Midwestern Securities Trading Company, LLC
P.O. Box 2528, East Peoria, IL 61611
309.699.6786 ■ Fax: 309.699.7498
info@midwesternsecurities.com

Regulation Best Interest – Disclosure Packet

1. Introduction:

The following information is to be used in conjunction with Midwestern Securities Trading Company, LLC's (MSTC) Form CRS to assist in aiding you, the retail investor, in understanding our firm's role, the services we provide, the costs involved, and other material information pertaining to your relationship with our firm. Should you have questions or concerns regarding the information herein, please speak with your financial professional. If they are unable to answer your question to your satisfaction, please contact our Chief Compliance Officer at 800-732-8601.

The information herein is considered "high level" and it is not necessarily tailored specifically to recommendations made with respect to your assets or accounts. In the event that additional disclosures are applicable with respect to any recommendation made pertaining to your assets or accounts, such disclosures will be provided prior to or concurrently with such recommendation.

A. Who We Are - Midwestern Securities Trading Company, LLC is a registered broker-dealer and investment advisor with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) since 03/10/2000. MSTC is a member of the Securities Investor Protection Corp. (SIPC).

At Midwestern Securities Trading Company, we always have the best interest of our clients in mind. As an independent Broker/Dealer and Registered Investment Advisor, we pride ourselves on providing personalized service that goes beyond what is expected. MSTC offers a broad range of investments and other services to help you and other clients meet their needs. Financial planning is the bedrock upon which these important decisions can be made on a variety of issues. Retirement planning, college expense planning, goal planning, risk management for the protection of loved ones, and a broad investment menu and services are also available.

B. Who We Serve - We provide brokerage and investment advisory services to retail and institutional clients in several ways, depending on your individual circumstances and how you prefer to engage with us. It takes the assistance of a financial professional to put that information into context; to know you, your needs, and your stage of life; and to determine which approach complements your goals.

C. How We Serve You - We put the needs of our clients first, and it is the foundation of our business as we work to understand our clients' needs. When you work with a financial professional at MSTC, they are available to provide personalized advice or other investment guidance (depending on the type of account you open). Among other things, our financial professionals strive to:

- Understand your individual needs, goals, and tolerance for risk, so that you will feel confident in the financial decisions that you make
- Recommend and present financial solutions that are designed to help pursue your investment and planning needs
- Work closely with you to implement these recommendations
- Make adjustments, as appropriate, to suit your changing needs or adapt to economic and market conditions
- Act on your behalf with integrity and respect for your financial needs and concerns
- Provide views on the market and guidance during periods of market volatility in an attempt to help you avoid ill-timed actions.

When we provide you with a recommendation as your broker-dealer or act as your investment advisor, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice that we provide you.

2. Material facts relating to the scope and terms of the Firm's relationship with its Retail Clients/ Investment Accounts and Services:

A. Different Types of Investment Accounts:

No single approach to investment services suits every investor. MSTC offers a variety of ways that you can do business with your financial professional. The client relationships that we offer can be divided into two general categories: brokerage and investment advisory services. There are important differences between the two, including the types of services provided, the costs, and how they are regulated.

Our clients work with their financial professionals to determine the services that are most appropriate given their goals and circumstances. Based on the services you request, we can fulfill your need in our capacity as an investment advisor, as a broker-dealer, or as both. Once we deliver a financial recommendation, you can decide whether to implement the recommendation via brokerage accounts, advisory programs, or a combination of both, depending on your needs and preferences. Most of our financial professionals are qualified and licensed to provide both brokerage as well as advisory services, depending on the services a client has requested.

Acting in the capacity of a broker-dealer is different from acting as an investment advisor. It is important to understand that investment advisory and brokerage services are separate and distinct, and each is governed by different laws and separate contracts with you. While there are similarities among the brokerage and advisory services we provide, depending on the capacity in which we act, our contractual relationship and legal duties to you are subject to several important differences. MSTC is a registered broker-dealer and investment advisor.

• Material Facts About Your Brokerage Account Relationship:

When we act as your broker, we are held to the standards of the SEC's Regulation Best Interest regulation.

