



## **Regulation Best Interest Disclosures**

### **February 4, 2026**

This guide summarizes important information concerning the scope and terms of the brokerage services offered by Fortress Private Ledger, LLC (“FPL”). It also 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 Fortress Private Ledger, LLC is registered with the U.S. Securities and Exchange Commission (SEC) as a broker dealer and an investment adviser, providing both brokerage services and investment advisory services. Our brokerage services are the primary focus of this guide. For more information on our investment advisory services and how they differ from brokerage, please review the Customer Relationship Summary (or Form CRS). Our Form CRS contains important information about the types of services we offer, both brokerage and investment advisory, 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 _____	<a href="#">2</a>
Brokerage Service Models and Products _____	<a href="#">4</a>
Brokerage Fees and Our Compensation _____	<a href="#">5</a>
Conflicts of Interest _____	<a href="#">9</a>
Additional Resources _____	<a href="#">13</a>

## **Brokerage Services**

Clients who establish a brokerage account with Fortress Private Ledger, LLC, have the ability to buy, sell and hold investments within the 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.

### **Cash Brokerage and Margin Brokerage Accounts**

We provide brokerage services through either a cash brokerage account or 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, Interactive Brokers. This is generally referred to as a "margin loan." The portion of the purchase price that is loaned 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.

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 before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. 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 a representative or refer to our [Margin Disclosure Statement](#).

### **Brokerage Account Types**

We offer many different brokerage account types including individual and joint accounts, custodial accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a representative.

### **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. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our representatives 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, 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 representative about whether an advisory services relationship is more appropriate for you.

Certain Registered Representatives are only licensed to offer securities through a broker-dealer and are not licensed to provide investment advisory services. Those individuals do not act as a fiduciary, are not able to offer trading on a discretionary basis; do not offer ongoing monitoring of your account; and cannot charge a fee based on assets under management. Registered Representatives are able to provide recommendations on a variety of asset types and charge a commission for each trade that is accepted and placed. In addition, they may receive indirect fees, including trails.

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 Interactive Brokers LLC (“Interactive Brokers,” 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 Designation of Responsibilities that was delivered to you upon opening of your account. Please refer to the linked [Customer Agreement](#) for more information.

### **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 offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective 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 “Preservation of Capital” investors typically holding the smallest percentage of higher-risk investments, followed by “Income” and “Growth” investors holding some higher-risk investments, and finally “Trading Profits” and “Speculation” investors holding a significant portion of their portfolio in higher-risk investments. See Interactive Brokers’ chart of “Explanation of Investment Objectives” below.

# Explanation of Investment Objectives

This section provides descriptions for all the possible investment objectives associated with your account.

Objective	Description
Preservation of Capital	Seek maximum safety and stability for your principal by focusing on securities and investments that carry a low degree of risk.
Income	Generate dividend, interest or other income instead of, or in addition to, seeking long-term capital appreciation.
Growth	Increase the principal value of your investments over time rather than seeking current income. Investor assumes higher degree of risk.
Trading Profits	Increase the principal value of your investments by using shorter term trading strategies and by assuming higher risk.
Speculation	Substantially increase the principal value of your investments by assuming substantially higher risk to your investment capital.
Hedging	Take positions in a product in order to hedge or offset the risk in another product.

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.

## **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 other such sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s). More information about the Cash Sweep can be found in the [Cash Sweep Program](#) link at Interactive Brokers. Please review this statement carefully.

## **Account Minimums and Activity Requirements**

There is no minimum initial account balance required to open a brokerage account with FPL. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. Additionally, FPL does not have any minimum account activity requirements and/or minimum on-going balance requirements. However, Interactive Brokers does charge a minimal, monthly fee for no activity. All requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

## **Brokerage Service Models and Products**

FPL is a SEC-registered broker-dealer and FINRA member. Certain personnel of FPL are licensed as broker-dealer registered representatives. These individuals, in their broker capacity, can affect securities

transactions for which they will receive customary compensation. These transactions may include, but are not limited to, equities, ETFs, 529 College Savings Plans, mutual funds, variable annuities, and other variable products.

As a broker/dealer, FPL has the ability to buy, sell and hold investments in a customer's account. The primary brokerage service we provide is our trading capability. We execute purchases and sales on your behalf, and as directed by you.

