

## **Western International Securities, Inc. Brokerage Services Disclosure Summary JUNE 2020**

This disclosure provides information about the business practices, compensation, and conflicts of interest related to the brokerage business of Western International Securities, Inc. (referred to as "we," "us," or "WIS ".) Additional information about WIS and our financial professionals is available on FINRA's website at <https://brokercheck.finra.org>.

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## Item 1 Introduction

WIS is a broker-dealer registered with the U.S. Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA). WIS is also registered as a Registered Investment Adviser with the SEC. In addition, WIS is qualified to sell insurance products in all 50 states. As a broker-dealer, WIS transacts business in various types of investment products, including mutual funds, exchange-traded funds (ETFs), stocks, bonds, options, variable annuities, real estate investment trusts (REITs), and other investment products.

WIS maintains a network of individuals, referred to as "financial professionals," who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of WIS's financial professionals are investment adviser representatives of WIS and a number are an investment adviser representative with a non-affiliated third-party investment adviser. WIS's financial professionals are independent contractor. WIS financial professionals are located throughout the U.S. and may offer investment services under their own business name.

Although most of our financial professionals offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services. When you are discussing services with one of our financial professionals, the financial professional will explain the capacity (as a broker-dealer registered representative and/or investment adviser representative) in which he/she is acting or will be acting when providing services to you.

When acting as a registered representative of the broker-dealer we are neither required nor agree to provide account monitoring services. Although individual financial professionals may voluntarily consider holdings in your brokerage account or brokerage relationship for purposes of determining whether to provide any recommendations to you, this does not constitute an account monitoring service for that brokerage account or relationship. This differs from our investment advisory services, in which we agree to monitor your account if pursuant to a written agreement with you. This distinction between a brokerage account and an advisory relationship is important, and you should consider it, among other factors such as the payment of commissions versus asset-based fees or the availability of discretionary advice, when deciding what kind of account or relationship to have with us.

This disclosure discusses important information regarding our financial professionals who act as broker-dealer registered representatives of WIS. Throughout the document, we provide you with information that is designed to assist you in making sound investment decisions, and to help you consider reasonably available investment alternatives offered by WIS. For more information about WIS and the services that our financial professionals provide when they act as an investment adviser representative, please see WIS's Form ADV Part 2A ("disclosure brochure") available on [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). In the case of a financial professional who is associated with a third-party investment adviser, please refer to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or contact that investment adviser for a copy of its disclosure brochure. For important information on which type of investment account is right for you, please see WIS' s Form CRS (Customer Relationship Summary) at [www.wisdirect.com/disclosures](http://www.wisdirect.com/disclosures).

Like all financial services providers, WIS and our financial professionals have conflicts of interest. We and our financial professionals are compensated directly by customers and indirectly from the investments made by customers. When you purchase an investment, we typically get paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. If we are paid an upfront commission, it means that we are paid more if you make more transactions and/or the larger the transaction. When we are paid indirectly from the investments made by customers, we receive ongoing compensation, typically called a "trail" payment, for as long as you hold an investment. In addition, we receive compensation from the sponsors of some of the investment products that we offer. The amount we receive varies depending on the particular type of investment purchased. The compensation described in this disclosure summary represents the maximum gain or profit we receive on an investment, before deduction of our expenses.

Not all of the conflicts described in this disclosure summary apply to a particular financial professional, his or her services, or all the products we offer. The types and amounts of compensation we receive change over time. You should ask your financial professional if you have any questions about compensation, costs, fees, or conflicts of interest. We also provide important information regarding our compensation, and the costs and fees you pay in documents such as prospectuses, offering materials, account agreements and on our website at [www.wisdirect/disclosures](http://www.wisdirect/disclosures).

