Brighton Securities Corp.

IA Compliance Manual

Lori Alberts

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Outside Business Activities

Policy

Brighton Securities Corp.'s policy allows employees to participate in outside business activities so long as the activities are consistent with Brighton Securities Corp.'s fiduciary duty to its clients and regulatory requirements, and the employee provides prior written notice to Brighton Securities Corp. before engaging in such activities.

Prior to beginning such activity, each employee must identify any new outside business activities to the firm's CCO, or other designated officer.

Background

An outside business activity ("OBA") is any business activity outside the scope of a firm where an employee of the firm:

- May be compensated or have the reasonable expectation of compensation;
- Is working with or for a client, regardless of whether compensation is received; or
- Is in a position to receive material non-public information concerning a publicly-traded company.

Brighton Securities Corp.'s policies and procedures covering the outside business activities of employees and others represents an internal control and supervisory review to detect unapproved outside business activities and to prevent possible conflicts of interests and regulatory violations.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our policy on outside business activities, disclosures, and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy on OBAs and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Upon hiring, employees must provide our CCO with a list of outside business activities in which the employee would like to continue;
- Current employees must provide written notice prior to beginning any OBA, and include the following information:
    - The activity's start and end date (if applicable);
    - The name of the entity where the activity is taking place;
    - The position title; and
    - A description of the employee's duties and an estimated hours per week that would be dedicated to the activity.

- Upon receiving a written notice, Jai Ramachandran will evaluate the information and give consideration to whether:
    - The activity will interfere with or compromise the employee's responsibilities to Brighton Securities Corp. and our clients; and
    - The activity will be viewed by our clients or the public as part of Brighton Securities Corp.'s business based on the nature of the activity.
- Our CCO will evaluate each activity and decide on the advisability of imposing specific conditions or limitations or completely prohibiting the activity. These evaluations will be dated and initialed and kept in our records;
- Any employees engaged in approved OBAs must inform our CCO of any changes in, or new conflicts of interest relating to the OBA once the employee becomes aware;
- Annually, our CCO will obtain attestations from employees that they are not engaging in any other outside business activities beyond those that have been disclosed and approved;
- Jai Ramachandran conducts email reviews specifically focused on identifying potential OBAs;
- We maintain a list of our employees' current OBAs, which is updated annually;
- Our CCO, or other designated officer, will review all employees' reports of outside business activities for compliance with the firm's policies, regulatory requirements, and the firm's fiduciary duty to its clients, among other things; and
- Brighton Securities Corp. will retain all documentation of notices, reviews, and evaluations in accordance with our applicable recordkeeping requirements.

Branch Office Supervision

Policy

Brighton Securities Corp. recognizes our fiduciary duty to reasonably supervise our branch office(s). In accordance with our duty, it is our firm's policy that the branch office(s) create and maintain all required records, with Jai Ramachandran conducting periodic reviews of those records to determine whether supervisory systems and compliance procedures are being followed.

All of the firm's branch offices and investment adviser representatives will be appropriately registered with the state securities agencies. No investment advisory activity may occur in any branch office location until such time as the firm receives approval that such location qualifies a branch office. Before the branch officer is registered, a supervisor, who satisfies all examination qualifications and is a registered investment adviser representative, must be named.

In the event of the closing of a branch office, Brighton Securities Corp. will promptly notify the state securities agencies by amending our Forms ADV and BR.

Background

Branch offices can pose unique risks and challenges to investment advisers, particularly in the design and implementation of a compliance program and the supervision of people and processes. Challenges include implementation of policies and procedures, supervision structure, role and empowerment of compliance personnel, accuracy of filings, calculation of fees and overall billing processes, control over advertising materials originating and/or disseminated from branch offices, implementation of a firm's Code of Ethics, asset controls, and provision of investment recommendations.

Branch offices may be subject to unannounced inspections by state securities regulators at any time during normal business hours.

Responsibility

Brighton Securities Corp.'s designated officer, together with our branch officer, have the primary responsibility for the implementation and monitoring of the firm's branch office policy, procedures, and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate.

Third-Party Vendors

Policy

As an SEC-registered Investment Adviser with fiduciary obligations to our clients, Brighton Securities Corp. conducts initial and ongoing due diligence on third-party vendors who are involved in the delivery and/or support of mission-critical products and services to our firm and our clients.

Background

Brighton Securities Corp may rely on third-party vendors for varying services and core applications required to support our critical business processes. Although some day-to-day operational responsibilities can be and are delegated to third-party vendors, our core fiduciary responsibilities cannot be assigned to any third party and run directly from Brighton Securities Corp. to our clients and investors. Our firm will determine and consistently apply appropriate criteria to our selection and ongoing oversight of key vendors, particularly when we share or outsource business process implementation with/to outside entities by sharing sensitive client and organizational information or where we rely on the integrity of data derived from vendor systems and imported into our internal systems and reporting applications.