- **Disclosure Obligation:** MSTC must release facts about our financial professionals' recommendations and their relationship to the products to clients and potential clients. This REG BI disclosure packet, the Form CRS, along with other relevant, referenced documents shall provide this information.
- **Care Obligation:** MSTC and our financial professionals must use reasonable due diligence when making account/relationship and investment recommendations. In other words, we want our clients to be informed of and understand the risks, rewards, and costs associated with the proposal. It is our duty to deal fairly with you; it is our obligation to make sure that the prices you receive on transactions that we recommend are reasonable and fair in the light of prevailing market conditions and that the commissions and fees that we charge to you are not excessive. We must also have a reasonable basis for believing that any securities recommended to you are suitable and appropriate for you, given your individual situation, and are in your best interest, not the firm's or financial professional's.
- **Conflict of Interest Obligation:** MSTC must establish, maintain, and enforce written policies and procedures to identify and disclose, mitigate, or eliminate conflicts of interest. In depth disclosure on conflicts of interest occur later in this document.

- **Compliance Obligation:** MSTC must establish and continually enforce these policies and procedures so the retail client's interests are always placed first.

In a brokerage account relationship, clients pay for the services they request, such as buying and selling stocks, bonds and mutual funds, and trading. Payment may be in the form of commissions or other fees for each transaction, or as deferred sales charges or built-in expenses in products such as mutual funds and variable annuities. Clients can conduct transaction-based business with us through investments, education savings, group and individual retirement accounts, trusts, and other accounts.

Annuities and life insurance are made available by our insurance-licensed financial professionals through third-party insurance companies unaffiliated with us.

It is important to note that when we act as a broker-dealer (brokerage account), we do not enter a fiduciary relationship with you. As such, unless there are special circumstances, we are not held to the same legal standards that apply to fiduciary relationships (investment advisory accounts).

•Different Types of Brokerage Accounts - MSTC offers brokerage accounts in two ways:

- **Accounts held directly with a product sponsor:**
  - **Mutual Funds and 529 Plans:** These accounts are held directly at the fund company or 529 plan sponsor. In general, these accounts will incur less account-based costs/fees than accounts held at our clearing firm. However, as a trade-off, there is generally less investment choice.
  - **Insurance-Variable Life (Variable Annuities and Variable Universal Life):** These accounts are held directly at the insurance provider. Although VAs and VULs are insurance products, they also have exposure to securities. As such, they are considered investments and carry considerably more risk than traditional insurance products (i.e. fixed annuities, term life insurance, and health insurance). These accounts can incur high charges when additional options or "riders" are selected. Not all "riders" are appropriate for every customer and you should thoroughly review these options with your financial professional.
- **Accounts held at our current custodian – National Financial Services (NFS):** MSTC is considered an introducing broker dealer and cannot custody/clear client funds. To serve our clients, we must contract with a third-party firm that has these capabilities. The additional costs/fees incurred by client accounts held at a clearing firm allow for enhanced investment choice and capabilities.

Review of your account with your financial advisor – MSTC financial professionals do not provide investment or account monitoring with our brokerage accounts. However, at their discretion, they will voluntarily review your account to determine whether to recommend a securities transaction or an investment plan involving a security to better align your account with investment guidance. Further, you may request such reviews on an as-needed basis.

B. Material Fees and Costs That Typically Apply to Your Transactions, Holdings and Account(s):

Below is a summary of the material fees and costs that typically apply to your transactions, holdings, and account. Additionally, some of the costs described in the sections titled "Internal Costs, Fees and Expenses of Certain Investments" are not direct fees or costs you pay to us, but they will reduce your return on your investment(s).

•Brokerage Accounts:

•Transactional Costs for Investments

•Commissions – You pay a commission each time you buy or sell certain investments such as a stock, exchange-traded funds (ETFs), master limited partnership (MLP), real estate investment trust (REIT) or preferred stock. The commissions on these trades are typically up to $20 + 2% of the principal amount or a $40 minimum commission. In addition to these costs, you typically also pay a $23 transaction fee per trade on most buy and sell trades in your account. In certain instances, your financial professional is permitted to discount the commission or markup on a trade.

