



# Regulation Best Interest Disclosure

---

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker dealer. Our Client Relationship Summary, also known as "Form CRS" contains a summary of important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information.

**Please carefully review and consider the information in each section below.**

## Brokerage Services

When you establish a brokerage account with us, you have the ability to buy, sell and hold investments within your account. The primary service we provide is our trading capability. We execute purchases and sales on your behalf, and as directed by you. In a brokerage services relationship, we can trade with you for our own account, for an affiliate or for another client, and we can earn a profit on those trades. The capacity in which we act is disclosed on your trade confirmation. However, we are not required to communicate it in advance, obtain your consent, or inform you of any profit earned on trades. Currently, our broker-dealer does not offer proprietary products or participate in initial public offerings.

## Cash Brokerage and Margin Brokerage Accounts

We provide brokerage services through either a cash brokerage account or a margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our clearing firm, First Clearing<sup>1</sup>. This is generally referred to as a "margin loan". The portion of the purchase price that is loaned to you is secured by securities in your account, also referred to as "collateral." You will incur interest costs as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes. When markets change, your account may be subject to a "margin call" or multiple "margin calls". This means you will be subject to making immediate payments on your account to bring your ownership principal up to certain percentages. First Clearing has the right to sell your securities (or to buy-in securities) to meet margin and option calls without your consent and you may still be responsible for remitting additional capital.

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement and a consent to loan of your securities before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement provided by First Clearing. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact your financial professional or refer to our Margin Disclosure Statement available at <http://www.golombard.com/wp-content/uploads/Margin-Disclosure-Statement.pdf>

## Brokerage Account Types

We offer many different brokerage account types including individual and joint accounts, custodial accounts, Delivery Versus Payment (DVP) accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in your new account agreement(s). You should refer to your new account agreement(s) for more information concerning available account types or speak with your financial professional.

<sup>1</sup> First Clearing is a trade name used by Wells Fargo Clearing Services, LLC.

## Incidental Brokerage Services, Recommendations and Account Monitoring

Within your brokerage account, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold assets. Please be advised, when we provide “investment advice,” as defined under Title I of ERISA or the Code, to you regarding your retirement plan account, IRA, or ESA, we are fiduciaries within the meaning of ERISA and/or the Code. The way we make money creates some conflicts with your interests, so when we operate as a fiduciary for your retirement account(s) we operate under a special rule, PTE 2020-02, that requires us to act in your best interest and not put our interest ahead of yours. To the extent that particular communications to you or activities are considered “investment education” or otherwise non-fiduciary under ERISA, we are not a fiduciary in connection with such communications or activities.

It is important for you to understand that when our financial professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective(s), risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you. Our broker-dealer also has an affiliated investment adviser, Lombard Advisers, Incorporated. You will pay separate fees to the adviser when you utilize this service. Our firm has a financial incentive to recommend our affiliated adviser over other advisers.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include, but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you.

These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

## Clearing Services

We have entered into an agreement with Wells Fargo Clearing Services, LLC doing business as First Clearing, (also referred to herein as “Clearing Agent”) to carry your account and provide certain back-office functions. We and the Clearing Agent share responsibilities with respect to your account as set forth in the new account agreements you received upon opening your account. Please refer to these documents for more information on how such responsibilities have been allocated between us.

The clearing agent also directly issues monthly or quarterly statements and confirmations of all trades and the holdings in your account(s). Review these carefully and please notify our home office if you do not receive these important documents.

## Understanding Risk

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments. Higher risk investments may offer the potential for greater returns, but also mean the more chance you stand to lose the money you invested or also require further injection of your capital. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objectives and risk tolerance best aligned with your brokerage account goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Income” investors typically holding the smallest percentage of higher-risk investments, followed by “Growth and Income” investors holding some higher-risk investments, and finally “Growth” investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies, and we measure it on a continuum that increases from “Conservative” to “Moderate” to “Aggressive,” and finally “Trading and Speculation.” See the chart below for details.

## Income Investment Objective

**Investment Objective Description** - Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.

<b>Risk Tolerance</b>	<b>Risk Tolerance Definition</b>
Conservative	Conservative Income investors generally assume lower risk but may still experience losses or have lower expected income returns.
Moderate	Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
Aggressive	Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.

## Growth and Income Investment Objective

**Investment Objective Description** - Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.

<b>Risk Tolerance</b>	<b>Risk Tolerance Definition</b>
Conservative	Conservative Growth and Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
Moderate	Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.
Aggressive	Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.

## Growth Investment Objective

**Typical Investment Objective Description** - Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.

<b>Risk Tolerance</b>	<b>Risk Tolerance Definition</b>
Conservative	Conservative Growth investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
Moderate	Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
Aggressive	Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.