## Item 2 Commissions, Fees, and Other Types Of Sales Compensation

### Commissions and Sales Charges

WIS receives upfront commissions when we execute transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge, or placement fee, is typically paid at the time of the sale, reduces the amount available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested or the size of the transaction. When WIS receives a sales charge or commission, it shares it with your financial professional. In some cases, a portion of the sales charge or commission is retained by the investment's sponsor or issuer. Commissions vary from product to product, which creates an incentive to sell a higher commission product rather than a lower commission product. The maximum and typical commissions for common investment products are listed below. For more information about other commissions that apply to a particular transaction, we encourage you to refer to the applicable investment's prospectus or other offering document.

- *Equities and Other Exchange Traded Securities.* The commission charged by WIS in an agency capacity on an exchange traded security transaction, such as a stock or equity, ETF, exchange traded note (ETN), or closed-end fund (CEF) can be negotiated and ranges from .01% to 5% of the transaction amount depending on the price and size of the transaction. Option transactions include additional charges and commissions, including a minimum charge per contract of \$1.00.
- *Mutual Funds and 529s.* The maximum commission or sales charge permitted under applicable rules is 8.5%, although the sales charge typically does not exceed 5.75%.
- *Annuities.* The maximum upfront commission paid for new sales of annuities is as high as 7.5% but varies depending on the contract length purchased, and type of annuity and traditional and investment-only variable annuities.
- *Alternative Investments.* For alternative investment products, such as non-traded business development companies (BDCs), real estate investment trusts (REITs), or private placements/direct participation programs, the upfront sales load is as high as 7%.
- *Unit Investment Trusts (UITs).* The maximum upfront sales charge paid typically ranges from 1.35% to 3.5% and will depend on the length of the term of the UIT.

### Markups and Markdowns - Principal or Dealer Transactions

When WIS sells to or buys from you a bond or other fixed income security such as a structured product in a principal capacity, WIS sells the security directly to you or buys it directly from you, rather than acting as your agent to buy or sell the security from a third party. These transactions are known as "dealer transactions." In these circumstances, if we sell a bond at a price higher than what we paid for it, we will earn a markup. Conversely, if we buy a bond from you at a price lower than what we sell it for, we will earn a markdown. The maximum markup/markdown on a transaction with a customer that we receive when acting in a principal capacity typically does not exceed 3.0% of the value of the security. Markups/markdowns on structured products can be higher, based on the prospectus. The

markup/markdown percentage is based on factors such as quantity, price, type of security, rating, and maturity. While we act in a principal capacity when buying and selling bonds and fixed income securities, we do not sell from the firms' inventory of bonds or fixed income securities. We may act as an agent in a transaction and charge a commission instead of a markup/markdown. WIS arranges the purchase and sale of bonds and fixed income securities through our clearing firm(s), or another dealer, who also charges a markup or markdown. You will be informed of the amount of the markup/markdown on a dealer transaction that is placed in your account on the confirmation you receive immediately following the transaction.

## Direct Fees and Charges

WIS is an introducing broker and carries all brokerage accounts and clears all securities transactions on a fully disclosed basis through our clearing and custodial firms, Wedbush Securities, Pershing LLC, and National Financial Services (NFS). Information about each of these firms can be accessed on [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

If you hold a brokerage account through WIS our clearing firms charge miscellaneous fees directly to your account such as fees for transaction processing, account transfers, and retirement account maintenance which are standard and customary. We mark up and receive a portion of many of the fees charged by our clearing firms. For direct fees that apply per transaction, WIS and our clearing firms receive more fees the more transactions that result from a financial professional's recommendations. These fees and charges are set out in our Brokerage Account Fee Schedule located on the Customer Disclosures page on our website, are not shared with our financial professionals. These fees and charges do not apply to WIS or the clearing firms if you hold an account directly with a product sponsor rather than with WIS.

## Item 3 Third Party Compensation

WIS and our financial professionals receive compensation from investment product sponsors and other third parties in connection with investments that our customers make in securities such as mutual funds, annuities, and alternative investments. Certain types of third-party compensation are received by WIS and shared with our financial professionals, and other types are retained only by WIS.

