the financial professional associated with a given account, however the method of sharing compensation differs based on the type of revenue received, and whether the revenue is received by CFDI or Designs. This creates a conflict of interest as it may affect a financial professional's recommendations of types of products or services. (For more discussion about how CFDI and Designs revenue is paid to financial professionals, see "Financial Professional Compensation and the Compensation Grid". (Additional information about Designs revenue is discussed in Designs' Form ADV Part 2a.)

c. **Income to CFDI and Designs.** Some accounts/services generate compensation to both CFDI and Designs. This can create an additional conflict of interest. This relates generally to two types of accounts; managed brokerage accounts and managed variable annuities. These are discussed in more detail below.

   i. Managed brokerage accounts are brokerage accounts (established at a broker/ dealer) that are managed by an investment adviser. Designs does manage brokerage accounts, and can manage brokerage accounts that are established through accounts at CFDI, through its fully disclosed clearing arrangement with National Financial Services A.K.A Fidelity Clearing and Custody Solutions (hereinafter, "NFS", "FCCS", or "NFS/FCCS"). Under those circumstances, CFDI has certain expenses and receives certain revenues relating to such accounts, and this is in addition to the compensation received by Designs. As Designs has discretionary authority with respect to the accounts, Designs determines, to a large degree, the volume of trading that takes place in the customer's account(s). CFDI and Designs limit transaction-based compensation to CFDI, and do so by establishing an Asset Based Pricing fee to customers that allow for trades with customers to be based on an asset-based fee, and not based on individual trade.

   The majority of transactions in managed brokerage accounts are conducted on this basis, where CFDI does not receive any transaction-specific compensation. CFDI does, however, receive a portion of the Asset Based Pricing Fee. This is not a "Wrap Fee," as the advisory fee is separately identified and negotiated. While CFDI shares in this FCCS asset-based pricing fee, your financial professional does not.

   One mitigation of this conflict is that Designs also uses trading platforms other than FCCS. Designs also periodically reviews other platforms to consider whether it can offer management services through those platforms. CFDI does not share in any transaction or asset based compensation in Designs' managed accounts on any trading platform other than FCCS. It is the customer's choice as to which platform they would like to use when establishing a managed account, and there are many reasons that a client may find that establishing the account at FCCS is appropriate notwithstanding the other options available. Notwithstanding the fact that it is the client's choice as to which platform to select, not all financial professionals use each of the platforms available, and don't necessarily recommend to clients to establish accounts on any particular available platform. Designs also does not share in any transaction based or asset based charges paid by the customer on other trading platforms, and instead is compensated solely based on the management fee charged directly to the customer. That said, as CFDI receives additional transaction-based compensation through managed accounts on the FCCS platform, Designs also assesses costs to financial professionals for utilizing other trading platforms, but not FCCS, so as to attempt to reduce the differences in compensation received between and among the CFDI companies with respect to the various available platforms. The goal is to attempt to closely approximate the revenue between and amongst platforms, so as to not encourage or discourage FCCS or other platforms for our managed accounts. That said, the revenue to Designs and/or its affiliates relating to managed accounts on platforms other than FCCS relate to the advisory fee paid by the client, and are not connected to the other charges assessed by the other platforms.

ii. Managed variable annuities are variable annuities that where the retail customer has contracted with Designs to provide a discretionary management service within the variable annuity sub-accounts. In some instances, CFDI and the associated financial professional have sold the variable annuity at issue and received compensation based on that transaction. This compensation could involve up-front compensation and/or trail compensation, which is discussed in more detail elsewhere in this disclosure. In the event that CFDI and/or its financial professionals received compensation based on the securities transaction, then both CFDI and Designs will be compensated with respect to a managed variable annuity. CFDI and Designs mitigate the conflicts associated with this compensation by not permitting management services to be applied for a period of two years (24 months) from the time of the initial purchase of a variable annuity where commissions were paid to CFDI and/or the financial professional. Additionally, with respect to any new establishment of management on a commissionable variable annuity, we do not permit the management fee to be directly charged to the variable annuity, and instead require the billing to be conducted outside of that variable annuity.

d. Mitigation of Conflicts of Interest relating to Designs. In addition to other mitigation which is discussed herein, the firm provides several safeguards to help customers understand the services that are provided by Designs. This includes the providing of the Form ADV Part 2a (the brochure), Form ADV Part 2b (the Investment Adviser Representative Supplement), and the Form ADV Part 3 (the form CRS). These and other disclosures are designed to identify the nature of the services being offered by Designs, and to help customers understand the differences between the services offered by Designs, and those offered by CFDI.

There are differences in regulatory regimes applicable to investment advisers and broker/dealers. Though some policies and procedures of the firms differ based on the differences in regulation, both CFDI and Designs strive to maintain supervisory systems including written supervisory procedures. The firms strive to maintain a uniformity of process and practice, to the extent possible given the different regulatory requirements. This helps to mitigate some of the conflicts discussed in this section.

III. Ownership And Management Of CFDI And Affiliates.

a. **Ownership of CFDI.** CFDI is privately owned, and is primarily a family business, with the controlling interests in the corporation being held by individual shareholders that are related to each other. CFDI is not owned by any product issuer or insurance company. CFDI does not sell any proprietary products, which would be issued by CFDI or any of its affiliates. Neither CFDI nor any of its affiliates underwrite any securities, except on a best-efforts basis.

b. **Ownership of Designs.** Designs is also primarily owned by members of the same family with the controlling interest maintained by members of the same family. The ownership of Designs is not identical to the ownership of CFDI. Designs does not provide management services in connection with any proprietary products or services, and instead manages using investments generally available on the investments marketplace.

