Regulation Best Interest Disclosure

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Global Pacific Securities US Inc. ("the Firm" or "we") is registered with the Securities and Exchange Commission (SEC) as a broker-dealer.

Under SEC Regulation Best Interest, our firm and our financial professionals, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to retail customer, are required to act in the best interest of the retail customer ("customer") at the time the recommendation is made, without placing the financial or other interest of the firm or the financial professional ahead of the interest of the retail customer. One of the ways we must fulfill obligations under Regulation Best Interest is by disclosing the material facts relating to the scope of the terms of our relationship with the customer, the fees and costs that apply to the customer's transaction, holdings and accounts and the material facts relating to conflicts of interest that are associated with the recommendations provided.

The purpose of this document is to provide you, our retail customer, these material facts about our brokerage services to help you evaluate our recommendations and to help you make more informed decisions.

1. Scope and Terms of Our Relationship with You

Your relationship starts with your financial professional working with you to understand your individual investment profile. The information in the customer's investment profile includes, but is not limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and other information that the customer may disclose to us or the financial professional in connection with a recommendation. This profile information is important in order to make recommendations that are in your best interest.

1.1. Our Capacity

All recommendations made by your financial professional regarding your broker-dealer account (your brokerage account) will be made in a broker-dealer capacity. When your financial professional makes a recommendation to you, he or she will expressly tell you orally which account you are discussing.

Broker-Dealer Capacity

Your financial professional, acting as registered representative of our broker-dealer, may also provide general information regarding your investments and recommendations concerning whether to buy,sell, or hold securities.

In our capacity as a broker-dealer, we can affect securities transactions for you, including buying and selling securities based on your instructions. We offer many different account types for your brokerage account,including accounts held with Interactive Brokers LLC, our clearing firm; accounts held directly with the issuer of the securities purchased (sometimes referred to as directly held accounts); and retirement accounts (e.g., IRA accounts), where your investments will be held with the custodian of the IRA. GPS will act as a finder for private placements.

Our financial professionals do not make investment decisions for you or manage your brokerage account on a discretionary basis. Because our financial professionals do not have discretionary investment authority, this means that we cannot buy or sell investments in your brokerage account without first obtaining your consent. Our financial professionals may recommend investments to you,but you are responsible for making the decision whether to purchase or sell investments, and we will only purchase or sell investments when specifically directed by you.

Our financial professionals also do not monitor your account after a securities transaction is effected for you, including those investments they recommend for you. It will be important for you to review your brokerage account(s) regularly.

When we act in our capacity as a broker-dealer, we are subject to the Securities Act of 1933, the Securities Exchange Act of 1934, as amended, the rules of self-regulatory organizations, such as the Financial Industry Regulatory Authority, Inc. (FINRA), and applicable state laws.

1.2 Type and Scope of Services

Brokerage Services

Our financial professionals can recommend and we can transact securities trades for you, including the buying and selling of securities (including investment funds and products) that can be held in a brokerage accounts, maintained with our clearing firm or directly with the investment issuer/sponsor ("direct account"). Our financial professionals can recommend products such as mutual funds, exchange-traded funds, stocks, private placements and Corporate fixed income or US Government securities.

Their recommendations may include whether to buy, sell, or hold securities as well as investment strategies involving securities, which includes recommendations of account types, and rollovers or transfers of assets, such as rolling overretirement plan assets into an IRA account.

Account Types

We offer an array of account types with different features and benefits thatare intended to address different needs and objectives of our customers. When opening an account with us, you may choose between many different options or account types for your brokerage account, including accounts held with our clearing firm; directly held accounts; and retirement accounts (e.g., IRA accounts).

In addition, our brokerage accounts, held with our clearing firm, offer certain cash management features, including the option to hold cash ina cash sweep vehicle. The cash sweep vehicles allow you to hold your cash in interest-bearing moneymarket funds (non-insured) or bank accounts insured by the Federal Deposit Insurance Corporation.

Before deciding whether to open an account with us, you will want to discuss the services we can offer and our account options withyour financial professional to decide which account type best fits your financial goals.