•Markups/Markdowns - You also pay a commission or pay a markup or markdown when you buy or sell a bond or certificate of deposit (CD). For bonds and CDs, the commission or markup is typically up to 2% of the dollar amount you purchase, and the commission or markdown is typically up to 2% of the dollar amount you sell. Depending on the principal amount of the trade and the maturity date, a lower commission or markup/markdown rate is possible. In addition to these costs, you also pay a $23 transaction fee per trade on most buy and sell trades in your account. In certain instances, your financial professional is permitted to discount the commission or markup on a trade.

•Sales Charges/Front-End Loads – You pay a sales charge (sometimes referred to as a sales load) when you purchase a mutual fund, a fund in a 529 plan, a unit investment trust (UIT) or a variable annuity.

•Mutual Funds and Funds in 529 Plans – For equity mutual funds you will generally pay a sales charge between 4.25% and 5.75%, and for fixed-income mutual funds a sales charge between 2.25% and 4.75%, before any applicable discounts or breakpoints. Breakpoint discounts are volume discounts to the sales charge you pay when purchasing a mutual fund. The extent of the discount depends on the amount invested in a specific fund family. For example, a mutual fund might charge a front-end load of 5.75% for share purchases of less than $50,000 but reduce the load to 4.50% for investments between $50,000 and $99,999, and further reduce or eliminate the load for larger investments. Specific breakpoint schedules can be found in the fund's prospectus. In addition to these costs, if your account is held at NFS, you typically pay a transaction fee per trade between $3 and $33 for most buy, sell, or exchange trades. In some instances or with some certain products, at certain investment levels (typically $1 million), your investments with an individual fund family carry no sales charges. However, in these instances, the mutual fund company often pays MSTC a commission on these investments.

In some instances, a contingent deferred sales charge will apply if you sell these investments within a certain time frame. The specific amount of the sales charge on a mutual fund or 529 plan varies depending upon the fund company, type of fund and applicable breakpoints or sales charge waivers. You do not pay a commission to MSTC or your financial professional when you exchange or sell a fund. For more details on these charges and fees, please refer to the fund prospectus, a copy of which is available upon request (note that a copy of the applicable prospectus will always be delivered if/when you make a purchase).

•Variable Annuities – For a new purchase of a variable annuity, the upfront commission that you pay varies on the chosen share class structure; this is generally between 3.5% and 8.0%. In certain share classes, and certain products, as with mutual funds, your sales charge will be lower when your principal investment is higher (breakpoint discounts). Other annuity share class structures have no upfront sales load but have surrender charges that apply if you sell these investments within a certain time frame (usually between 3 and 7 years). These charges typically range from 5% to 7% of the premium in the first policy year, and subsequently decline to zero. The specific amount of the sales charge on a variable annuity varies depending upon the annuity company, type of annuity, and applicable breakpoints or sales charge waivers. For more details on these charges and fees, please refer to the policy contract, a copy of which is available upon request. Many of these products also provide for a "free-look" period during which you can surrender the product for a full refund. These periods vary, but they are typically at least 10 days. It is possible a specific product will have a reduced or no free-look period. This is an important question to ask your financial professional prior to making a purchase.

•UITs – Investors generally pay a load when purchasing UITs, and accounts are subject to annual fees. With a UIT purchase, you will generally pay a sales charge between 1.95% and 3.5%. The amount of transactional costs and fees you pay depends on the number of and principal amounts of transactions, types of investments, specific funds and any applicable discounts or breakpoints. Larger-size trades sometimes result in lower sales charge rates.

More detailed information about specific commission rates, sales charges, breakpoints/discounts, and costs can be found in the applicable trade confirmation, product prospectus, statement of additional information, offering statement, annuity contract or plan information, or by speaking with your financial professional.

•Example of a stock purchase: If you authorize your financial professional to purchase $10,000 of a stock, you could pay a commission of $20 + 2% of principal ($220) plus a $23 transaction fee, for a total transactional cost paid to us of $243, plus the principal amount of the trade (total amount of trade $10,243). Your total costs and fees can vary. This example is for illustrative purposes only and does not account for discounts or trades executed over multiple days.

•Example of a mutual fund purchase: If you authorize your financial professional to purchase $10,000 of a Class A share of a mutual fund with a 5.75% front-load sales charge, with no breakpoints, you would pay $575, reducing your amount invested to $9,425. Furthermore, if you are purchasing a mutual fund within an account at our clearing firm, you typically pay an additional $3 to $33 transaction fee, reducing your amount invested to $9,422 to $9,392. This example is for illustrative purposes only and does not account for discounts or trades executed over multiple days.