### Trail Compensation

WIS and our financial professionals receive ongoing compensation from certain investment products such as mutual funds, annuities, and alternative investments. This compensation (commonly known as trails or Rule 12b-1 fees) is typically paid from the assets of the investment product under a distribution or servicing arrangement with the investment sponsor and is calculated as an annual percentage of assets invested by our customers. The more assets you invest in a product, the more we are paid in these fees. Therefore, we have an incentive to encourage you to purchase a product offered by a sponsor who shares a portion of their compensation with us or increase the size of your investment. The amount of trails received varies by product. This creates an incentive to recommend a product that pays a higher trail rather than a lower trail. We also have an incentive to recommend a product that pays trails (regardless of amount) rather than products that do not pay trails. For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering document for the investment.

- *Mutual Funds and 529s.* The ongoing payment depends on the class of shares but is typically between 0.25% and 1% of assets annually.
- *Annuities.* We receive a trail payment from an insurance company for the promotion, sale, and servicing of a policy. The amount and timing of trail payments vary depending on the agreement

between WIS and the issuer and the type of policy purchased. The maximum trail payment for annuities is typically 1.5% and varies depending on the type of annuity.

- *Alternative Investments.* For alternative investment products, such as non-traded REITs, trail payments are typically 1% or less, but can be as high as 1.25% on an annual basis.

## Concessions and Mutual Fund Finder's Fee

In certain cases, WIS and our financial professionals receive compensation from a mutual fund sponsor in connection with transactions for which sales charges are waived or under other circumstances and as described in a fund's prospectus. This compensation is generally referred to as a finder's fee or concession and typically ranges between 0.25% and 1% of the transaction amount. We also receive concessions from investment sponsors for other types of investments. These concessions vary from product to product and are generally shared between WIS and our financial professionals. Concessions can be as high as 0.25% of the transaction amount for new issues of certificates of deposit, municipal bonds, and other short-term dated bonds, up to 3% of the transaction amount for structured products, and up to 4% of the transaction amount for closed end funds.

## Life Insurance

When we receive compensation from issuers of life insurance (variable universal) and other insurance contracts available to our customers, compensation includes commissions and trails, and from some issuers, includes payments for administrative services that we provide. Payments can also be made in connection with our marketing, education and training efforts, including education conferences and other conferences. WIS receives commissions and may also receive a trail payment of subsequent premiums, if any, from the insurance provider. The amount of commission varies depending on the issuer, coverage, and the premium amount. Our financial professionals do not receive a percentage of the commissions and trailing commissions an insurance company pays to WIS. Additionally, for non-variable products, our financial professionals can receive commissions and trailing commissions directly from the insurance company as an outside business activity.

We also receive additional compensation from certain insurance companies when WIS sales of a company's products exceed premium thresholds specified in selling agreements with WIS. Lastly, when our financial professionals use a Field Marketing Organization (FMO) with which WIS has a contract, we receive the additional compensation from the FMO rather than from the insurance company. This additional compensation from the FMO can apply to transactions where a financial professional is paid directly from the insurance company.

## Bonus Payments from Insurance Companies

Certain insurance companies can offer our financial professionals bonus payments, often times called persistency or retention bonuses, based on the amount of customer assets that the financial professional has placed in the insurance company's products. Although we do not participate in these bonus programs, we may from time to time accept and share these payments on a one-time basis with a financial professional who recently joined WIS and was entitled to such payments through the financial professional's former brokerage firm.

## Non-Cash Compensation

WIS and our financial professionals receive non-cash compensation from investment sponsors that is not in connection with any particular customer or investment. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement for expenses in connection with educational meetings, customer workshops or events, or marketing or

advertising initiatives, including services for identifying prospective customers. Investment sponsors also pay or reimburse WIS and/or our financial professionals, for the costs associated with education or training events that may be attended by WIS employees and financial professionals and for WIS sponsored conferences and events.