Our Investment Philosophy

Although we offer products to customers at all income levels, the Firm's target market is middle income customers who are primarily seeking to invest to meet retirement, education, and other similar funding goals, and secondarily to invest for legacy purposes. The Retail Platform includes traded investments, investment funds and products, and investment strategies believed to be in thebest interest of the Firm's customer base.

We require our financial professionals to have a reasonable basis, taking into account the potential risks, rewards, and costs associated with a recommendation, to believe that each recommendation made to a customer is in the customer's best interest, and does not place the interest of the broker-dealer or our financial professional ahead of the interest of the customer at the time the recommendation is made.

Our financial professionals utilize various tools in making determinations that are in the customer'sindividual best interest.

While your financial professional will take reasonable care in developing and making recommendations to you, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents or prospectus, if applicable, for any security we recommend for a discussion of risks associated withthe product.

1.2.1 Material Limitations

We do not limit our investment offerings to specific asset classes except as otherwise noted, or to investments with third-party arrangements such as mutual fund shareholder servicing fees. We donot have any minimum account requirements, although some of the investments you can purchase through us have minimum investment requirements.

However, there are certain material limitations on our services and the services of our financialprofessionals, and these limitations are set forth below.

- *Financial Professional Limitations*: Not all of our financial professionals can offer the full range of investments and services we offer. For instance, some of our financial professionals are licensed to offer brokerage services but may only be able to offer only certain types of investments that are commonly referred to as package products, such as mutual funds, and are unable to offer the full range of investments we make available due to the securities licenses that they may hold.
  Furthermore, regardless of their particular licensing status our financial professionals primarily recommend package products.
    - This is a material limitation on the securities or investment strategies that your financial professional may recommend to you, and you should discuss any such limitations with your financial professional. In addition, you may research your financial professional's experience and licenses on FINRA's BrokerCheck website atwww.finra.org/brokercheck.

- *Investment Limitations:* While we offer a variety of investments, including investment funds and products, there are certain types of investments we do not offer. For instance, we do not offer all mutual funds from every single mutual fund company issuer, or every type of ETF. We also do not offer options, municipal securities, insurance products or college savings plans. This means that our financial professionals are limited to recommending only those investments that we are authorized to offer. This is a material limitation on the securities or investment strategies that our financial professionals may recommend to you.

- *Account Monitoring:* While our financial professionals remain available to assist you, our financial professionals do not monitor your account or your investment performance after effecting a securities transaction for you, including those investments our financial professionals recommend.

- *Discretionary Investment Authority:* Our financial professionals do not make investment decisions for you or manage your account on a discretionary basis. Because our financial professionals do not have discretionary investment authority, this means that we cannot buyor sell investments in your account without first obtaining your consent. Our financial professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only do so when specifically directed by you.

- *Discounted Commissions*: We are an introducing brokerage firm, and are not a "discount" brokerage firm. Given the variety of brokerage services we and our financial professionals offer you as a full-service brokerage firm, we do not offer discounted brokerage commissions.This is a material limitation on our services.

2. Fees and Costs

This section provides information about the material fees and costs associated with your account, transactions, and holdings. Because fees vary depending on the specific transaction or service provided, the information below first describes the fees and costs associated with your account, andthen the fees and costs associated with transactions and investment holdings that our financial professionals may recommend.

2.1 Fees and Costs Associated with Account

Depending on the type of account you open, you will pay certain fees and costs associated with youraccount that may include an annual custodial, account maintenance fees including various assessments and usage fees by our clearing firm that could include wire fees, transfer fees, fees for using a margin account, bank charges and processing and handling fees for trades. Any fees charged by our clearing firm will be deducted from your brokerage account when incurred and will be disclosed to you on your account statement.

The fees described above apply to investments held in brokerage accounts. If you hold your investment directly, please review the prospectus or other offering document for a description of anyfees such as program management and maintenance fees that may be applied by the insurance company or other issuer of the product.

2.2 Fees and Costs Associated with Transactions and Holdings

We are paid each time you trade in your brokerage account or make a new investment. This payment is typically called a "commission," but it may also be called a "sales charge" or a "markup." This kind of payment presents a conflict for us because it creates an incentive to encourage you to trade more and make additional investments. The commission rate or amount varies depending on the investmentand the size or amount of the transaction.