•Distribution and/or service fees (12b-1 fees) - Mutual fund companies and 529 plans pay MSTC ongoing distribution and/or service fees, often known as 12b-1 fees. You pay 12b-1 fees to the mutual fund company as one of the ongoing internal costs of holding the shares. These fees generally range between 0.25% and 1.00%, depending on the fund and share class. While these fees are not paid by you, directly, they do reduce the total assets invested by the mutual fund, and therefore reduce the return potential of the product. The amount of the 12b-1 fee you pay, and MSTC receives from the fund company, varies depending upon the Mutual Fund Company, 529 plan, type of fund and amount of the fund you purchased. We pay a portion of these fees to your financial professional. The 12b-1 fee reduces the return from your mutual fund. More detailed information can be found in the applicable product prospectus or plan information, or by speaking with your financial professional.

•Trail commissions - Insurance companies that issue variable annuities make ongoing payments to MSTC known as trail commissions. Trail commissions are composed of fees and charges imposed under the variable annuity contract, the separate accounts, and other sources. Trail commissions are generally 0.25% to 1.00%, depending on the share class. We pay a portion of these fees to your financial
professional. The trail commissions reduce the return from your variable annuity. More detailed information can be found in the applicable annuity prospectus or annuity contract, or by speaking with your financial professional.

•Variable life insurance - When you purchase a variable life insurance policy, you pay a premium determined by the life insurance provider. The amount of premium you pay depends on several factors including the type of policy, the options and level of coverage you select, your age and other factors. If you choose to pay for your variable life insurance policy over the lifetime of the policy, you will pay ongoing premium payments in addition to your initial premium payment. These ongoing payments are generally paid annually, quarterly, or monthly. MSTC receives revenue from your first year's premium payment, as well as a portion of the premium you pay after the first year, for a set number of years (generally years 2-10 of the policy). This additional revenue is sometimes called renewal commissions. More detailed information can be found in the insurance policy or by speaking with your financial professional.

•Internal costs, fees, and expenses of certain investments - Mutual funds, ETFs, UITs, 529 plans, variable annuities and life insurance policies carry built-in operating expenses in addition to any initial commissions or sales charges, ongoing 12b-1 fees, trail commissions or premiums. These costs and expenses impact your returns. For mutual funds and 529 plans, examples of these additional internal costs and fees include investment management fees and fund transaction fees. Built-in operating expenses reduce the return from your investment. Additional information about a specific product's internal costs, fees and expenses can be found in the product's applicable prospectus, statement of additional information, offering statement, contract, and policy or plan information.

• Account-based fees - If applicable, accounts are subject to certain additional fees and costs for services, including cash management fees, annual account fees, transfer and wire fees, legal transfer fees, account termination fees and margin interest. The applicable schedule of fees for your account will outline the service and frequency of any charges. To learn more about additional account service fees and costs, talk with your financial professional or review the MSTC Welcome Letter at https://midwesternsecurities.com/formcrs-regulationbestinterest/.

• Margin fees - If you take out a margin loan, you will pay ongoing interest to the clearing firm, NFS, on your margin loan balance. MSTC then receives a portion of the interest paid. For more information about our policy regarding margin accounts, please consult your financial professional.

C. How MSTC and Your Financial Professional Are Compensated

•How MSTC is compensated:

Our firm earns revenue primarily from our clients, as well as from third party product sponsors and managers (or their affiliates) whose products and services are purchased by clients. We compensate your financial professional from some, but not all, of these sources of revenue.

In a brokerage account, you generally compensate MSTC and your financial professional through costs incurred with each transaction. This differs from an investment advisory account relationship in which the compensation is fee-based, not transaction-based, meaning the client pays a set fee or a fee based on the percentage of assets in the account in our advisory programs. Miscellaneous account and administrative charges, as noted earlier, will also be charged to your account.