## Third Party Compensation Retained by WIS

### Clearing Relationships

In certain situations, Western permit clients to establish a margin account pursuant to an agreement entered with the custodian. Margin allows a client to borrow money to buy additional investments by using existing investments as security collateral. In addition, margin allows a customer to withdrawal funds from an account and pledge securities owned in the account as collateral. In these situations, Western receives compensation from the custodian in the form of margin rebates that typically amounts to a percentage of the total margin interest charged to clients by the custodian. Clients should carefully read the margin disclosure statement provided by the custodian outlining risks related to margin prior to considering this type of arrangement.

Western receives compensation from the custodians in the form of credits or miscellaneous fees. Fees earned by the custodians, including account transfer fees (ACAT), international foreign custodian charges, Gold and Platinum Account annual fees, money market rebates, mutual fund service fees, hard to borrow fees and short interest, service fees are shared with Western. The fee is generally a percentage of the fees earned by the custodian.

Western is compensated by custodians when client securities transactions are executed through them. Transactions executed through custodians or Western also pay a ticket charge on their transactions that may include an additional fee charged by Western for servicing these transactions for clients. Western will receive compensation from custodians for transactions maintained and executed through investment programs sponsored by custodians, including money market rebates, 12b-1 fees from mutual funds, margin debit balances, credit balances, transition cost credits, and other administrative fees.

In addition, various other custodial, transaction, and account administration related fees or charges assessed or received by custodians may include an amount that is paid to Western for our role in assisting with servicing of client accounts, including fees paid for account maintenance, account transfers, margin lending (client accounts that maintain margin or loans to borrow money to buy investments), debit or credit balances, handling of securities, returned checks, shipping expenses, and account administration. Investment advisory firms may not require their clients to direct business to a particular firm, and in doing so may be unable to achieve most favorable execution and pricing for client transactions. Western may agree to allow clients to establish brokerage arrangements with a firm other than the custodians upon request by a client. However, doing so may result in higher costs; and services and reporting available to clients through a different firm may not be extended to Western.

Custodians and Western charge certain processing fees, such as service fees on purchases or sales of certain stocks, bonds, options, mutual funds and exchange-traded funds. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. IRA accounts are charged an annual maintenance fee by the custodian. Accounts are subject to a termination fee not to exceed \$200.00

Transaction or ticket charges associated with the execution of trades are applied to the customer account and included within the commission amount. Transaction or execution charges for fixed-income securities, including but not limited to corporate, government, government-agency, and municipal bonds will be applied. The amount of commission, markup/markdown, and service fees are disclosed on the customer confirmation. The amount of any remuneration received by Western for the execution of any transaction is available upon request.

It is the client's responsibility to carefully review account statements and fees. The services offered by Western may cost clients more or less than purchasing the same services separately and/or through other investment firms.

Western reserves the right to pass on charges imposed by the clearing agent (the firm through which client funds are maintained and clearance of transactions occurs). Western receives direct and indirect forms of compensation as a result of fees charged, including, but are not limited to, transaction charges and service fees, IRA and qualified retirement plan fees, mutual fund or money market 12b-1 fees (expense charged against fund assets by fund companies that are paid to broker-dealers for marketing and to service fund sales), mutual fund and money market management fees and administrative expenses, and mutual fund transaction fees.

Western and its advisers receive direct and indirect forms of compensation related to the sale of securities or other investment products to clients. The receipt of this type of compensation presents a conflict of interest and gives us an incentive to recommend investment products based on the compensation received, rather than on a client's needs.

Western offers, through the clearing firms, the ability for customers to collateralize certain investment accounts to obtain secured loans through the respective clearing firms. We receive compensation in an amount by which the interest rate is marked up over the stated rate offered by the clearing agents. WIS and our financial professionals have an incentive to recommend that customers borrow money rather than liquidating some of their account assets so that WIS and our financial professional can continue to receive brokerage commissions and fees on those assets.

We also offer the ability for qualified customers to lend fully paid-for securities to the clearing agents. The clearing firm's earn revenue from lending these securities and a portion of that revenue is shared with the customer, WIS and your financial professional. We have an incentive to encourage customers to hold a security in their account rather than liquidate it so that we and our financial professionals can continue to receive compensation.