In our brokerage services' relationship, we are permitted to trade with you for our own account up to 10 times per year. This is known as a "principal" trade, where we "sell" assets to our customers from our own inventory. As of May 2020, FPL has never executed a principal trade.

Agency trading involves trading with another investor, potentially at another brokerage firm. FPL discloses this trading capacity on trade confirmations sent to customers for all transactions. As noted above, all transactions have been executed on an agency basis thus far.

### **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.

#### **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, exercising options and other investment purchases and sale. 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. For more information concerning our administrative and service fees, contact a representative at 919- 322-2761.

#### **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.

### **Compensation Schedules**

The below compensation schedules are commission charges from our clearing firm, Interactive Brokers. FPL does not retain this revenue. There may be instances where FPL charges a nominal mark-up and/or transaction charge in addition to Interactive Brokers' commission.

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

The schedule below details the tiered commission charged to you and received by us and your representative for trades of stocks, rights, and warrants. A Commission is charged every time a trade is executed and will be disclosed on the trade confirmation.

<b>Volume (per month)</b>	<b>US Stocks, ETFs, ETPs and Warrants</b>	<b>Minimum per Order</b>	<b>Maximum per Order</b>
<= 300,000 Shares	USD 0.0035	USD 0.35	1.0% of trade value
300,001 - 3,000,000 Shares	USD 0.002	USD 0.35	1.0% of trade value
3,000,001 - 20,000,000 Shares	USD 0.0015	USD 0.35	1.0% of trade value
20,000,001 - 100,000,000 Shares	USD 0.001	USD 0.35	1.0% of trade value
> 100,000,000 Shares	USD 0.0005	USD 0.35	1.0% of trade value

### **Option Rates Equity and Index**

Options compensation is charged on a tiered commission schedule every time an option trade is executed, as described below. The amount of the specific option commission will be disclosed on the trade confirmation.

<b>Contract Volume (per month)</b>	<b>Commissions</b>	<b>Minimum Per Order</b>
<= 10,000		
Premium < USD 0.05	USD 0.25 per contract	USD 1.00
Premium => USD 0.05 and Premium < USD 0.10	USD 0.50 per contract	USD 1.00
Premium => USD 0.10	USD 0.65 per contract	USD 1.00
10,001 - 50,000		
Premium < USD 0.05	USD 0.25 per contract	USD 1.00
Premium => USD 0.05	USD 0.50 per contract	USD 1.00
50,001 - 100,000		
All Premiums	USD 0.25 per contract	USD 1.00
=> 100,001		
All Premiums	USD 0.15 per contract	USD 1.00

## **Debt Securities**

Debt securities, including preferred securities and CDs, may include a charge (markup) as a percent of your market transactions. The amount of the specific commission, markup or markdown will be disclosed on the trade confirmation.

## **Mutual Funds**

We currently offer many 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. The amount of fees, including any ticket fee, front-end sales charge, and/or contingent deferred sales charge can be found in the mutual fund prospectus and direct fees will be disclosed on the trade confirmation. The fees and costs of mutual funds vary depending on the fund family and share class. Below is a summary of these costs.

### 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 to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family and range from 0.00% to 1.00%, but the majority charged by FPL are approximately 0.25%. These fees may be passed on to us and may in turn be passed on to your representative 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 representative, 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 representative if you believe you are eligible for sales charge waivers.

Contingent Deferred Sales Charge (CDSC) is a charge 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. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your representative. 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.

## **Annuities**

FPL sells variable annuities only. Under arrangements with insurance companies, we, including your representative, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, which are considered indirect compensation. Fortress has leveled the annuity payout at 5% regardless of carrier or product. Specific information regarding commissions and other fees can be found in the annuity prospectus.

## **Alternative Investments Information**

Alternative investments are investments in any asset class excluding stocks, bonds and cash. They can include real estate, precious metals, antiques, commodities, private equity, etc. Three popular alternative investments include private equity, hedge funds and venture capital investments.

FPL may offer a variety of Alternative investment including Hedge Funds, Private Real Estate Investments, Business Development companies, Private Debt, Private Equity, and other offerings. Currently, FPL only offers hedge funds with placement fees of up to 3% as well as trail compensation of up to 75bps. Alternative Investments carry unique risks and may not liquid. Specific information about risks and fees can be found in the private placement memorandum (PPM) or similar offering documents.

