

## **ETC Brokerage Services' Regulation Best Interest Disclosure Supplement**

This guide summarizes important information concerning the scope and terms of the brokerage services ETC Brokerage Services ("ETC Brokerage") offers and details the material conflicts of interest that arise through our delivery of self-directed brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s), disclosure documentation, and our Customer Relationship Summary ("Form CRS"), which contain important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action, and other reportable legal information.

As you review this information, we would like to remind you that we are registered as a broker dealer with the U.S. Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and fifty-one U.S. States and Territories. The SEC offers free and simple tools to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, disciplinary account, and investing.

### **Brokerage Services, Products and their Related Fees**

We provide brokerage account services only to customers who hold an account at our affiliate, Equity Trust Company. You must open a separate account with us to place trades, and Equity Trust will be the custodian for the assets in your brokerage account. When you establish a brokerage account with us, you can buy, sell, and hold investments within your self-directed account. The primary service we provide is our trading capability. We execute purchases and sales as directed by you. We do **not** solicit trades, make product recommendations, or have discretionary authority over investment accounts. We offer phone-based trading through one of our registered representatives, and we offer web-based trading. We also offer trading functionality for outside Investment Advisors and Registered Representatives who utilize our affiliate, Equity Advisor Solutions, for back office solutions and technology. If your account is managed by an outside representative, please see that firms' Regulation Best Interest disclosures for more information.

### **Brokerage Account Types – Cash Brokerage**

We only offer brokerage services in a cash account. All purchases of securities must be fully paid for by the trade settlement date. We do not offer margin accounts. We offer many different account types including self-directed custodial IRAs, trust accounts, and non-qualified accounts. Please see our account agreement(s) and fee schedule for more information concerning available account types. <https://etcbrokerage.com/resources/> and click on Fee Schedule.

June 29, 2020

## **Incidental Brokerage Services, Recommendations, and Account Monitoring**

All our accounts are self-directed, and we do **not** provide recommendations for investments, or account type. We do **not** monitor accounts or investments. Customers must carefully review their accounts to ensure they are in line with your goals and objectives. When trading, we act at your direction and charge a fee per trade. We do not trade from an inventory account or act as a principal on the transaction. If your account is managed by an outside representative, please consult with that firm for their policy.

## **Clearing Services**

We have an exclusive clearing agreement with Axos Clearing, LLC. More information may be found in our custodial customer account agreement(s).

## **Understanding Risk**

It is important for you to understand that securities involve risk, including the risk that you may lose your entire principal. Further, investments are not FDIC insured and there is no bank guarantee. All trading decisions are made by you, or your designated outside investment representative, so it is important that investment decisions are made that are appropriate for your investment objectives, risk tolerance, and time horizon. We encourage you to carefully consider your investment objective and risk tolerance before investing. ETC Brokerage does not evaluate risk on your behalf or conduct a suitability review. Please consult [Investor.gov/CRS](http://Investor.gov/CRS) for educational materials on investments.

## **Cash Sweep Program Feature**

All our brokerage accounts are linked to our customers' Equity Trust Company accounts via an ACH link. Cash is automatically swept from Equity Trust to ETC Brokerage to pay for trades, and sales proceeds are swept from ETC Brokerage to Equity Trust after trade settlement. More information may be found in our custodial customer account agreement(s) and your Equity Trust Company custodial account agreement.

## **Account Minimums and Activity Requirements**

There are no account minimums, no trading minimums, and no annual fee charged by ETC Brokerage. However, please consult your Equity Trust Company custodial account agreement concerning its account minimum requirements and associated fees.

**INVESTMENT PRODUCTS: NOT FDIC INSURED \* NO BANK GUARANTEE \* MAY LOSE VALUE**

## **Types of Investments that You Can Purchase in Your Account:**

### ***Debt Securities***

You can engage in debt securities trading in your account and are charged a fee for trading in corporate, municipal, and treasury fixed income securities. These fees are disclosed in our fee schedule. If your account is managed by an outside representative, please contact them to review their fees.

### ***Equities***

You can engage in equity trading in your account. The associated fee is \$24.95 per trade for internet orders, and \$49.95 for representative-assisted trades.

### ***Mutual Funds***

You can engage in trading in mutual funds in your account, which vary in share class structure and investment style. For self-directed customers we process all mutual funds trades at Net Asset Value (NAV). Information regarding specific fees charged by ETC Brokerage can be found in our fee schedule. Investors should carefully research mutual funds for all fees associated with the investment and refer to the investment prospectus for more information.

### ***Unit Investment Trusts (UITs)***

You can engage in trading equity and fixed income UITs. All fees charged by UITs should be carefully researched and the details of all fees are disclosed in the prospectus issued by the UIT provider. Please review the most recent prospectus for the specific UIT. Additionally, please consult ETC Brokerage's fee schedule.

### ***Derivatives***

You can engage in covered call writing, and equity and ETF option contract purchasing in your ETC Brokerage account. You should carefully consider the risks involved in option contracts. Option trades fees may be found in our fee schedule.

### ***Alternative Investments***

We do not offer alternative investments.

### ***Annuities***

We do not offer annuity products.

**INVESTMENT PRODUCTS: NOT FDIC INSURED \* NO BANK GUARANTEE \* MAY LOSE VALUE**

## **Our Compensation and Conflicts of Interest**

### **Compensation We Received from Clients**

We receive compensation from our clients by charging fees on trades and other fees for various brokerage related transactions, including paper statement fees, online trading access, and postage fees. Please see our fee schedule for a full list of these costs.

<https://etcbrokerage.com/resources/> and click on Fee Schedule.

**Transaction fees charged vary based on the type of security. Please consult the fee schedule for more details. Additionally, if your account is managed by an outside representative, please contact them to review their fees.**

### **Compensation We Receive from Third Parties**

Depending on the mutual fund share class a customer chooses, we may receive trail compensation in the form of 12b-1 fees. For self-directed customers all mutual funds are purchased at Net Asset Value. We use Axos Clearing, LLC as our clearing firm. We receive realized fees/commissions.

### **Compensation Related to Our Affiliates**

ETC Brokerage receives revenue from its affiliates, Equity Trust Company and Equity Advisor Solutions, for brokerage services it provides. Please consult your agreements with Equity Trust Company and/or Equity Advisor Solutions for more information.

### **Compensation Received by Financial Professionals**

All our representatives are paid a salary. Potential incentive compensation is tied to individual goals associated with operational and customer service performance metrics, and overall firm profitability. Representatives do not have goals around number of accounts, trades, account size, number of accounts, or products of any kind.

**Additional Resources: Please consult Investor.gov/CRS for additional information.**

**INVESTMENT PRODUCTS: NOT FDIC INSURED \* NO BANK GUARANTEE \* MAY LOSE VALUE**