## Item 4 Product and Account Costs and Limitations, Related Conflicts

Our financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, annuities, and alternative investments. Each type of investment product carries unique risks, and many investment products charge fees and costs that are separate from and in addition to the commissions and fees that WIS and our financial professionals receive. You can learn more about these risks and the fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents. Below is a summary of the typical range of expenses of the various investment products we sell. In most cases, these expenses are in addition to the commissions and fees that WIS receives for our brokerage services.

- *ETFs*. Expense ratios range from 0.05% to 1.5%, with an average expense ratio of around 0.44%.
- *Mutual Funds*. Expense ratios can vary based on the type and share class of mutual fund purchased. The average expense ratio for actively managed funds is 0.5% to 1.5%, depending on the share class, for passive index mutual funds the average is 0.2%.
- *Annuities*. The typical range of annual expenses associated with annuities is 0.60% to 5.00% depending on the combination of options selected by the investor including the type of annuity (variable annuities have a mortality and expense fee whereas fixed index annuities do not),

optional riders elected (living and/or death benefits), and investment options where applicable (subaccounts or models for variable annuities).

- *Alternative investments.* The typical range of annual expenses, excluding any commissions or dealer manager fees, is 0.80% to 8.00%, which may include management fees, acquisition fees, disposition fees, performance participation fees, organization and offering fees, acquired fund fees and expenses, or interest payments on borrowed funds.
- *UITs.* Typical annual operating expenses for UITs range from 0.20% to 4.00%, with equity UITs usually at the low end of the range and UITs whose trust consists of a basket of closed-end funds typically at the high end of the range.

## Share Class and Fund Selection

We offer various share classes of mutual funds and 529s. As an example, certain mutual fund share classes, often referred to as Class A shares, charge an upfront sales charge and an ongoing trail. For other mutual fund share classes, often titled Class C shares, there is no upfront sale charge paid, however, there is an ongoing trail payment and a contingent deferred sales charge (CDSC) to the customer if there is a redemption within a certain period of time after purchase. Depending on the length of the holding period for a mutual fund or 529 plan, and other factors, one share class may be less expensive to you than another, and WIS and your financial professional may earn more or less in compensation for one share class than another. Because of their characteristics and sales load structure, mutual funds generally are longer term investments. Frequent purchases and sales of mutual funds can result in significant sales charges unless the transactions are limited to exchanges among mutual funds offered by a sponsor that permits exchanges without additional sales charges. We maintain policies and procedures that are designed to detect and prevent excessive mutual fund switching, but you should carefully review the mutual fund prospective, regularly monitor your account and discuss with your financial professional any frequent mutual fund purchases and sales.

We offer various mutual funds and ETFs, some of which have similar or identical investment strategies but differing fee structures. For example, a mutual fund that is designed to track an index of securities, such as the S&P 500 Index, may have higher or different types of fees than an ETF that is designed to track the same index. Whether a fund or ETF is more expensive than another fund or ETF with a similar or identical investment strategy may depend on factors such as length of holding, size of the initial investment, and other factors. In addition, holding an ETF in a taxable account will generate less tax liabilities than a similarly structured mutual fund. WIS and your financial professional may earn more compensation for one fund or ETF than another, giving WIS and your financial professional an incentive to recommend the product that pays more compensation to us.

You should also familiarize yourself with tools and information that will help you make sound decisions about investing. We encourage you to refer to FINRA's Fund Analyzer found on [https://tools.finra.org/fund\\_analyzer/](https://tools.finra.org/fund_analyzer/) and other tools and information available at <https://www.finra.org/investors/alerts>

## Product and Account Limitations

WIS does not impose a minimum account size.

WIS does not offer all the securities and services available across the broad markets due to structure, size, and liquidity of the security or similar characteristics of the security or underlying investments, and decisions made for product offerings by our internal investment team or our custodians. For instance, funds available for purchase through WIS are generally limited to fund companies with which we have selling agreements or that have agreements in place with our custodians. Thus, not all mutual funds available to the investing public will be available to you through WIS, including funds with lower fees and expenses. All

share classes offered by a fund company are also not always available due to the selling agreements we have negotiated. This means that lower cost share classes might not be available to you through WIS, even though you might otherwise be eligible to purchase those lower share classes elsewhere.