   CFDI management and Designs management include a lot of the same people, though the management team is not identical between and among CFDI and Designs. Decisions made by CFDI management and Designs management can result in benefits to one company at the expense of the other. The management and/or other persons associated with the companies may stand to benefit from such decisions. This creates a conflict of interest between retail customers and CFDI, as well as retail customers and Designs.

c. **Mitigation of Conflicts of Interest Relating to Ownership.** The firm recognizes the Conflicts identified based on different and overlapping ownership between and among the companies. The firms recognize that there are times when a managed account through Designs is the best option for the client, and there are times when a commission-based account through CFDI is the best option for the client. The firms strive to direct clients to the services that best suit their needs regardless of which company provides the services. The management structure of both firms is highly uniform, with much of the management team for CFDI also being members of the management team of Designs, and vice versa. This helps to mitigate the conflicts raised in this section. Furthermore, the management of the firms is mindful of the ownership structure, and strives to be uniform in its implementation in the policies and procedures between and among the two firms, without striving to favor one company or line of business over the other.

IV. Conflicts By Encouraging Transactions

a. **Transaction-Based Business, Generally.** Much of CFDI's compensation is transaction-related, and commission-based compensation increases if a financial professional conducts more transactions. As such, a financial professional and CFDI has an incentive to recommend more frequent and larger transactions, as this will often involve higher or more frequent transaction-related charges/compensation to CFDI and the financial professional. To the extent that it is in the best interests of a retail customer to have fewer transactions, or transactions for a lesser dollar amount, or no transactions at all, this creates a conflict of interest.

b. **Replacement Transactions.** Replacement of one product for another generally involves a commission to be paid to CFDI and the financial professional. This commission is typically larger than ongoing compensation, if any, that may be received by maintaining the current investment. The difference in compensation creates a conflict of interest.

c. **Mitigation of Conflicts Encouraging Transactions.** CFDI has taken many steps to mitigate the inherent conflicts of interest discussed in this section. These steps include, without limitation, the following measures imposed by CFDI:

i. **Transaction Approval.** CFDI has a process in place by which every transaction is approved by a registered principal of CFDI. The registered principal is not compensated in any way based on the completion of the transaction in question, but instead reviews the transaction based on regulatory guidelines, industry practices, and the policies and procedures of CFDI, without any concern for personal gain or the profit to CFDI as a result of the transaction. This transactional review is with a mind toward preventing several potential issues, including those discussed in this section.

ii. **Prohibition of Excessive Trading.** The policies and procedures of CFDI prohibit excessive trading, and CFDI takes measures to prevent excessive trading of its financial professionals. These measures include the transactional review described above, and monitoring activities designed to detect accounts where unusual amounts of trading activity is being conducted in retail customer accounts. CFDI will conduct internal reviews of any situations that appear suspect, and will take appropriate remedial measures.

iii. **Replacement Transactions.** The policies and procedures of CFDI require additional paperwork to be completed relating to replacements of many products, including mutual funds, variable annuities, and fixed indexed annuities. This paperwork includes a comparison of the product that is being replaced and the product that is being purchased, to document the reason(s) for the transaction, and to advise the retail customer of the costs associated with the transaction. This documentation assists the principal reviewing the transaction to determine whether the transaction is in the best interest of the retail customer. CFDI also has post-transactional processes in place to review replacement transactions, and to identify financial professionals that engage in higher than normal replacement transactions, so that CFDI can provide a higher level of scrutiny to financial professionals that engage in a higher amount of replacement transactions.

V. Conflicts Related To Products, Generally

a. **No Proprietary Products.** CFDI does not manufacture any securities products and does not sell any proprietary products. Instead, the only investments that we recommend to retail customers are products issued by third parties. CFDI does not work with third parties to issue securities that are unique to CFDI, and instead only sells products that are generally available in the marketplace.

b. **Compensation Based on Products.** CFDI's products generally fall into a few broad categories: Mutual Funds, Variable Annuities, Other Insurance Products, Brokerage Accounts, and Alternative Investments. The primary source of revenues for CFDI is based on the sales of products. Compensation to CFDI differs based on product sales made within these broad categories, and among particular investments in each of these categories. This differing compensation creates a conflict of interest, as CFDI or the financial professional would have an interest in recommending transactions that pay higher compensation even if the transaction is not the best recommendation for a retail customer. (For more discussion on this conflict of interest, and the mitigation efforts of CFDI, see the section below titled "Varying Compensation Conflicts".)

c. **Conflicts Of Interest Related To Products.** CFDI has certain conflicts of interest relating to the products that it sells, as generally described below.

i. **Different Products.** As the compensation based on product sales differs based on product type, and based on individual products even within the same product type, CFDI and its financial professionals have conflicts of interest with respect to each recommendation, because the recommendation may result in compensation to CFDI and your financial professional, and because compensation differs based on individual recommendations that are made by financial professionals. CFDI takes steps to mitigate these inherent conflicts of interest, as outlined and discussed further in this document.

ii. **Different Payment Methods.** Compensation related to particular products may include two components: up-front compensation (which may be in the form of a commission or a dealer concession) and ongoing trail compensation. Additional compensation may apply, depending on product or product type, as discussed in more detail in this disclosure. Often times, similar products may be sold in different versions where the primary difference is the method that the compensation is paid to CFDI, and consequently to the financial professional. With respect to many products or product types, up-front compensation is subject to discounts or breakpoints, while discounts and breakpoints would not apply to other products or product types.

iii. **Varying Compensation Between Products.** Compensation varies between and among different products, as described, generally, below:

1. Different products of the same product type pay different compensation to CFDI and financial professionals, and result in different costs to retail customers.