In general, MSTC's client-based revenue consists of:

- Commissions charged to clients in connection with their purchase, or sale, of equities and fixed income products, where the Firm acts as agent or broker
- Markups and Markdowns on the price of purchases and sales of fixed income products
- Sales loads, commissions, or concessions in connection with the offering of various packaged products, such as mutual funds, unit investment trusts, variable annuities, and variable life insurance
- Asset-based fees charged in connection with our advisory programs
- Interest on margin loan balances
- Account service fees
- Ongoing 12b-1 fees, trail commissions, renewal commissions, and revenue sharing from third parties.
- Sponsor fees from third parties, such as mutual fund product sponsors, and insurance companies for the cost of educational programs and seminars for our employees and clients

•Payments based on our total sales of and/or total client assets in mutual funds and variable annuities, known as “revenue sharing”

•How Our Financial Professionals Are Compensated

Financial professionals are compensated through a salary and/or percentage of the commission or fees generated through their activities and according to the employment agreement with their specific employer. As such, the employer determines the details of the employment agreement and MSTC reviews the compensation arrangements to eliminate product related conflicts of interest. Payout levels typically vary based on your financial professional’s years of experience and/or tenure with the financial institution. Where a financial professional is registered with us and not associated with an employer, their compensation is paid directly by MSTC. Further details of the compensation types received and conflicts pertaining thereto are outlined elsewhere in this document.

Financial professionals can also receive additional variable cash and non-cash compensation including expenses for education and training, and awards and recognition. Additionally, financial professionals can also occasionally receive gifts from product sponsors and/or clients, up to a total value of $100 per product sponsor/client per year, consistent with industry regulation. MSTC prohibits any such cash and non-cash compensation where it is tied to the sale or promotion of a specific product, as this would create a conflict of interest not otherwise easily mitigated.

•Brokerage Relationships:

In your brokerage account, your financial professional receives a portion of the commissions you pay each time you buy or sell a security or pay any markup or markdown. Your financial professional also receives a portion of any sales charges, 12b-1 fees, trail commissions and annual premiums (renewal commissions) you pay. The amount of this compensation differs depending on the investment type and transaction amount.

Each mutual fund sets its own sales charge for the cost of purchasing shares in the fund, which results in MSTC and your financial professional potentially receiving a different amount of compensation depending on the fund you purchase. If you qualify for an applicable breakpoint, this will reduce the percentage of the purchase your financial professional receives. However, this percentage will not vary across different mutual fund families within the same breakpoint level.

Please ask your financial professional to explain any commissions, sales charges, markups/markdowns, fees, internal costs, and expenses that may apply to any investments you consider.

The above-mentioned summarizes in general terms how many of our financial professionals are currently compensated. The methods by which our financial professionals are compensated can be changed at any time, without prior notice.

3. Conflicts of interest that impact our Retail Clients

A conflict of interest can be defined as an interest that might incline a broker-dealer or its financial professionals to consciously or unconsciously make a recommendation that is not in your best interest. When we provide you with a recommendation as your broker-dealer or act as your investment advisor, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. MSTC has adopted policies and procedures reasonably designed to appropriately prevent, limit, or mitigate conflicts of interest that arise between MSTC, its financial professionals and its affiliates. Certain actual or potential conflicts of interest are described below, while others are described throughout this document. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice that we provide you.

A. Brokerage Accounts/Relationship

i. Recommendations regarding securities - Because we are compensated for transactions, your financial professional has an incentive to recommend you purchase investments that create the most compensation for the firm and your financial professional. In general, commissions on stocks and ETFs are higher than commissions on bonds or CDs. Additionally, initial compensation from the sale of mutual funds, funds in a 529 plan, variable annuities and variable life insurance policies is generally higher than that of stocks, bonds, ETFs, or CDs. Mutual funds, 529 plans, variable annuities and variable life insurance policies also pay ongoing compensation. This creates an inherent conflict of interest which we address through disclosure in this document, review of transactions daily, and a prohibition on recommendations that are not in the best interest of the retail client.

When you purchase shares in a mutual fund, a 529 plan or a variable annuity, certain products provide a breakpoint discount, which lowers your front-end sales charge, based on the amount of your investment and how much you have invested in a certain fund family or annuity. Your financial professional has an incentive to provide advice that would avoid breakpoint discounts. This creates an inherent conflict of interest which we address through disclosure in this document, review of transactions daily, and a prohibition on recommendations that are not in the best interest of the retail client.