### Revenue Sharing

Revenue sharing is the practice of adding additional non-investment related fees to the expense ratio of a mutual fund. These additional fees are then paid out to various service providers – usually unrelated to the fund company managing the fund.

FPL has entered into certain selling and/or revenue sharing agreements with third parties, including but not limited to Barnabas Capital, LLC ("Barnabas"). Under these arrangements, Barnabas may receive a portion of the compensation (including commissions or overrides) generated from certain products sold through FPL. These payments are typically derived from compensation paid by product sponsors (e.g., insurance carriers) and are shared pursuant to contractual agreements related to the distribution, marketing, or support of those products. The existence and amount of such revenue sharing payments may vary by product, carrier, or sponsor and are not uniform across all available investment options.

### Data Agreement

FPL does not have data agreements with any mutual funds. However, FPL does have agreements with DSTVision and Orion, as well as Refinitiv (formerly Thomson) for data. There is no revenue sharing with these counterparties.

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

A sweep account is a bank or brokerage account that automatically transfers amounts that exceed, or fall short of, a certain level into a higher interest-earning investment option at the close of each business day. Commonly, the cash is swept into a money market fund.

Interactive Brokers maintains a cash sweep account with your brokerage account. We receive a portion of the interest credited based on cash balances in client accounts.

## **Training and Education**

Interactive Brokers offers access to research and in-house products as a result of our contractual agreements. However, this access is industry-standard and is not reliant on the amount of accounts and/or transactions we initiate.

Giving, receiving or soliciting gifts or entertainment in a business setting may create an appearance of impropriety or may raise a potential conflict of interest. Our firm has adopted a policy which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. These policies prohibit supervised persons seeking to provide or offer any gift to existing clients, prospective clients, or any person or entity that does business with or on behalf of Fortress Private Ledger without obtaining pre-approval. Similarly, the policy requires any supervised person who accepts, directly or indirectly, anything of value from any person or entity that does business with or on

behalf of Fortress Private Ledger, including gifts, entertainment or gratuities with a value in excess of 100 US Dollars per year must obtain consent before accepting such gift or entertainment.

### **Trade Corrections**

FPL has appropriate policies in place to address trade errors. Additionally, our clearing agreement with Interactive Brokers states that Interactive Brokers is responsible for all trade corrections. Registered Representatives do not profit from any trade corrections.

### **Compensation for Termination of Services**

FPL does not receive or charge any fees in connection with the termination fees. However, fees may apply and are charged in connection with certain products and through the Clearing Agent. This includes 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. If you have questions, contact your representative.

### **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 representatives, 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 and non-affiliated product providers and money managers, and other third parties as described above. Securities rules allow for us, our representatives, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our reps 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.

### **Selling Agreement Conflicts**

FPL has entered into selling agreements with third parties, including Barnabas, under which compensation received from product sponsors may be shared with such third parties. These arrangements create a conflict of interest because FPL and its representatives have a financial incentive to recommend products that generate shared compensation under these agreements, as opposed to products that do not. This compensation may be higher for certain products, carriers, or structures, which creates an additional incentive to recommend those products. Clients should understand that these financial incentives may influence the recommendation of investment products or insurance contracts.

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 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, alternative investments, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your representative 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

Interactive Brokers charges our clients for their clearing services, including account maintenance, transfer, wire, or other miscellaneous fees, as described in the fee schedule provided to you on an annual basis. FPL does not retain any of this compensation.

## 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:

- **Trail Compensation:** ongoing compensation from Product Sponsors is received by us and shared with our representatives. 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.

In addition to the forms of third-party compensation described above, FPL participates in selling agreement

whereby compensation earned in connection with product sales may be shared with unaffiliated third parties, such as Barnabas. These arrangements may include the sharing of commissions, overrides, or other forms of compensation based on production or volume. As a result, FPL and its representatives have a financial incentive to recommend products or services that are subject to these agreements over those that are not, or that generate lower or no shared compensation.

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

We and our representatives, associates, employees, and agents may 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.

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. This is especially true for mutual funds and variable annuities. You should review the prospectus for information about the different share classes available and ask your registered representative about options available.