## Trading and Speculation

Trading and Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.

Our recommendations are based in part on your risk tolerance and investment objective as outlined above. We encourage you to carefully consider your investment objective and risk tolerance before investing.

***Our recommendations are based in part on your risk tolerance and investment objectives as outlined above. We encourage you to carefully consider your investment objectives and risk tolerance before investing.***

## Cash Sweep Program Feature

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle,” until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s). The Sweep Program is described more fully in the Cash Sweep Program Disclosure Statement, which you will receive with your General or Basic Brokerage Account Agreement and Disclosure. More information about the Cash Sweep Program can be found at <https://www.wellsfargoclearingservicesllc.com/disclosures/cash-sweep-program.htm>.

***Please review that Disclosure Statement carefully.***

## Account Minimums and Activity Requirements

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

You should also understand that our financial professionals may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated financial professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your financial professional.

## Brokerage Service Models and Products

Most of our financial professionals are independent contractors and have general business discretion to operate and service their book of business. Most of the accounts serviced by our financial professionals are “Full Service”, meaning that you will receive communications from your financial professional, including securities recommendations and other advice, and servicing of your account(s) such as deposits and distributions. Your financial professional is also available to you to discuss your account(s).

## Brokerage Fees and Our Compensation

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs involved. This section outlines the most common fees you can expect.

### Transaction-Based Fees

You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, Exchange Traded Products (ETPs), mutual funds, annuity contracts, options, exercising options, REITS and other investment purchases and sales. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Your brokerage service model and account type
- Size of your transaction and/or overall value of your account
- Frequency of your trade activity
- Available discounts and/or fee waivers

### Account and Service Fees

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you. More information concerning our administrative and service fees, can be found at <http://www.golombard.com/wp-content/uploads/Lombard-Fee-Schedule.pdf>. You can also visit our website at

[www.golombard.com](http://www.golombard.com) under “Firm Brochures/Disclosures” under the area “Lombard Fee Schedule”.

## How We Are Compensated

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the affected account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

## MSRB RULE G-10 – Investor and Municipal Advisory Client Education and Protection Annual Disclosure

Municipal Advisor Client: Lombard Securities Incorporated (“Lombard”) is hereby providing you with our annual investor and municipal advisory client education notice (“G-10 Notice”). The information contained herein may be helpful to you with respect to your municipal securities transactions with Lombard. Lombard is a registered broker–dealer with the Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”). As such Lombard is subject to various securities law(s) (“Laws”) and self–regulatory rule(s) (“SRR”). For more information, please go to: [MSRB](#) or <http://msrb.org/>.

Additionally, the MSRB has provided the following brochure, which further describes the protections that may be afforded to you by the MSRB and the process by which to file a complaint against Lombard and or any covered person. The brochure be found [here](#) or located through this link: <http://msrb.org/~media/files/resources/msrb-investor-brochure.ashx?>. We appreciate your understanding and supporting Lombard in our fulfilling our regulatory obligations.

## Financial Professional Schedules

### Commission Schedule for Stocks, Rights, Warrants, Secondary Market Closed End Funds (CEFs) and Exchange Traded Products (ETPs)

This schedule details the commission charged to you and received by us and your financial professional for trades of stocks, rights, and warrants: <http://www.golombard.com/wp-content/uploads/Lombard-Fee-Schedule.pdf>.

### Option Rates Equity and Index

Options compensation is received as direct compensation, as described in our clearing firm, First Clearing’s Brochure.

### Debt Securities

For debt securities, including preferred securities and CDs, we may apply a charge (i.e., markup) of up to 3% of the amount of your secondary market transaction. You will receive a confirmation after every trade which will disclose the markup/markdown charged to the trade.

### Mutual Funds

We currently offer various mutual funds varying in share class structure and investment style. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments, as described below.

- **12b-1/Shareholder Service Fees** - Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund’s behalf. Shareholder servicing fees are paid in response to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%, but the majority of these fees are below 0.85%. These fees may be passed on to us and are generally passed on to our firm or your financial professional as a commission.
- **Front-End Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)** - Front-end sales charge fees may be charged and paid to us, including your financial professional, when you purchase a fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Financial professional if you believe you are eligible for sales charge waivers.

Contingent Deferred Sales Charges, “CDSC” are charges you pay upon withdrawal of money from a fund prior to the end

of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund, only when you exit the fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your financial professional.

You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund. Please note that 12b-1s and similar fees or compensation received in connection with the sale of funds are not rebated on ERISA assets held in our affiliated Advisory Program accounts.