2. Different products of different product types pay different compensation to CFDI and financial professionals, and result in different costs to retail customers.

3. For more details relating to different compensation and conflicts related to the varying compensation, see "Varying Compensation Conflicts" in this document.

iv. **Product Shelf.** CFDI has an extensive product shelf, however, CFDI does not approve every product or product type for sale through CFDI. Neither CFDI nor its financial professionals may recommend any product that has not been approved for sale through CFDI. These limitations of the product availability reduce certain conflicts of interest, as it limits the number of products and the number of differing compensation methods and amounts available through CFDI. That said, the fact that a particular product might not be available for sale through CFDI is important, and limits the retail customer's access to investment options. You have the right to look at investment options offered by other broker-dealers, and you need to understand that CFDI does not have access to every investment option available to the public.

Additionally, a financial professional may only offer for sale investments that the financial professional is very familiar with, understanding the material terms of the investment including the cost structure of the investment. As no financial professional can know and understand all products on the market at any given time, each financial professional effectively limits the product availability that the financial professional will recommend to its retail customer.

CFDI does not claim to be the least expensive option, or to offer the least expensive investments that could be available to a retail customer. Retail customers may be able to shop the open market and find products or services that are lower-cost than options available through CFDI. When a recommendation is made by a financial professional at CFDI, that recommendation is based on the options available to CFDI, and the options that the financial professional is sufficiently familiar with to make a recommendation. A recommendation by a financial professional of CFDI is not necessarily the best option among all possible investment options. All recommendations are subject to the limitations described in this disclosure document.

VI. Varying Compensation Conflicts

a. **Compensation by Product Type.** Compensation differences between and among product types. Compensation differences between and among product types, and different recommendations between and among different product types create a conflict of interest, because the charges to the retail customer will vary based on product type, and the compensation to CFDI will vary based on product type. A general description of product types and some of the costs you pay, and the compensation methods is set forth below.

i. **Mutual Funds.** If you are purchasing a mutual fund, CFDI limits its mutual funds offerings to three share classes: A share, C share, and No Load mutual funds. (Designs provides access to other share class mutual funds through advisory platforms, but advisory fees are charged for such services and for that access.)

1. **A Share Class Mutual Funds.** A share mutual funds are available through accounts established directly with the product issuer, or with NFS/FCCS, CFDI's clearing firm. If the mutual funds are accessed directly with the product issuer ("Direct- Way Transactions"), the commissions and other charges are generally described in this section and in the prospectus of the individual fund. If transactions are conducted through NFS/FCCS accounts, in addition to the commissions and other charges described in this section and in the prospectus, clearing firm charges and expenses apply, as are described in more detail in Section VII of this document and other firm disclosures posted on the firm's website (www.cfdinvestments.com).

A share mutual funds generally charge an up-front commission between 0% and 5.5%, depending on what breakpoints apply to a given transaction. Breakpoints that apply to a particular transaction are described in the product prospectus. CFDI will receive a commission, and will pay out a portion of that commission to the financial professional that is making the recommendation, in accordance with the CFDI compensation grid.

a. A share mutual funds also typically pay a trail commission (which is collected from the retail customer through a 12b-1 fee). The 12b-1 fee is charged to the assets retained in the mutual fund position, based on the total amount in the position. This charge is typically 0.25% annualized, in accordance with the product prospectus. The mutual fund company then pays this fee to CFDI. CFDI retains a portion and pays out a portion to the financial professional, in accordance with the CFDI compensation grid. (For information about a particular investment, see the product prospectus.)

b. The structure of A share mutual funds creates certain conflicts of interest. A share mutual funds are generally consistent, and pay out very similarly between and among products, however, they do differ slightly from product to product. They differ in the range of commissions that are charged, and breakpoint schedules also differ between and among products in A share mutual funds. Though the trail compensation of A share mutual funds is very standard in the industry, the amounts can vary. Because these payout levels can vary, there is a conflict of interest that can arise when a financial adviser recommends a mutual fund with a higher initial commission or higher 12b-1 fee when lower commission alternatives are available.

A share mutual funds have breakpoints that apply. When investing in A share mutual funds, a customer should seek the best breakpoint available under the circumstances that apply. Several factors can affect the breakpoints, financial professionals may not know all of the information that is needed to determine the breakpoint, as the information pertinent to the breakpoints applicable will be information known by the retail customer. Financial Professionals selling A share mutual funds inquire of the retail customer about these factors in an attempt to maximize the breakpoints.

The breakpoints reduce the costs that a client pays in up-front commission for a mutual fund transaction, and reduces the payout to the firm. As such, the financial professional and CFDI have a conflict of interest with the customer, as the larger the breakpoint available to the customer, the lower the compensation to the financial professional and CFDI.

CFDI has procedures relating to breakpoints, and has a form required to be completed with respect to all direct-way A share or C share transactions that identify the breakpoints available and ask the customer directly the questions needed to determine the appropriate breakpoint that should apply. Additionally, the firm monitors for breakpoint activity and endeavors to apply the appropriate breakpoints.