Furthermore, each time you trade in your brokerage account held with our clearing firm, our clearing firm will impose ticket and execution charges which will be disclosed on your written trade confirmation statement.

In addition, investments that are interests in mutual funds bear ongoing fees and expenses that are embedded into the cost of the investment holding. You pay these ongoing fees andexpenses indirectly because they are factored into the cost of the investment.

Because the fees and costs vary among investments, set forth below and on the following pages isparticularized fee and cost information regarding the types of transactions and investment holdingsgenerally purchased or traded by our customers.

Where applicable, we have included certain hypothetical transactions as examples. Please note that fees and costs associated with your specific transaction may differ from these hypothetical examples.

<u>Mutual Funds</u>

Characteristics

The Firm offers a wide range of mutual funds from many different mutual fund companies. Mutual funds are registered investment companies that issue redeemable securities. Mutual funds issue shares on a continual basis, and there is no secondary trading market for mutual fund shares. Mutualfunds are required to sell their shares at the fund's net asset value (NAV) per share plus any applicable sales charge or load, which is described below. The fund's NAV is calculated by dividing thetotal value of all the fund's assets, minus any liabilities such as ongoing fees and expenses (describedbelow), by the number of shares outstanding.

An important aspect of mutual fund investing is to read the mutual fund's prospectus carefully before investing. Each mutual fund prospectus contains important information that will help you make an informed decision about an investment in a mutual fund. In deciding whether to invest in a mutual fund, you should consider several different factors, including the mutual fund's past performance, investment objective, investment strategies and risks, the investment adviser responsible for the management of the mutual fund's assets, and the fees and expenses associated with an investment ina particular mutual fund. While past performance of a mutual fund is not indicative of future results, amutual fund's long-term performance record and portfolio manager's experience and qualifications may be important factors in deciding to invest in a mutual fund.

Fees and Costs – Generally

You will typically pay a sales charge or load when you buy shares in a mutual fund. We receive a portion of this sales charge for our efforts and the efforts of our financial professionals in selling shares of the mutual fund.

Most mutual funds utilize multiple share classes, with differing fees and expenses for distribution and shareholder services. Though there are many different types of share classes, the most common shareclasses available to you are Class A, Class C. Each class typically has different fees and costs, and therefore fund performance results will differ as those fees and expenses reduce performance across share classes. You should also note that the amount of time you expect to hold your investment in a mutual fund may play an important role in determining which share class is most appropriate for you, and you should discuss this consideration with your financial professional.

Fees and Costs – Share Class Distinctions

While there are no standard definitions for these share classes, and each mutual fund defines its shareclasses in its prospectus, set forth below are some basic descriptions of the most common share classes available to you:

- Class A – This share class usually carries a front-end sales charge, which is typically assessed as a percentage of your investment. This means that a sales charge is deducted from your investment each time you purchase shares in the mutual fund. Class A shares also typically have ongoing fees and expenses, which sometimes include fees commonly referred to as 12b-1 fees, and these 12b-1 fees are intended to finance distribution activities intended primarily to result in the sale of additional shares of the mutual fund. Despite these ongoing fees and expenses, Class A shares typically have lower operating expenses compared to the other share classes of the same mutual fund that may be available to you. This means that ongoing costs will typically be lower than ongoing costs associated with other share classes of the same mutual fund that may be available to you.Many mutual funds offer "breakpoint" discounts for large investments in Class A shares, which means that the front-end sales charge decreases as the investment increases. These breakpoints are described in the mutual fund's prospectus.

For example, if you purchase $10,000 of Class A shares of a mutual fund that assesses a 5% front-end sales charge on your investment, you will pay a $500 front-end sales charge and the remaining $9,500 of your investment will be used to purchase Class A shares of the mutual fund.