- **Revenue Sharing** - The Firm receives from its clearing firm a share of revenue generated from account maintenance and administrative fees, ACAT Termination Fees, Inactive Account Fees, IRA Fees, and Postage & Handling service charges to your account. The Firm also receives revenue from Margin Interest, Lending Services, and Sweep Programs. Lombard also has revenue sharing agreements with Lombard Agency, an affiliated Insurance Company and Lombard Advisers Incorporated, an SEC registered investment adviser. Lombard shares office, operations and other expenses with these affiliated entities.

Lombard receives compensation from Mutual Funds in the nature of 12b-1 fees for support and marketing.

## Annuities

Under arrangements with insurance companies, we, including your financial professional, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, and they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier.

For additional information regarding Annuities, please reference your annuity contract and the accompanying fee disclosures provided by the sponsor.

## Unit Investment Trusts (UITs)

Our UITs consist of Equity and Fixed-Income UITs. We, along with your financial professionals, are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. The types of fees received by us are described and are disclosed via the prospectus issued by the UIT provider. Your financial professional can provide you a copy of the most recent prospectus. The UIT provider deducts fees as compensation from the proceeds available for investments for marketing and distribution expenses, which may include compensating us as described in each UIT prospectus. For additional information, please see your prospectus.

## Cash Sweep Program/Bank Deposit Sweep/Other Float Compensation

Money Market Fund Rebates: Through our clearing firm, First Clearing, clients are provided with an automated sweep to a bank insured FDIC vehicle at no additional cost. The firm receives a rebate from First Clearing based on the value of client sweep account assets. Therefore, we have an incentive to recommend that clients use a sweep account and recommend certain money market funds that pay the highest rebates.

Please refer to the Cash Sweep Disclosure Brochure located at:

<https://www.wellsfargoclearingservicesllc.com/disclosures/cash-sweep-program.htm>

## Training and Education

We work closely with many product and service providers who provide training and education compensation to off-set or reimburse us for costs incurred in conducting comprehensive due diligence on products, training and educational meetings for our financial professionals. These meetings or events are held to educate financial professionals on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics. In addition, certain vendors, such as 401k plan providers, provide free or discounted research or other vendor products and services, which can assist our financial professionals with providing services to the plan.

Likewise, from time to time, product providers will reimburse us for expenses incurred by individual branch offices in connection with conducting training and educational meetings, conferences, or seminars for financial professionals and participants. Also, financial professionals may receive promotional items, meals or entertainment or other non-cash compensation from product providers. We require all such product providers to submit a request to invite our financial professionals to such events for approval by the firm to confirm that such compensation and non-cash compensation is reasonable and to mitigate conflicts of interest.

Although training and education compensation is not related to individual transactions or assets held in client accounts, it is important to understand that, due to the total number of product providers whose products are offered by us, it is not possible for all companies to participate in a single meeting or event. Consequently, those product providers that do participate in training or educational meetings, seminars or other events gain an opportunity to build relationships with our firm and our financial professionals. These relationships could lead to sales of that particular company's products.

## Operational Fees

We receive compensation for various operational services provided to you through a brokerage account. Our fee schedule for these services is as follows: <http://www.golombard.com/wp-content/uploads/Lombard-Fee-Schedule.pdf>

For more information regarding account fees for brokerage services, please see your brokerage account agreement.

## Compensation for Termination of Services

Other than any contingent deferred sales charge for a fund (as described under the Mutual Funds section above, if applicable), IRA termination fees (when applicable), and account transfer fees, the firm would not receive any additional compensation in connection with the termination of its services. If you have questions contact your financial professional or the main office.

## Brokerage – Excluded Advisory Assets

As described above, our brokerage services differ from our affiliated adviser or other advisers' advisory services. However, in some instances we may allow an advisory client to trade what are referred to as "excluded assets" within their advisory services account. Excluded assets are not subject to advisory program fees. Instead of advisory fees, these excluded assets are subject to our standard brokerage charges when traded.

## Conflicts of Interest

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our clients and third parties. We offer a broad range of investment services and products and we receive various forms of compensation from our clients, affiliated and non-affiliated product providers and money managers, and other third parties as described above. Securities rules allow for us, our financial professionals, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our financial professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and other disclosure documents, our product guides and other information we make available to you.

## Compensation We Receive From Clients

### Transaction-Based Conflicts

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, variable annuities, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all.

### Markups and Markdowns for Principal Transactions

When you buy or sell securities in a brokerage account, and in accordance with industry regulations, we may impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to

you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules.