Some mutual funds and other products offer lower commissions for higher investment amounts. These discounts are called “breakpoints.” Because an investor meeting a breakpoint pays a lower sales concession, we are incentivized to make investment recommendations below the breakpoint. The prospectus you receive in connection with your investment provides important information about breakpoints that should be used to help inform your investment decision. You should also familiarize yourself with tools and information that will help you make sound decisions about investing in products with breakpoints. We encourage you to refer to FINRA’s Investor Alert:

<https://www.finra.org/investors/alerts/mutual-fund-breakpoints-break-worth-taking>

Products that include alternative investments impose minimum account sizes and also require that investors meet specific criteria. Therefore, these products are not offered or available to all investors. When applicable, WIS provides product-specific limitations and criteria at the time of the recommendation, including through prospectuses or offering materials. These documents should be your primary source of information.

## Item 5 Customer Referrals, Other Compensation and Conflicts

### Payment for Referrals

WIS does not pay any unaffiliated or unregistered persons, including attorneys or accountants, for referrals.

### Margin

We offer customers the ability to purchase securities on credit, also known as margin purchases through Pershing, Wedbush Securities and NFS brokerage accounts. When a customer purchases a security on margin, the clearing firm extends a line of credit to the customer and charges interest on the margin balance. We have a financial incentive to encourage margin borrowing because we earn compensation in the form of interest, transaction charges, and other fees on investments made with borrowed amounts. That financial incentive creates a conflict of interest insofar as we benefit from your decision to borrow and incur the various fees and interest described above. If contemplating use of margin, please refer to the Margin Agreement provided by the clearing firm and related disclosures for additional details and important disclosures. The fees derived from margin accounts are shared with your financial professional.

You should also familiarize yourself with information that will assist you in making sound decisions about margin investing. We encourage you to refer to FINRA’s Investor Alerts titled “Investing with Borrowed Funds: No “Margin” for Error” and “Stock-Based Loan Programs: What Investors Need to Know” as well as other tools and information available at <https://www.finra.org/investors/alerts>.

<https://www.finra.org/investors/alerts/investing-borrowed-funds-no-margin-error>

<https://www.finra.org/investors/alerts/stock-based-loan-programs-what-investors-need-know>

### Error Corrections

If a customer holds an account through WIS and a trade error caused by WIS occurs in the account, we will cancel the trade and remove the resulting monetary loss to a customer from the account. If a trade correction is required as a result of a customer’s actions or inactions (e.g., if a customer does not make

full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), we will cancel the trade and any resulting monetary loss is borne by the customer. In the case of a trade that requires a correction and that results in a monetary gain to a customer, the gain will be removed from the account and will result in a financial benefit to WIS.

## Rollovers

If a customer decides to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that the customer invest those assets through WIS, because we will be paid on those assets, for example, through commissions, fees, and/or third-party payments.

Please be advised of your options, and what a rollover means to you.

If you leave your employer you typically have four options (and may engage in a combination of these options):

- leave the money in the former employer's plan, if permitted;
- roll over the assets to your new employer's plan, if one is available and rollovers are permitted;
- roll over to an Individual Retirement Account; or
- cash out the account value.

Each choice offers advantages and disadvantages, depending on your desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and your unique financial needs and retirement plans. The complexity of these choices may lead you to seek assistance one of our financial professionals. The options that we offer you will result in revenue to our financial professionals and our firm. You should be aware that such fees and commissions likely will be higher than those the customer pays through their plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan generally cannot be transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

Therefore, we have an incentive to recommend that you "roll-over" your employer plan to us. Please consider each of your options before making a decision.