2. **C share mutual funds.** C share mutual funds are available through accounts established directly with the product issuer, or with NFS/FCCS, CFDI's clearing firm. If the mutual funds are accessed directly with the product issuer ("Direct- Way Transactions"), the

commissions and other charges are generally described in this section and in the prospectus of the individual fund. If transactions are conducted through NFS/FCCS accounts, in addition to the commissions and other charges described in this section and in the prospectus, clearing firm charges and expenses apply, as are described in more detail in Section VII of this disclosure and other firm disclosures posted on the firm's website (www.cfdinvestments.com).

C share mutual funds typically charge an up-front concession up to 1%. CFDI would be receiving that concession, and would pay out a portion of that concession to the financial professional that is making the recommendation, in accordance with the CFDI compensation grid.

- **a.** Unlike A-share mutual funds, the up-front concession is not paid by the retail customer directly, but is paid directly by the product issuer, and that payment is not reflected on the statements issued by the product issuer. The expenses involved are charged to retail customers through a combination of internal expenses and fees issued by the product issuer, and Contingent Deferred Sales Charges. (Please see the product prospectus to see how these charges apply to a particular contract.)
- **b.** C share mutual funds also typically pay a trail (which is collected from the retail customer through a 12b-1 fee). The 12b-1 fee is typically charged to the assets of the mutual fund position, based on the total amount in the position. This charge is typically 1% annualized, in accordance with terms set forth in the product prospectus. The mutual fund company then pays a fee to CFDI. CFDI retains a portion and pays out a portion to the financial professional, in accordance with the CFDI compensation grid.
- **c.** The fund company pays for these concessions and trails through higher internal expenses charged to retail customers, and through a Contingent Deferred Sales Charge that is charged if the fund is liquidated within a given timeframe, usually one year.
- **d.** The structure of C share mutual funds creates certain conflicts of interest. C share mutual funds are generally consistent, and generally pay out very similarly between and among products, however, they do differ slightly from product to product. They can differ in the range of fees that are charged. Though the trail compensation of C share mutual funds is very standard in the industry, the amounts vary. Because these payout levels vary, there is a conflict of interest that can arise when a financial adviser recommends a mutual fund with a higher initial commission or higher 12b-1 fee when lower cost alternatives are available.

3. **Differences between A share and C share mutual funds create a conflict of interest.** The fact that both A share and C share mutual funds are available through CFDI means that in most instances, substantially the same product is available through the A share and the C share, and the primary differences between these products would be the costs to the retail customer and the compensation to CFDI. Generally speaking, a

retail customer is better off, over the long-term, in an A share mutual fund so long as the position is held for a long-term holding period. If it is anticipated that a mutual fund will be held for a shorter-time period, then a C share fund is a better option for a retail customer. Additionally, given breakpoints, an A share is more suitable for a retail customer if purchased at a higher dollar amount, or it is anticipated that significant additional revenues are to be invested within 13 months, as the breakpoints would reduce the total cost to the retail customer.

Of course, it is not always known how long a position will be held at the time of the purchase, and a position that is intended to be held for a long time period may be sold in a shorter time-period than anticipated. Similarly, positions that were only intended to be held for a short time-period may be held longer than anticipated at the time of purchase. The customer should consider the anticipated or expected most likely outcome at the time of the recommendation.

4. **No Load Mutual Funds.** No Load Mutual Funds are available exclusively through accounts established with NFS/FCCS, the clearing firm that CFDI works with. The commissions and other charges are generally described in this section and in the prospectus of the individual fund and in Section VI(a)(vi) of this disclosure and other firm disclosures posted on the firm's website (www.cfdinvestments.com).

   No load mutual funds generally have lower internal expenses than A share or C share mutual funds. The mutual fund issuer does not pay compensation to CFDI for the offer or sale of the product in the form of an up-front commission or concession. In most instances, the product issuer does not pay trail compensation in connection with no load mutual funds, however some issuers do pay broker/dealers 12b-1 trail compensation. Except for those circumstances, the compensation to CFDI for transactions of this type is limited to transaction-based compensation described in Section VII of this disclosure.

   CFDI generally restricts the availability of No Load mutual funds to those issued by companies that do not make their funds available in A share or C share options.

ii. **Variable Annuities.** If you are purchasing a variable annuity, please note that different similar variable annuities are issued in different share classes, which can have different terms, including internal expenses, surrender charges, and surrender charge periods. CFDI offers multiple share classes of variable annuities. (Designs provides access to lower-cost fee based variable annuities available through its advisory platforms, but advisory fees are charged for such services relating to those investments.)

1. Variable annuities generally pay an up-front concession, to participating broker-dealers. Unlike A-share mutual funds, the up-front concession is not paid by the customer directly, but is paid directly by the issuing insurance company, and that payment is not reflected on the statements issued by the product issuer. The expenses involved are charged to retail customers through a combination of internal expenses and fees issued by the insurance company, and contingent deferred sales charges, that will

apply, based on certain share classes, in the event of an early withdrawal. (Please see the product prospectus to see how these charges apply to a particular contract.)

2. Unlike A-share mutual funds, there are not breakpoints generally available, and the expenses to the retail customer, and the payments to CFDI are based on the amount invested into the variable annuity. CFDI would be receiving that commission, and would pay out a portion of that commission to the financial professional that is making the recommendation, in accordance with the CFDI compensation grid.