#### Account Maintenance and Other Administrative Fees

For the services we provide or make available to you with respect to your brokerage account, we charge certain account maintenance and other administrative fees, including transfer, wire, or other miscellaneous fees, as described in the fee schedule provided to you on an annual basis. The higher the fees we charge, the more we are compensated.

### Compensation We Receive from Third Parties

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you, including advisory services. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

- **Revenue Sharing.** The firm receives compensation for certain products and sharing in operational and other revenue with its clearing firm as described more fully in this document above.
- **Trail Compensation.** Ongoing compensation from Product Sponsors may be received by us and shared with our financial advisers. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

#### Additional Compensation from Product Sponsors and Other Third Parties

We and our financial professionals, associates, employees, and agents receive additional compensation from Product Sponsors and other third parties including:

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective clients.
- Payment or reimbursement for the costs associated with education or training events that are attended by our employees, agents, and financial professionals, and for conferences and events that we sponsor.
- Reimbursement from Product Sponsors for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients.

**Note:** The amount of these payments is not dependent or related to the level of assets you or any other of our clients invest in or with the Product Sponsor.

#### Product Share Classes

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us.

### Compensation Received by Financial Advisors

Some of our Financial professionals are also investment advisory representatives for affiliated or independent financial/investment advisers. Typically, a financial professional's (when acting as a financial advisor representative), payout schedule increases with production and asset levels. As a result, financial professionals have an incentive to provide brokerage recommendations to gather more assets under management and to increase brokerage trading activity, and to reduce the amount of discounts available to you. We mitigate this conflict when LSI provides a wrap-based program to advisory clients. A wrap program ensures that advisory clients do not pay excessive commission charges to the financial professional. The wrap



program does not, however, cover all fees, such as transfer, wire or custodial fees, among other miscellaneous fees the qualified custodian charges.

Financial professionals have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive under the broker-dealer's platform. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Financial professionals are incentivized (if properly licensed) to recommend you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. Further, financial professionals are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Financial professionals also have an incentive to provide higher levels of service to those clients who generate the most fees.

Recruitment compensation may be provided to financial professionals who join our firm from another financial firm. This compensation, which may vary by financial professional, often includes either an upfront or backend award based upon new client assets to the firm and/or revenue generated from such client assets. This creates an incentive for the financial professional to recommend the transfer of assets to our firm, including brokerage assets, in order to earn this compensation.

Non-cash compensation is provided to financial professionals in the form of credits toward business expenses and certain titles. Financial professionals also receive promotional items, meals, entertainment, and other non-cash compensation from product providers up to \$100 per year for gifts per vendor and \$1,000 per year for meals per vendor.

## Insurance Agents

Financial Professionals of Lombard may also recommend insurance products to you. Our financial professionals offer a variety of insurance products, including variable, fixed and immediate annuities, health insurance, LTC and life insurance. The products are purchased directly through the insurance company and are not monitored by our broker-dealer. These products are available to brokerage clients as a stand-alone investment. You should be aware that LSI is 100% shareholder of Lombard Agency, Inc. which is an affiliated insurance agency offering variable annuity products. Our broker-dealer representatives must be registered as insurance agents to offer variable annuity products and are incentivized to offer you insurance through our affiliated companies instead of other agencies.

## Other Financial Professional Activities

Financial professionals may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients.

Financial professionals who are transitioning through a succession plan may be incentivized to make brokerage recommendations designed to increase the value of their "book of business" through asset accumulation or brokerage trades that are not in your best interest. Financial professionals who receive clients from a retiring financial professionals are incentivized to meet growth goals and may make recommendations not in your best interest.

Financial professionals may enter into a Promissory Note arrangement with Lombard Securities Incorporated whereby the Firm issues an interest free term loan to be paid based on an agreed upon schedule. Financial Professionals may be incentivized to make brokerage recommendations to increase commissions earned in order to pay down the term loan.

## Additional Resources

Form CRS (Client Relationship Summary):

<http://www.golombard.com/wp-content/uploads/Lombard-Client-Relationship-Summary.pdf>

Lombard Privacy Policy:

<http://www.golombard.com/wp-content/uploads/Lombard-Privacy-Disclosure.pdf>

Lombard BCP Disclosure:

<http://www.golombard.com/wp-content/uploads/Lombard-BCP-Summary.pdf>

## Contact Us

Lombard Securities Incorporated

Attn: Compliance

1820 Lancaster Street, Second Floor Baltimore, MD 21231

Phone: 410-342-1300

Lombard Securities Incorporated was founded in 1990 and is a member of FINRA, MSRB and SIPC. More information can be found on our firm by visiting FINRA's site at: <https://brokercheck.finra.org/> or at: [www.finra.org](http://www.finra.org).