- Class C – This share class is characterized by a level asset-based sales charge that you pay annually as a percentage of your assets. It does not have a front-end sales charge likeClass A shares, but does have a contingent deferred sales charge (also known as a CDSC).This CDSC means that you pay a sales charge when you sell your mutual fund shares. The amount of the CDSC is typically assessed as a percentage of your investment, and it declines over time and eventually is eliminated the longer you hold your shares. Most Class C shares generally eliminate the CDSC after one year.

For example, if you purchase $10,000 of Class C shares of a mutual fund with a 1% asset-basedsales charge, you will not pay a front-end sales charge or a CDSC, so the entire $10,000 investment will be used to purchase Class C shares of the mutual fund at the time of purchase. However, each year, your investment will be charged a 1% asset-based charge, so your initial

$10,000 investment will be reduced to $9,900 after the first year as a result of the asset-basedsales charge, assuming no appreciation or depreciation of the shares in that one-year period.

- Class R – This share class is available to retirement investors purchasing shares in a mutual fund through employer-sponsored retirement plans, such as 401(k) plans. Class Rshares do not have a front-end sales charge or CDSC like Class A or Class C shares, but Class R shares do have ongoing fees and expenses such as 12b-1 fees intended to financethe distribution activities related to sales of the fund shares. These fees and expensesarededucted from your assets on an ongoing basis.

For example, if you purchase $10,000 of Class R shares of a mutual fund through your employer-sponsored retirement plan, you will not pay a front-end sales charge or a CDSC, so the entire

$10,000 investment will be used to purchase Class R shares of the mutual fund at the time of purchase. However, certain ongoing fees and expenses, such as 12b-1 fees, will be deducted fromyour investment. If the ongoing fees and expenses are 1%, your $10,000 investment will be reduced to $9,900 after the first year as a result of the ongoing fees and expenses assuming no appreciation or depreciation of the shares in that one-year period.

Fees and Costs – Breakpoints

While it may make sense to own mutual funds from different mutual fund companies, it also may increase the total sales charges that you pay to purchase those mutual funds. Mutual fund companies often offer discounts or reduced sales charges based on the total amount you choose to invest with the mutual fund company. The investment levels needed to receive these discounts are known as "breakpoints." Mutual fund companies typically allow you to combine holdings with those of immediatefamily members to reach these breakpoints.

Set forth below are some common ways you can receive the benefits of breakpoints.

- *Rights of Accumulation*: "Rights of accumulation" allow you to combine your mutual fund purchase with your existing investment in the mutual fund company to reach a breakpoint.

- *Letter of Intent*: You can take advantage of breakpoints by agreeing to purchase a certain dollar amount in a mutual fund over a specified period of time. In most instances, this requires signing a "Letter of Intent" (LOI).

The prospectus of every mutual fund describes its breakpoint policies, including how you can reach breakpoints. You can request a copy of a mutual fund's prospectus from your financial professional.

Fees and Costs – Ongoing Fees and Expenses

In addition to the 12b-1 fees mentioned above, mutual funds typically also deduct other ongoing feesand expenses, such as management fees or servicing fees, from fund assets. These ongoing fees andexpenses are typically used to pay for the mutual fund's continued annual operating expenses (theseongoing fees are sometimes referred to as the mutual fund's "expense ratio"), such as paying the mutual fund's investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses. In addition, as noted above, the ongoing fees and expenses include fees commonly referred to as 12b-1 fees, and these 12b-1 fees are intended to finance distribution activities intended primarily to result in the sale of additional shares of the mutual fund, and includemarketing and advertising expenses.

These ongoing fees and expenses are typically charged daily as a percentage of your assets. You paythese fees and expenses indirectly because they are deducted from your assets on an ongoing basis.These payments, as well as the conflicts of interest associated with them, are described more fully below in this Reg BI Disclosure.

More Information

More information on a mutual fund's sales charges, ongoing fees and expenses, and overall expenseratio is available in the mutual fund's prospectus. You can request a copy of a mutual fund's prospectus from your financial professional. We also encourage you to review carefully the Mutual Fund Disclosure Form that you will be provided at the time of recommendation. This form provides additional important information that you should know before purchasing a mutual fund.