3. Many, but not all, variable annuities also pay a trail commission (which is collected from the retail customer through a 12b-1 fee). When applicable, the 12b-1 fee is typically charged to the assets maintained in the variable annuity, based on the total amount in the position. These charges vary based on share class. The company then pays this fee to CFDI. CFDI retains a portion and pays out a portion to the financial professional, in accordance with the CFDI compensation grid. (For information about a particular investment, see the product prospectus.)

   The structure of variable annuity compensation creates certain conflicts of interest. Although different products may come in share classes that are generally consistent between and among product issuers, and generally pay out very similarly between and among products, there are significant differences between and among different share classes, and do have different compensation methods. The options also vary slightly from product to product. They can differ in the range of concessions paid and charges assessed to the retail customer. (Please see the product prospectus for more details relating to the compensation for any particular product.)

iii. **Variable Life Insurance.** Variable life insurance is a life insurance contract that offers investment options within the contract, and the value of the contract depends on the underlying investment options. When CFDI and its financial professionals recommend transactions in variable life insurance, the issuer pays a concession to CFDI for the sale of such insurance products, and the compensation methodology is different from other investments identified in this section. This difference creates a conflict of interest, to the extent that another variable life insurance product or another product type are alternatives to satisfy a retail customer’s financial needs.

iv. **Equity Indexed Annuities.** When CFDI and its financial professionals recommend transactions in equity indexed annuities (also known as fixed indexed annuities), the issuer pays a concession to CFDI for the sale of insurance products, and the compensation methodology is different from other investments identified in this section. This difference creates a conflict of interest, to the extent that a variable annuity or another product type are alternatives to satisfy a retail customer’s financial needs. With respect to equity indexed annuities, CFDI requires that the business to be conducted through CFDI, and all compensation related to those transactions is paid through CFDI.

v. **Other Insurance Products.** Financial professionals may offer other insurance products through CFDI, but CFDI also permits its financial professionals to conduct insurance sales away from CFDI. As such, financial professionals can recommend fixed insurance products to retail customers, either through CFDI or not through CFDI. With respect to other insurance products, financial professionals that are licensed to sell insurance may work directly with insurance companies or Independent Marketing Organizations to offer and/or sell insurance products. Insurance companies and/or Independent Marketing Organizations pay commissions to CFDI for the sale of insurance products, and the compensation methodology is different from the securities products identified in this section. This difference creates a conflict of interest, to the extent that an insurance product or a securities product are alternatives to satisfy a retail customer's financial needs.

Generally speaking, insurance products are fundamentally different from securities products, and with the exception of variable and equity indexed insurance products, they are not comparable. In other words, if a customer is in need of life insurance, a securities product would not be a good substitute. Additionally, if a client is in need of an investment account, life insurance would not be a good substitute. For this reason, these products do not compete with each other in the same way that other securities products might, so a direct comparison between them is typically not required in order for a financial adviser to sell a fixed insurance product.

vi. **Alternative Investments.** Alternative Investments are from time to time approved by CFDI for offering to retail customers. These can include, without limitation, REITS, Limited Partnerships, Delaware Statutory Trusts, and other products with various structures. These products are illiquid or have limited liquidity, and typically have product-specific suitability restrictions. These are sometimes offered through private-placement offerings, and in such instances, would be subject to additional restrictions applicable to their offer and sale.

1. Some alternative investments are available in multiple share classes. In the review and approval process, CFDI determines what share classes will be offered to its retail customers. The different share classes have different charges to retail customers, and involve different payouts to CFDI.

2. When conducting due diligence on alternative investments, CFDI generally only approves one share-class for use with retail customers, but CFDI may approve multiple share classes if it is determined by CFDI that the cost to the retail customer, over time will not be higher under the alternative share class from the standard (A) share class. The share classes offered by the product issuer are described in the product prospectus or offering memorandum. CFDI receives a commission for the purchase of an alternative investment, and pays out a portion of that commission to the financial professional that is making the recommendation, in accordance with the CFDI compensation grid.

3. Typically, the A share would pay an up-front commission, and would not have any ongoing commission charges. (For information about a particular investment, see the product prospectus.) Other share classes may have a combination of an up-front commission and additional compensation paid over the time period that the investment is held, or may not pay any commissions up front and instead pay compensation only

over time. These options charge higher internal expenses to you, or reduce your returns in the investment, in order to cover these ongoing payments to CFDI.

4. It is typical that CFDI will only approve certain share class options, thereby taking some of the conflict of interest away from the financial professional.

vii. **Brokerage Accounts.** CFDI offers brokerage account services through NFS/FCCS. There are certain costs and expenses associated with brokerage account services. With respect to accounts that are non-advisory, CFDI offers a wide variety of products through brokerage accounts, including, without limitation, stocks, bonds, mutual funds, ETFs, and CDs.

1. If you are purchasing mutual funds through a brokerage account, the information set forth above (Section VI.a.i) continues to apply. Mutual fund investments in a brokerage account, are subject to additional charges associated with the maintenance of the brokerage account that simply do not apply when the same funds are accessed directly with a product issuer on a direct-way basis. These charges are paid directly to CFDI, and CFDI uses these payments to pay FCCS for the services that it provides to CFDI and you. CFDI retains a portion of these charges, and in some instances, financial advisers share in this revenue. As such, there is a conflict of interest that financial professionals and CFDI has with respect to encouraging retail customers to engage in establishing brokerage accounts even to retain mutual fund-only holdings.