## **Compensation Related to Our Affiliates**

Management personnel and certain other related persons of our firm are licensed as representatives of an investment advisor and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of recommendations.

FPL is affiliated through common ownership to JG3, LLC, a licensed insurance agency in North Carolina. JG3, LLC markets its insurance business using the following trade names: Fortress Insurance Services and Fortress Financial Services. Certain of FPL's personnel, in their individual capacities, are licensed insurance agents. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of clients. Some examples of these products may include but not be limited to Life, Disability, or Long-Term Care insurance.

This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security or purchase an insurance product which results in a commission being paid to the individuals. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## **Compensation Received by Representatives**

Representatives are compensated in a variety of ways based on the percentage of revenue generated from

sales of products and services to clients and/or total assets under advisement, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or “trail” payments. Thus, representatives are incentivized to recommend products that have higher fees as well as those with on-going payments.

Typically, a representative’s payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. The same payout schedule is reduced when representatives discount certain client fees and commissions, or client relationship asset levels are below minimums established by us from time to time. Representatives also may be eligible for annual or ongoing bonuses and deferred compensation awards based upon a variety of factors that may include reaching certain production levels, tenure with the firm, client product mix, asset gathering, referrals to affiliates or other targets, as well as compliance with our policies and procedures and meeting best business practices.

As a result, representatives have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Representatives also 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.

Representatives 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. 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. Representatives are incentivized 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, representatives 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. Representatives also have an incentive to provide higher levels of service to those clients who generate the most fees.

Recruitment compensation may be provided to representatives who join our firm from another financial firm. This compensation, which may vary by representative, 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 representative to recommend the transfer of assets to the firm, including brokerage assets, in order to earn this compensation.

Noncash compensation is provided to representatives in the form of credits toward business expense accounts and certain titles. FPL does retain discretion to waive certain registered rep fees such as the platform/technology fee.

Our representatives may be compensated in the form of education meetings and recognition trips. They are also permitted to receive promotional items, meals, entertainment, and other noncash compensation from product providers up to \$100 per year for gifts. However, both these forms of compensation require prior approval from our Chief Compliance Officer.

### **Other Activities**

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

Our firm has adopted policies which set forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our policies include procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm’s access persons. Among other things, our policy requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. It also provides for oversight, enforcement and recordkeeping provisions.

It is the policy of our firm that no person employed by us may purchase or sell any security that is being purchased or sold for a client’s advisory account prior to the transaction being implemented for a client’s advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of client advisory accounts.

Representatives 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. Reps who receive clients from a retiring representative are incentivized to meet growth goals and may make recommendations not in your best interest.

Internal campaigns and recognition efforts incentivize representatives to engage in activities to reach incentive goals. Any activities promoting incentive goals will be monitored and approved by FPL’s Chief Compliance Officer.

**Additional Resources**

Title	Web address
Form CRS	<a href="https://www.fortressfinancialpartners.com/">https://www.fortressfinancialpartners.com/</a>
Margin Disclosure	<a href="https://gdcdyn.interactivebrokers.com/Universal/servlet/Registration_v2.formSampleView?formdb=1005">https://gdcdyn.interactivebrokers.com/Universal/servlet/Registration_v2.formSampleView?formdb=1005</a>
Customer Agreement with Interactive Brokers	<a href="https://gdcdyn.interactivebrokers.com/Universal/servlet/Registration_v2.formSampleView?formdb=3203">https://gdcdyn.interactivebrokers.com/Universal/servlet/Registration_v2.formSampleView?formdb=3203</a>
Explanation of Investment Objectives	<a href="https://www.interactivebrokers.com/en/software/reportguide/reportguide/investment_objectives_quarterly_activity_summary.htm">https://www.interactivebrokers.com/en/software/reportguide/reportguide/investment_objectives_quarterly_activity_summary.htm</a>
Cash Sweep Program	<a href="https://www.interactivebrokers.com/en/index.php?f=25276">https://www.interactivebrokers.com/en/index.php?f=25276</a>
Compensation Schedules	<a href="https://www.interactivebrokers.com/en/index.php?f=1590&amp;p=stocks2">https://www.interactivebrokers.com/en/index.php?f=1590&amp;p=stocks2</a>