Exchange-Traded Funds

Characteristics

The Firm offers a wide range of exchange-traded funds (ETFs). ETFs are investment funds that are listed for trading on a national securities exchange and can be bought and sold in the equity trading markets. Shares in the ETF represent an interest in a portfolio of securities.

ETFs possess characteristics of both mutual funds and closed-end funds. Similar to mutual funds, an ETF pools asset of multiple investors and invests those pooled assets according to its investment objective and investment strategy. ETFs also continuously offer their shares for sale like mutual funds.In addition, ETFs share certain characteristics with closed-end funds, namely that the fund's shares trade on a secondary market and may trade at prices higher or lower than the fund's NAV.

However, ETFs do not sell or redeem individual shares. Instead, certain "authorized participants" havecontractual arrangements with the ETF to purchase and redeem ETF shares directly from the ETF in blocks called "creation units" and "redemption units," respectively, where each creation or redemptionunit typically represents 50,000 shares of the ETF. After purchasing a "creation unit," the authorized participants generally sell the ETF shares in the secondary trading market.

This creation and redemption process for ETF shares provides arbitrage opportunities designed to helpkeep the market price of ETF shares at or close to the NAV per share of the ETF. For example, if ETF shares are trading at a price below the NAV (generally referred to as a "discount"), an authorized participant can purchase ETF shares in secondary market transactions, and – after accumulating enough shares to compose a "redemption unit" – redeem them from the ETF for the more valuable underlying securities. The authorized participant's purchase of ETF shares in the secondary market would create upward pressure on ETF share prices, which would bring them closer to the NAV per share of the ETF.

Fees and Costs

You will typically pay a commission every time you buy or sell shares in an ETF. You will pay this commission in addition to the amount of the ETF you choose to buy or sell. This commission is a one-time fixed fee, which varies depending on the amount you invest in an ETF.

For example, if you invest $10,000 in an ETF, you will typically pay a $91 commission.

ETFs also deduct ongoing fees and expenses, such as management fees, from ETF assets. These ongoing fees and expenses are typically used to pay for the ETF's continuing operations, such as paying the ETF's investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses. However, ETFs generally have lower expense ratios than mutual funds because most ETFs are not actively managed and, therefore, do not incur the internal costs of buyingand selling the underlying portfolio securities.

These ongoing fees and expenses are typically charged annually as a percentage of your assets. Youpay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. We may receive payments from the legitimate profits of the ETF's investment adviser, where such payments are generally referred to as "third-party payments" or "revenue sharing." These payments, as well as the conflicts of interest associated with them, are described more fully below inthis Reg BI Disclosure.

More Information

More information about ETFs, including their ongoing fees and expenses and overall expense ratio, is available in the ETF's prospectus. You can request a copy of an ETF's prospectus from your financial professional.

<u>Equities</u>

Characteristics

The Firm offers a wide range of equity securities, which give stockholders a share of ownership in acompany. Stocks usually are one part of an investor's holdings. Before deciding to buy or sell an equity security, such as a publicly traded company, it is important for you to evaluate the risks associated with the company. As part of this evaluation, you will want to carefully review the company's relevant disclosure documents, or its most recent audited financial statement Stocks in public companies are registered with the SEC and in most cases, these companies are required to file reports with the SEC quarterly and annually.

Fees and Costs

Buying and selling stocks entails fees. You will typically pay a commission every time you buy or sell an equity security. You will pay this commission in addition to the price you pay for the equity securityyou choose to buy or sell. This commission is a one-time fee, which increases as the overall transaction increases. Our firm is not a "discount" broker-dealer; discount broker-dealers generally offer lower commission rates.

More Information

You may also obtain information about equity securities generally by visiting the SEC's website at https://www.investor.gov/introduction-investing/investing-basics/investment-products/stocks.

Bonds

Characteristics

Upon your request, we can offer access to a variety of bonds, such as corporate bonds, government bonds. Bonds are debt securities issued by corporations, governments, or other entities that pay fixed or variable interest rates to investors for a specific period of time. When the bond reaches maturity, the bond issuer generally returns the principal amount of the bond to investors. There are many types of bonds and the features, characteristics, and risks associated withbonds can vary significantly.