## Limitations on Investment Recommendations

WIS and our financial professionals offer and recommend investment products only from investment sponsors with which we have entered into a selling and/or distribution agreement. Other firms may offer products and services not available through WIS or the same or similar investment products and services at lower cost. In addition, we may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa. The scope of products and services offered by certain of our financial professionals may also be more limited than what is available through other financial professionals. A financial professional's ability to offer individual products and services depends on his or her licensing and training. For example, a financial professional maintaining a Series 6, Series 63, and life insurance agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A financial professional maintaining a Series 7, Series 63, and life insurance agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a financial professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. To provide investment advisory services, a financial professional is often required to be registered as an investment adviser representative with the state in which the financial professional has a place of business.

You should ask your financial professional about the securities or services he or she is licensed or qualified to sell, and his or her ability to service investments that you transfer to WIS from another firm.

You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at <https://brokercheck.finra.org>.

## Item 6 Financial Professional Compensation, Fees, and Related Conflicts

### Cash Compensation

We typically pay our financial professionals a percentage of the revenue they generate from sales of products and services. The percentage received can vary (typically between 45% to 90%) depending on a financial professional's agreement with WIS and the investment product or service provided and can be more or less than the compensation paid at another brokerage firm. When compensation is based on the level of production or assets, a financial professional has a financial incentive to meet those production or asset levels. In some cases, we pay a portion of a financial professional's compensation to the financial professional's branch manager or another financial professional for supervision and/or administrative or sales support. There is a conflict of interest because the compensation affects the branch manager's ability to provide objective supervision of the financial professional. WIS and our branch managers have an obligation to supervise financial professionals and may decide to terminate a financial professional's association with WIS based on performance, a disciplinary event, or other factors. The amount of revenue generated by a financial professional creates a conflict of interest when considering whether to terminate a financial professional.

### Other Benefits

Financial professionals are eligible to receive other benefits based on the revenue generated from sales of products and services. These benefits present a conflict of interest because a financial professional has an incentive to remain with WIS in order to maintain these benefits. These benefits include eligibility for practice management support and enhanced service support levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other non-cash compensation. These benefits also include free or reduced cost marketing materials, reimbursement or credits of fees that financial professionals pay to WIS for items such as administrative services or technology, and payments that can be in the form of repayable or forgivable loans (e.g. for retention purposes or to assist a financial professional grow his or her securities practice). If we make a loan to a new or current financial professional, there is also a conflict of interest because WIS's interest in collecting on the loan affects our ability to objectively supervise the financial professional.

### Fees Charged to Financial Professionals

We charge our financial professionals various fees for, among other things, trade execution, administrative services, insurance, certain outside business activity related supervision, technology, and licensing. Depending on the situation, these fees make it more or less profitable for a financial professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on a financial professional's overall business production or the amount of assets serviced by the financial professional, which gives the financial professional an incentive to recommend that you invest more in your account or engage in more frequent transactions. Transaction fees charged to your financial professional can also vary depending on the specific security that the financial professional recommends. As an example, the transaction fees a financial professional pays to purchase or sell a mutual fund for your account may be different from the transaction fee to purchase or sell an ETF, which creates an incentive for your financial professional to recommend the product that carries the lowest transaction charge. In addition, financial professionals have the option of adding an amount to a customer's transaction to cover the cost of the transaction charge, either in whole or in part, which passes this cost on to the customer.

## Recruitment Compensation and Operational Assistance

If a financial professional recently became associated with WIS after working with another financial services firm, the financial professional may receive recruitment compensation from WIS in connection with the transition. This transition assistance includes payments from WIS that are intended to assist a financial professional with costs associated with the transition; however, we do not verify that any payments made are used for transition costs. These payments can be in the form of repayable or forgivable loans, and are subject to favorable interest rate terms, as compared to other lenders. In the case of forgivable loans, the loans are generally subject to repayment if a financial professional leaves WIS before a certain time, fails to achieve production targets or other conditions are not met. Transition assistance payments can be used for a variety of purposes such as providing working capital to assist in funding the financial professional's business, offsetting account transfer fees payable to the custodian as a result of the clients transitioning to WIS's platforms, technology set-up fees, marketing, mailing and stationary costs, registration and licensing fees, moving and office space expenses, staffing support and termination fees associated with moving accounts.