2. CFDI applies certain charges to retail customers through NFS/FCCS accounts. These charges are divided into transaction based charges and non-transaction based charges. Non-transaction charges are itemized on the disclosure document titled "NFS Account Service Fees" and transaction-based charges are reflected on the disclosure document titled "NFS/FCCS Transaction Fee Schedule". Both documents can be found on the firm's website (www.cfdinvestments.com).

   a. **Transaction Based Charges.** CFDI charges commissions, ticket charges, and other transaction-based charges for transactions conducted on the FCCS platform. These charges provide compensation to CFDI, and some of this compensation is passed on to the financial professional assigned to the brokerage account. These charges create a conflict of interest with the retail customer. The "NFS/FCCS Transaction Fee Schedule posted on CFDI's website itemizes the charges to be charged to a retail customer. This list states the maximum charge, and affords the financial adviser with the option of discounting this charge on a transaction-by-transaction basis. Unless a retail customer requests and receives a discount, the financial professional is permitted to charge the maximum charge for any transaction. The financial professional may discount the transaction based charges down to zero, however, this creates a conflict of interest, as any discount offered by the financial professional will reduce the compensation that the financial professional and CFDI retain. Additionally, there are minimum charges assessed by CFDI, and if the discount is reduced below those minimum amounts, the financial professional must pay the difference between the amount charged to the retail customer and those minimum charges. As such, financial professionals have a conflict of interest relating to these discounts provided to retail customers.

b. **Non-Transaction based charges.** CFDI charges certain non-transaction based charges, which typically relate directly to services requested by the client. These charges are collected by CFDI and are used to offset fees charged to CFDI by a custodial platform or other service provider, however a portion of these charges may be retained by CFDI. CFDI does not share these charges with financial professionals. Any exceptions are itemized and discussed on the list referenced above.

c. **Customer Costs and Firm Compensation Within a Product Type.** There may be differences in the costs to the retail customer, and the compensation paid to the financial professional between and among products even within the same product type. Though there is a high degree of standardization between and among many products in the same product types, there are certain products that have different and varying costs and compensation from these standards. These different compensation structures create a conflict of interest. (See the product prospectus for specific costs and compensation methodology with respect to any particular product.)

d. **Customer Costs and Firm Compensation Among Products of Different Product Types.** There are different costs paid by retail customers, and different compensation methods between products made available to retail customers of CFDI and advisory services made available to retail customers of Designs. Many financial professionals have the option of recommending the sale of various investments through CFDI as well as advisory account options with Designs. This creates a conflict of interest.

VII. Financial Professional Compensation And The CFDI Compensation Grid

a. **Financial Professional Compensation, Generally.** The financial professional is compensated based on transactions conducted through or assets retained at CFDI, or professional services provided through Designs. The financial professional's compensation methodology differs based on various factors that will be described in detail below. As the compensation methodology differs between CFDI and Designs, there are incentives or perceived incentives for a financial professional to conduct business with either CFDI or Designs, and these incentives could create a conflict of interest.

b. **CFDI Compensation Grid.** The amount of compensation paid to the financial professional by CFDI will be determined by a compensation grid that is based on the total production of the financial professional conducted through CFDI and its affiliates. With respect to securities products, the grid is not product-specific, or product-type-specific, and the grid applies the same regardless of products or compensation received by CFDI. The only exception to this with respect to securities products is that CFDI caps compensation to financial professionals relating to 1031 exchanges. There is a great variety in the compensation amounts between and among 1031 programs, and capping the compensation mitigates the conflict of interest that a financial professional has regarding the differences between and among the compensation amounts paid with respect to such programs.

The compensation grid does provide for a higher payout level based on the financial professional obtaining certain aggregate production levels. This creates a conflict of interest in that a financial professional may be inclined to recommend a transaction, or to recommend a higher commissioned product in order to pass through the next compensation level. CFDI has structured this grid with that understanding in mind, and CFDI has mitigated this risk by providing that there are no retro-active bonuses that apply to a financial professional who attains a higher compensation level. Instead, the compensation level for each financial professional is reset every year, based on the prior year production level, and the financial professional must exceed the target compensation in order to be elevated to a higher compensation level.

c. **Insurance Products and the CFDI Grid.** Insurance, excluding variable annuities, is paid out at a high fixed-rate, rather than the varying rate set by the compensation grid. Additionally, payouts for insurance products count toward the compensation grid and assist financial advisers to receive a higher payout on their securities business that is paid under the compensation grid. If the financial professional has reached the highest level of compensation under the compensation grid, the financial professional gets the same payout for insurance products as for securities products. If not, however, a financial professional's payout level is different between and among the insurance products and the securities products, this would create a conflict of interest, as it gives a financial professional additional compensation for the sale of non-variable insurance products instead of the sale of a securities product.

d. **Advisory Services and the CFDI Grid.** Advisory services are paid out at a high fixed-rate, and not the variable rate set by the grid level. Additionally, payouts for advisory services count toward the compensation grid and assist financial advisers to receive a higher payout on their securities business that is paid under the compensation grid. If the financial professional has reached the highest level of compensation under the compensation grid, the financial professional gets the same payout for investment advisory services as for securities products. If not, however, a financial professional's payout level is different between and among the investment advisory services and the securities products, this would create a conflict of interest, as it would give a financial professional additional compensation for offering advisory services instead of the sale of a securities product.