Fees and Costs

You will typically pay a "markup" as a transaction cost to the clearing firm when you buy a bond. Withnew issues of bonds, the broker-dealer's markup generally is included in the par value, so you do not pay separate transaction costs. Everyone who buys a new issue pays the same price, known as the offering price.

When you buy bonds through a broker-dealer on the secondary market, the broker-dealer will chargea markup that represents the difference between the price a broker-dealer pays for a bond and the price at which it is sold to you by the broker-dealer.

If you sell a bond before it matures, you may receive more or less than the par value of the bond. Either way, the clearing firm will mark down the price of your bond, paying you slightly less than its current value (and will then mark up the price slightly upon resale to another investor). This is howbroker-dealers are compensated for maintaining an active secondary market.

The amount of a markup/markdown charged on a bond transaction will depend on a number of factorsand particular circumstances for each transaction, including the type of bond (corporate, government, or municipal), transaction size, credit quality, unit price, maturity, liquidity, and market scarcity.

For example, if you purchase $10,000 worth of corporate bonds on the secondary market priced at

$100 per bond, and a par value of $1,000 and the broker-dealer's markup is 1% per bond, you wouldpay $100 for the market price of the bond and then an additional $10 markup, which means you would pay a total markup of $100 and pay $10,100 in total to purchase the corporate bonds, which does not include accrued interest if applicable.

More Information

3 Conflicts of Interest

We have identified certain conflicts of interest (conflicts) that relate to the recommendations we and our financial professionals make. A conflict arises when an economic benefit incentivizes either us or afinancial professional to put our interests and/or the interests of the financial professional ahead of theinterests of a customer. Some of these conflicts exist between customers and both our firm and financial professionals, while others exist between customers and our firm alone or between retail customers and financial professionals alone. The section below discloses material facts relating to these conflicts so that you are able to make an informed decision regarding any recommendation a financial professional provides you.

3.1 Conflicts for Both Our Firm and Financial Professionals

Conflicts between customers and both our firm and financial professionals may be caused by a varietyof arrangements, including the role we play in a transaction, compensation arrangements, or trading arrangements. The material facts relating to these conflicts are as follows:

✓ *We and our financial professionals get paid when you trade or invest based on our recommendations.* We are paid each time you purchase a package product, trade in your brokerage account, or make a new investment. We also pay our financial professionals a portion of the transaction-based payments that we receive. These transaction-based payments, usually called commissions, incentivize us and your financial professional to encourage you to trade more and purchase additional investments that result in additional revenue for our firm and your financial professional.

✓ *For some package products you purchase based on our recommendation, we receive payments from a third-party that are in addition to the transaction-based payments describedabove.* This is typically the case when you purchase mutual funds. For example, certain issuers make ongoing payments to us based on invested assets (and not just new investments), such as 12b-1 fees, shareholder servicing fees or trail compensation. These third-party payments are described in further detail in the prospectus or offering materials for the investment, which will be made available to you in connection with any purchase. All of these third-party payments incentivize us and your financial professional to sell you or recommend you hold investments that entail these payments rather than investments that do not entail these payments or entail comparativelylower payments.

✓ *For investments with multi-share class structures, we generally receive comparatively more compensation when we recommend you purchase or hold a share class that is likely to be more costly for you*. Some investments, such as mutual funds, offer multiple share classes, and depending on the share class in which youare invested, we may earn higher commissions, ongoing payments and/or other compensation. These comparatively higher commissions, ongoing payments and other compensation incentivize us and your financial professional to sell you or recommend you holdthe share class in a multi-share class structure that results in the most compensation for us and is likely to be more costly for you. Please note, however, that where issuers have multi- share class structures, the lowest-cost share classes may not be available to investors, due to high minimum investment amounts or account type requirements (e.g., a retirement account or an advisory account). You can find more information about the compensation paid on different share classes in the prospectus for the investment, or by asking your financial professional.

✓ *We get paid when you engage in a rollover transaction.* We can recommend that you roll overassets from your workplace retirement plan into an IRA account. When you engage in a rollover to an IRA, we and your financial professional will receive compensation in connection with the investments you hold in your IRA account. IRA rollover recommendations incentivizeus and your financial professional to encourage the purchase of investments that result in additional compensation for us and your financial professional.