In certain instances, your financial professional is permitted to negotiate with you for a lower commission, which could result in reduced compensation for your financial professional. This is a conflict of interest because your financial professional is incentivized to avoid negotiating commissions. This creates an inherent conflict of interest which we address through disclosure in this document, review of transactions daily, and a prohibition on recommendations that are not in the best interest of the retail client.

ii. Additional investment type considerations - In most instances, your financial professional has an incentive to recommend you purchase investments such as a mutual fund, 529 plan, variable annuity or variable life insurance policy that generate revenue when purchased, as well as provide ongoing compensation (e.g., 12b-1 fees, trail commissions) as opposed to investing in other ventures that pay lower upfront commissions and do not provide ongoing compensation. Over a longer period of time, your financial professional and MSTC will generally earn more revenue from a mutual fund, a 529 plan or an annuity than from an ETF, a stock or a bond, but this will depend on several factors including the specific product, how much you invest, breakpoints and how frequently you trade.

As a further example, mutual funds and ETFs often have similar investment characteristics but differ in the ways you pay for them and how your financial professional and MSTC are compensated over time. Mutual funds generally have higher upfront commissions and ongoing expenses but enable you to rebalance through exchanges and liquidate for no additional cost. ETFs generally have lower upfront commissions and ongoing fees, but all future transactions to rebalance or liquidate an investment will be charged a commission. As a result, mutual funds are typically more expensive than ETFs for clients who trade infrequently, but they can become less expensive as the amount of trading increases.

B. Material Limitations:

i. Clearing Firm

MSTC is contracted with a single custodian, National Financial Services. As such, we are subject to their fees, costs, and capabilities. Additional information on fees and costs can be found on MSTC’s Welcome Letter at https://midwesternsecurities.com/formcrs-regulationbestinterest/.

ii. Product and Investment Limitations

• We do not limit the investment offerings within products. However, we do not have selling agreements with all available sponsors or registrations in all available markets/jurisdictions.

• MSTC is a general purchase firm that does not have proprietary products.

• Disallowed Products List – please see a detailed list of disapproved products at https://midwesternsecurities.com/formcrs-regulationbestinterest/.

• MSTC limits the product options for qualified variable annuities. Please visit https://midwesternsecurities.com/formcrs-regulationbestinterest/ for more information.

iii. Minimums – Account/Transactional

•Transaction Minimums- MSTC does not impose its own minimums on investment transactions. However, Mutual funds and ETFs sometimes have product specific transaction minimums. Please view the relevant prospectus for further details.

•MSTC does not impose account minimums on brokerage accounts.

C. Other Conflicts:

i. Third-Party Payments - We receive payments from third party product sponsors and managers (or their affiliates) when we recommend or sell certain products. As such, we have an incentive to recommend (or to invest your assets in) products of third parties that pay us over products of third parties that do not pay us or pay us less.

ii. Revenue sharing - MSTC receives payments known as revenue sharing from certain mutual fund companies. Revenue sharing, as received by MSTC, involves a payment from a mutual fund company's advisor or distributor. It is not an additional charge to you. Revenue Sharing accounts for less than 0.1% of total firm revenue. MSTC has taken steps to minimize receipt of this type of revenue.

These payments are in addition to standard sales charges, annual sales fees, expense reimbursements, and sub-transfer agent fees for maintaining client account information and for providing other administrative services for mutual funds (shareholder accounting and networking fees).

iii. Rollovers and transfers - Your financial professional has an incentive to recommend that you roll over or transfer your assets from an employer-sponsored plan or another brokerage firm or investment advisor because these actions often generate transaction-based compensation for MSTC and your financial professional when the assets are invested in your account.

iv. Brokerage accounts vs. Advisory accounts - In addition to brokerage accounts, you have the option to invest in fee-based advisory accounts. Instead of paying a commission per transaction, in our advisory programs you pay a fee(s) based on the market value of the assets held in your account for investment advisory services that includes transaction costs. Our advisory programs offer ongoing account monitoring, which is not available in brokerage accounts, and additional types of investment options and services. When determining what's right for you, think about how much you expect to trade in your account and how much you stand to pay in commissions (brokerage account) or asset-based fees (advisory account). You will typically pay more in upfront fees and commissions through brokerage services and more over time through investment advisory services. These differences in compensation potentially create a conflict between your financial professional's interest and your own when recommending a type of program for you. In addition to the below mitigation methods, we address this conflict through occasional account reviews to ensure retail investors are in an appropriate account type based on activity and a general requirement that our financial professionals, when recommending account type, take your stated objectives and intended trading volume into account when determining which account type is in your best interest.