VIII. Conflicts Relating to Product Issuers and Non-Affiliated Entities

a. **FCCS Brokerage Platform – Revenue Share.** CFDI has arrangements in place with FCCS which may affect the revenue that is received by CFDI. That revenue may, in certain instances, vary based on the nature of the transactions and holdings in your account(s). For a description of current revenue share programs, see the document titled NFS/FCCS Revenue Share Programs on the CFDI's website (www.cfdinvestments.com).

i. To the extent permitted by law, CFDI also receives compensation for services provided to Designs' brokerage investment advisory accounts maintained at FCCS. Designs' management activities affect services provided by and compensation paid to CFDI, and this includes, as applicable, asset based pricing fees or other miscellaneous charges, such as revenue sharing arrangements.

ii. CFDI uses FCCS, for transaction execution, clearance, settlement and custody for services that CFDI provides to your Designs' brokerage investment advisory account. If a mutual fund issuer charges you 12b-1 fees, Designs will not receive or retain any such fees. To the extent that CFDI receives 12b-1 fees for your brokerage investment advisory account, CFDI will return the 12b-1 fees to your account if it is able to do so.

b. Marketing Support. CFDI receives marketing support from several product issuers. Marketing support can be provided directly to CFDI, for its marketing efforts (see Firm-Level Marketing Support, below). Marketing support can also be provided to financial professionals for use in their marketing efforts (see financial professional Level Marketing Support, below).

i. Firm-Level Marketing Support. CFDI is provided marketing support from various sources, including from product issuers for products that are sold through CFDI or from IMO/FMOs utilized by CFDI. For a current list of companies that providing firm-level marketing support, see the list of Corporate Sponsors on CFDI's Website. Marketing support payments are calculated as a percentage of sales of products offered by the sponsor, or are a flat dollar amount paid on a periodic basis. CFDI uses these funds to offset expenses that it has related to conferences and educational events for our financial professionals, and to provide training and marketing ideas to our financial professionals.

CFDI does not make recommendations to clients based on marketing support funds received. This is additional compensation to CFDI, however financial professionals do not share in this compensation or receive any personal benefits from this marketing support other than the incidental benefits of the training discussed above.

ii. Conflicts of Interest Regarding Firm-Level Marketing Support. There is a conflict of interest relating to firm-level marketing support, because CFDI receives additional compensation from some product issuers where the same compensation is not available from other product issuers. Financial professionals could recommend products from among corporate sponsors in order for CFDI to receive the additional compensation that might not be available from the sale of other product. CFDI mitigates this conflict by separating the recommendations, made by the financial professionals, from any compensation under this support. In other words, CFDI does not share compensation received through these marketing arrangements with our financial professionals.

iii. Financial Professional Level Marketing Support.

See Financial Professional Specific Conflicts of Interest, below.

IX. Financial Professional Specific Conflicts of Interest

(For more information regarding these financial professional specific conflicts of interest, see the disclosure document titled Financial Professional Specific Conflicts of Interest.)

a. **Financial Professional Level Marketing Support.**

i. **Receipt of Marketing Support.** Some financial professionals receive marketing support from various product issuers, IMO/FMOs or other non-affiliated parties in the financial services industry. These funds are typically one-time payments by product issuers that are used by financial professionals to offset the costs of advertising pieces, retail customer/ prospect events, or other marketing efforts of the financial professional. These payments are not based on any individual sale or sales, and generally do not reflect a payment for any particular business written with the particular product issuer. All payments for marketing support are required to be paid to CFDI, and CFDI reimburses the financial professional for the expenses already incurred by the financial professional. Additionally, some product issuers pay for expenses related to events in which they participate along with the financial professional, and such payments could also be considered marketing support.

ii. **Conflicts of Interest Relating To Financial Professional Level Marketing Support.** Financial professional level marketing support is additional compensation to the financial professional, and is used to offset expenses that otherwise would be borne by the financial professional. A financial professional could recommend a product issued by a company that is known to provide such marketing support over a product issued by a company that does not offer that support. This creates a conflict of interest. CFDI requires that all marketing pieces and events that are paid for in whole or in part by product issuers contain proper disclosures identifying that the payment was made to the financial professional.

b. **Financial Professional Incentives.**

i. **Incentives from CFDI and Affiliated Companies**

1. **Presidential Advisers.** CFDI and Designs offers an incentive to financial professionals based on the aggregate production that they have achieved through the course of the previous year. The firms aggregate all production and use that figure to identify the firms' top financial professionals. Those financial professionals are invited to a business meeting in a resort location.

   This does not constitute a sales contest, because it is based on aggregate production, including securities commissions, insurance concessions, and advisory fees generated throughout the period. It does not focus on any particular product or service, and does not encourage financial professionals to sell any particular product or service.

2. **Designs' Incentives.** Designs offers additional support to financial professionals and in various ways. These include and are not limited to; reduction in management fees for In-House management services based on adviser AUM, marketing support either by marketing items or seminar support, and technology cost reduction. These incentives may motivate financial professionals to utilize Designs for management services, and this can include the establishment of accounts on certain platforms approved by Designs, or the purchase of certain variable annuities, which are approved for

management by Designs.

ii. Incentives from third-party companies FMO/IMO Incentives.