- ✓ *We have an incentive to recommend the account type that pays us the most compensation.* We can recommend that you invest through different account type arrangements, such as through a brokerage account or an account directly held with the issuer of the investment (or itstransfer agent). Depending on factors such as the type and level of services you require as well as the frequency of trading in your account, one of these account types may be more cost-effective for you than the others. The availability of different account types incentivizes us and our financial professional to recommend the account type that results in the most compensation for us and your financial professional.

- ✓ Certain investment firms receive access to our financial professionals based on payments they make to subsidize meetings, events and conferences. Some of the issuers of products and providers of services pay us compensation for their personnel to attend and/or present at meetings, events and conferences that our financial professionals attend. Because only the investment firms that make these payments receive access to our financial professionals at these meetings, events and conferences, these arrangements can influence which products and services our financial professionals recommend to you.

3.2 Conflicts for Our Firm

Conflicts between customers and our firm may be caused by a variety of arrangements, including the role we play in a transaction, compensation arrangements, trading arrangements, or customer-specificarrangements. The material facts relating to these conflicts are as follows:

- ✓ *Our clearing firm makes revenue sharing payments to us.* Our clearing firm makes periodic payments to us based on the amount of our total customer assets invested in certain investments as of certain dates, including balances held in cash sweep accounts. These payments incentivize us to sell you or recommend you hold investments that entail such payments rather than investments that do not entail these payments or entail less of these payments.

3.3 Conflicts for Financial Professionals

Conflicts between customers and our financial professionals may be caused by a variety of arrangements, including compensation arrangements, customer-specific arrangements, or outside business activities. The material facts relating to these conflicts are as follows:

- ✓ *Your financial professional's compensation is tied to meeting sales targets.* Firm- and affiliate-paid cash and non-cash compensation, incentives, and bonuses for financial professionals are tied to factors including asset accumulation or growth, total sales, and recruiting activities. These arrangements incentivize your financial professional to encourage more trading and the purchase of additional investments, including proprietary investments, that result in your financial professional meeting his or her sales targets. This conflict is especially acute as your financial professional approaches the deadline for meeting sales targets.

- ✓ *Your financial professional can receive non-cash compensation from product issuers and service providers.* In addition to the compensation we provide to your financial professional, certain product issuers and service providers can provide your financial professional non-cashcompensation in the form of gifts, business meals, entertainment, travel expenses, and seminar and other educational meeting expenses. The receipt of this non-cash compensation presents a conflict because it creates an incentive for the financial professional to recommendthose investments or funds whose issuers or sponsors offer these forms of compensation.

- ✓ *The amount of compensation we share with your financial professional depends on the investments recommended to you and your financial professional's sales volume.* The amount of commissions, fees, transaction-based payments, ongoing payments, and other forms of compensation we share with financial professionals is dictated by a compensation grid. Our compensation grid is not investment neutral, meaning that the percentage of the compensation for any given transaction that your financial professional receives varies based on the investment recommended. Our non-investment-neutral grid incentivizes your financial professional to recommend to you the investment that results in the highest net payout for your financial professional. In addition, our compensation grid has thresholds or bands that enable your financial professional to increase his or her compensation through an incremental increase in sales. Moreover, your financial professional's payout percentage can be adjusted depending on your financial professional's total sales and overall performance. These thresholds, bands and payout percentage adjustments incentivize your financial professional to encourage more trading and the purchase of additional investments that result in your financial professional meeting certain sales targets and other metrics. This conflict is especiallyacute as your financial professional approaches a sales threshold or the deadline for meeting sales targets.

- ✓ *Some of our financial professionals have outside business activities that compete for their time.* Some of our financial professionals engage in outside business activities. If your financial professional engages in any outside business activities, these activities can incentivize your financial professional to spend more time on the outside business activity rather than on his orher brokerage relationship with you. You may research any outside business activities your financial professional may have on FINRA's BrokerCheck website at www.finra.org/brokercheck.

More information about our products and services can be found at www.globalpacificsecurities.com.