v. Distributions - Compensation and performance incentives can cause a conflict between your financial professional's interest and your own when your financial professional provides advice relating to distributions from any of your accounts. When you make a distribution through a full or partial liquidation, certain commissions are sometimes generated. If you have a brokerage account and an advisory account of the same type (e.g., an individual account in a brokerage account and an individual account in an advisory account), your financial professional has an incentive to advise you to take a distribution from your brokerage account and not your advisory account because the distribution could generate additional transactional revenue and would not affect the amount of your asset-based fee in your advisory account.

vi. Margin loans - Your financial professional does not receive direct compensation from the interest you pay on your margin loan balance, but it does positively impact the firm. If you need cash, we may have an incentive to recommend a margin loan instead of selling investments. Additionally, your financial professional has an incentive to recommend that you maintain a margin loan balance and to grow that balance instead of using available cash or new investments to pay down the loan.

vii. Training and marketing incentives - Third-party providers such as mutual fund wholesalers, annuity wholesalers, UIT wholesalers, investment managers and insurance distributors often reimburse and/or pay certain expenses on behalf of financial professionals and the firm, including expenses related to training, marketing and educational efforts. The training focuses on, among other things, the third-party provider's products, suitability, product literature and product support. These reimbursements or payments could lead our financial professionals to focus on these third-party providers' products versus other third-party products that are not represented at these meetings, seminars and/or conferences. This could create a potential conflict of interest for MSTC and our financial professionals to the extent that this could cause them to prefer those product partners that have greater access, marketing opportunities and educational opportunities.

viii. Non-cash third-party incentives - Third-party providers, such as mutual fund wholesalers, annuity wholesalers, UIT wholesalers, investment managers, and insurance distributors, sometimes give financial professionals gifts up to a total value of $100 per provider per year, consistent with industry regulations. Third parties occasionally provide financial professionals with meals and entertainment of reasonable value. Additionally, third parties occasionally provide the firm and our financial professionals with access to certain research tools, or software that is developed or subscribed to by third parties. This could create a potential conflict of interest to the extent that this could cause the firm or our financial professionals to prefer those product partners that provide these non-cash incentives over other product partners.

ix. Unit Holder/Partnership Opportunities - Certain financial professionals have been given the opportunity to buy limited and/or general partnership interests in Midwestern Securities Trading Company, LLC. All revenue that contributes to MSTC's profitability has a positive impact on the amount of income each partner receives.

x. NFS Various Transaction Costs – Certain mutual funds have arrangements in place with NFS that result in different trade charges on the clearing firm platform. The standard trade ticket charge is $23, while some funds have $3 trade charges and others have $33 trade charges. You can negotiate with your financial professional on whether they will cover the trade charges in your brokerage account. If they have agreed to do so, they benefit from recommending funds that have lower trade charges, creating a potential conflict of interest.

xi. Other Activities - Financial professionals could have an incentive to place trades ahead of clients in order to receive more favorable prices than their clients. MSTC has developed policies and procedures, supervisory systems, processes, and controls to ensure that this does not occur.

xii. Mitigation of conflicts of interest - One of MSTC's core values is that our clients' interests come first. We have taken various steps to mitigate, disclose and/or eliminate these conflicts of interest associated with recommendations in your account, including developing policies and procedures, supervisory systems, processes and controls, compensation and incentive policies, disclosures, agreements, and training. If you have any questions about conflicts of interest, please talk with your financial professional or review the information referenced throughout this document.

The above incentives create an inherent conflict of interest which we address through disclosure in this document, review of transactions on a daily basis, review and approval of brokerage and advisory contracts prior to account opening, including ensuring appropriateness of the types of services to be provided and a prohibition on recommendations that are not in the best interest of the retail client.

4. Additional Information and Resources

For additional information about the topics discussed in this document, please talk with your financial advisor or review MSTC's Client Relationship Summary (Form CRS):

MSTC Client Relationship Summary: https://midwesternsecurities.com/formcrs-regulationbestinterest/