1. **Ash Brokerage.** Ash Brokerage provides an incentive to Financial Professionals of CFDI whereby Ash Brokerage (hereinafter, "Ash") agrees to pay a portion of Errors and Omissions (E&O) Insurance premium based on financial professionals hitting certain targets of the amount of business conducted through Ash Brokerage. The details are as follows:
    - With $25,000 of Fixed Business conducted through Ash, the financial professional receives 25% of their E&O premium paid for by Ash.
    - With $50,000 of Fixed Business conducted through Ash, the financial professional receives 50% of their E&O premium paid for by Ash.
    - With $75,000 of Fixed Business conducted through Ash, the financial professional receives 75% of their E&O premium paid for by Ash.
    - With $100,000 of Fixed Business conducted through Ash, the financial professional receives 100% of their E&O premium paid for by Ash.
2. **Other IMO/FMO Incentives.** Please ask your financial professional for any IMO/FMO incentives applicable to any products offered by a financial professional.
3. **Product Issuer Incentives.** See Financial Professional Specific Conflicts of Interest for any product issuer incentives applicable to any products offered by your financial professional.

X. Other Financial Professional Level Conflicts of Interest

(For more information regarding these conflicts of interest, discuss this matter with your financial professional and see the Financial Professional Specific Best Interest Disclosure.)

a. Limitations on Product Availability. Financial professionals may have a conflict of interest based on limited product availability, meaning that if your financial professional has a more limited available product shelf than is available through CFDI or its Affiliates, the financial professional may make recommendations that do not include other options merely because of your financial professional's limitations. These limitations functionally restrict the ability or willingness of the financial professional to offer certain products or services. If products or services that are in your best interest are excluded from the products or services that are offered by the financial professional, then your financial professional must recommend that you seek the advice of another financial professional that can recommend the product or service that is best for you. As your financial professional would not be paid in that event, this creates a conflict of interest.

Some limitations include:

i. Your financial professional's registrations may limit the availability of certain products or services.

ii. Your financial professional may have restrictions imposed by a regulator or by CFDI regarding certain products or services.

iii. Your financial professional may impose Self-Limitations, which could include limiting the specific products available, limiting the types of products available, or otherwise making business decisions that would limit what products or services will be offered by your financial professional.

b. **Outside Business Activities.** Financial professionals are permitted to engage in outside business activities, and may engage in providing other professional services that are not associated with CFDI. These outside business activities could involve a conflict of interest. CFDI carefully reviews outside business activity requests, and if a conflict of interest is noted in the review, CFDI will either not approve the request, or put measures in place to mitigate that conflict of interest.

XI. Scope Of Services Disclosures

CFDI offers brokerage services to you including buying and selling securities within a brokerage account or directly from a product issuer, for example, annuity products or mutual funds. Your financial professional will, from time to time, provide you with investment advice that is solely incidental to the purchase or sale of securities and your financial professional will not receive any additional or special compensation beyond receiving commissions for giving such advice. CFDI and our financial professionals do not provide ongoing investment monitoring services and have no investment discretion authority. Securities offerings to retail investors have limitations and account/investment minimums depending on the security or product. You make the ultimate decision regarding any purchases or sales. CFDI offers a wide and varied array of products and product types. CFDI does not offer proprietary products.

Please note that Designs does offer discretionary management services, and if you have selected an advisory account, your financial professional could provide some of the services described in the foregoing paragraph, however those services would be provided by Designs, and not by CFDI.

This Reg BI Disclosure is not, and should not be construed as, an offer to purchase, nor a solicitation to sell any specific investment product. There are various products that have some or all of the features noted herein, although particular investment products also entail other features, costs, benefits and restrictions. Investment recommendations can only be made by your financial professional after consideration of your personal financial situation, including your investment costs, needs, goals, objectives and tolerance for risk.

All investments involve risk. Some investments are also insurance products and contain certain insurance features, which include guarantees against the loss of principal. The guarantees associated with such investments are subject to the financial strength of the issuing insurer and the specific terms and restrictions of the applicable policy or contract. The insurance features do not guarantee that the investment will not fluctuate in value.

XII. General Fee Disclosures

For CFDI's brokerage services, the principal fees and costs that you will incur will be transaction costs relating to each purchase and sale of securities you make, also known as transaction-based fees. You will be charged more when there are more trades in your account, and we therefore have an incentive to encourage you to trade often. Examples of the other most common fees and costs that you will pay directly or indirectly relating to the purchase or sale of securities include 12b-1 fees, account maintenance fees, commissions, expenses related to mutual funds and variable annuities, and other transactional and product level fees. (For more detail, see the Varying Compensation Conflicts section, above.)

For your Designs' brokerage investment advisory account through FCCS, asset based pricing applies; that is a monthly charge based on your account value, that covers the custodial and transaction-based fees associated with your account. This is not a "Wrap Fee," as the advisory fee is separately identified and negotiated. While CFDI shares in this FCCS asset-based pricing fee, your financial professional does not. Designs also uses other trading platforms other than FCCS. CFDI does not share in any transaction or asset based compensation in Designs' managed accounts on any other trading platform. Designs also does not share in any other transaction based or asset based charges on other trading platforms, and instead is compensated solely based on the management fee charged directly to the customer.

XIII. Financial Professional Title Disclosures

Also falling under Reg BI, the SEC limits the use of the terms or titles "adviser" or "advisor" by a CFDI registered representative when advertising to or communicating with you as a retail investor, unless that financial professional is also a Designs' investment adviser representative. CFDI is a Broker-Dealer, Member FINRA, SIPC. Designs is an Investment Advisor Registered with the SEC. (See Other Financial Professional Level Conflicts of Interest above.)