The amount of recruitment compensation is typically based on a percentage of the financial professional's business established at their prior firm, for example, a percentage of the revenue earned, or assets serviced at the prior firm, or on the size of the assets that transition to WIS. The receipt of this compensation creates a conflict of interest in that a financial professional has a financial incentive to recommend that a customer open and maintain an account with WIS for advisory, brokerage and/or custody services, and to recommend switching investment products or services where a customer's current investment options are not available through WIS, in order to receive the this type of benefit or payment.

## A Financial Professional's Outside Business Activities

Our financial professionals may engage in certain approved outside business activities other than providing brokerage and advisory services through WIS, and in certain cases, a financial professional receives more compensation, benefits, and non-cash compensation through an outside business activity than through WIS. Some of our financial professionals are accountants, real estate agents, insurance agents, tax preparers, or lawyers, and some refer customers to other service providers and receive referral fees. As an example, a financial professional could provide advisory or financial planning services through an unaffiliated investment advisory firm, sell insurance through a separate business, or provide third party administration to retirement plans through a separate firm. If a financial professional provides investment services to a retirement plan as our representative and also provides administration services to the plan through a separate firm, this typically means the financial professional is compensated from the plan for the two services.

In addition, a financial professional may sell insurance through an insurance agency not affiliated with WIS. In those circumstances, the financial professional is subject to the policies and procedures of the third-party insurance agency related to the sale of insurance products and would have different conflicts of interest than when acting on behalf of WIS. A financial professional may receive compensation, benefits, and non-cash compensation through the third-party insurance agency and may have an incentive to recommend you purchase insurance products away from WIS.

If you contract with a financial professional for services separate or away from WIS, you should discuss with them any questions you have about the compensation they receive from the engagement. Additional information about a financial professional's outside business activities is available on FINRA's website at [https:// brokercheck.finra.org](https://brokercheck.finra.org).

## Compensation for Other Services

WIS and our financial professionals can offer various types of advisory and brokerage programs, platforms and services, and earn differing types and amounts of compensation depending on the type of service, program, or platform in which you participate. This variation in compensation can incentivize a financial professional to recommend services, programs, or platforms that generate more compensation for WIS and the financial professional than others. For example, if you expect to trade securities frequently in your account, a brokerage account in which you pay a commission for each transaction may generate more compensation for your financial professional than an advisory account that generates compensation in the form of investment advisory fees.

## Item 7 Other Financial Industry Affiliations

WIS is a wholly owned subsidiary of Atria Wealth Solutions, Inc. (Atria), a privately-owned company. As a subsidiary of Atria, WIS is affiliated with other financial services companies including NEXT Financial Group, Inc., CUSO Financial Services, LP, a broker/dealer and SEC registered investment adviser, CFS Insurance & Technology Services, LLC, an insurance agency, and Sorrento Pacific Financial, LLC, a broker/dealer, SEC registered investment adviser and insurance agency, and Cadaret, Grant & Co., Inc., a broker/dealer and SEC registered investment adviser.

Please consult the Disclosures page on WIS's website for the current information about our brokerage compensation and related conflicts of interest. We post changes to this disclosure on our website, [www.wisdirect.com/disclosures](http://www.wisdirect.com/disclosures) from time to time. WIS may not notify you when these changes are made, so you should consult the website to learn about any changes that have been made. If you are unable to access the website or require paper copies of any documents referenced here, please contact your financial professional.

## Item 8 Risk Disclosures

All investment programs have certain risks that are borne by the investor, including loss of principal. Past performance is no guarantee of future results and Western does not make guarantees to clients regarding performance. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks while investing:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Investors should be aware that investing in securities involves a risk of loss, including the entire investment amount. Frequent trading of an account can impact and reduce the overall rate of return in the account through increased brokerage charges and transaction costs, tax implication, and deviation from asset allocation objectives.