In OCIE's 2019 Examination Priorities report, OCIE stated that it would continue to prioritize cybersecurity during its examinations, including vendor management practices. See the "Cybersecurity" section of this manual for additional procedures on vendor management.

Responsibility

Jared Kopp has the primary responsibility for the implementation and monitoring of the firm's third-party vendor policy, procedures, and recordkeeping for the firm.

Procedures

Brighton Securities Corp has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Ensure that Jared Kopp maintains the identity and responsibilities of each third-party, including all third-party outsourcing contracts and/or agreements in our files;
- Perform and document annually due diligence reviews of any third-party vendors, including product or service quality, performance of covered activities, and satisfactory resolution ofany problems through formal corrective action;
- Review our agreements with third-party vendors and ensure they specify that the SEC and other regulatory bodies have complete access to their work product, as if the covered activities were actually performed directly by us;
- Review and document all our outsourcing arrangements to determine whether they continueto be appropriate based on their performance; and

- Ensure that any third-party systems or other outsourcing support have mechanisms that can be easily and rapidly updated or amended to reflect new or altered regulatory rules and requirements.

Form CRS

Policy

As a registered investment adviser, Brighton Securities Corp. has a duty to provide an updated version of Form CRS any time when clients: 1) open a new account different from their existing accounts; 2) receive a recommendation to roll over assets from a retirement account; or 3) receive a recommendation for a new investment advisory service that would not be held in an existing account.

Form CRS is also a Part 3 of Form ADV, which Brighton Securities Corp., under Rule 204-5, must deliver alongside the Part 2A brochure to prospective clients. As a matter of policy, Brighton Securities Corp. maintains all drafts of its Form CRS at its principal office in a secure manner and location and for five years.

Background

On June 5, 2019, the SEC adopted new rules requiring all SEC-registered investment advisers with retail clients to create a new Form ADV Part 3, also known as a Client Relationship Summary (Form CRS), with the purpose of further explaining the nature of their services and relationship, their fees and costs, and their standard of conduct and conflicts of interest to prospective clients.

Investment advisers' initial relationship summaries can be filed on or after May 1, 2020 and by no later than June 30, 2020 on IARD either as: 1) an other-than-annual amendment, or 2) part of the initial application or annual updating amendment.

The Form CRS rules take effect on June 30, 2020, and the initial Form CRS must be delivered to each of the investment adviser's existing clients and customers who are retail clients within 30 days of this date.

Fiduciary Obligations

As a part of its Regulation Best Interest and Form CRS rulemaking, the SEC also issued updated interpretations of an investment adviser's fiduciary obligations and the requirement to avoid or at least disclose any conflicts of interest.

The SEC noted that simply saying the adviser "may" have a conflict of interest is not sufficient--the adviser must disclose the specific conflict to ensure that clients can give informed consent--and investment advisers trading for multiple clients at once must have clear policies and procedures to either mitigate or at least disclose whether/how their allocation policies may impact clients.

The updated interpretations are effective on September 10, 2019.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our policies, practices, disclosures, and recordkeeping and to ensure our Form CRS is updated and delivered on a timely basis.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly, and amended or updated, as appropriate, which include the following:

- Updating the relationship summary and filing it in accordance with Form CRS instructions within 30 days whenever any information in the relationship summary becomes materially inaccurate. The filing must include an exhibit highlighting the changes;
- Delivering the current Form CRS to each prospective client either prior to or at the time of entering into an advisory agreement with the client;
- Communicating any changes in the updated relationship summary to retail investors who are existing clients or customers within 60 days after the updates are required to be made and without charge;
- Disclosing specific conflicts of interest to ensure that clients give informed consent;
- *[if firm trades for multiple clients at once]* Mitigating or at the very least disclosing whether and/or how our allocation policies may impact our clients;
- Delivering the amended relationship summaries highlighting the most recent changes or providing an additional disclosure showing revised text or summarizing the material changes as an exhibit to the unmarked amended relationship summary;
- Delivering the most recent relationship summary to a retail investor who is an existing client or customer before or at the time Brighton Securities Corp.: (i) opens a new account that is different from the retail investor's existing account(s); (ii) recommends that the retail investor roll over assets from a retirement account into a new or existing account or investment; or (iii) recommends or provides a new brokerage or investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account;
- Delivering the relationship summary within 30 days upon an investor's request; and
- Conducting quarterly reviews of our Form CRS records to ensure:
    - the most up-to-date version is being used and has also been updated/is in the process of being updated in the Form ADV;
    - evidence of the delivery of both initial and amended summaries to clients; and
    - any changes in the amended summaries are properly disclosed

Jai Ramachandran will initial and date the documents that are reviewed.

Incident Response

Policy

Brighton Securities Corp.'s incident response policy, in conjunction with our firm's Cybersecurity, Identity Theft, and Privacy policies as set forth in this Manual, recognizes the critical importance of safeguarding the confidential and proprietary information of the firm and its employees. Maintaining the security, integrity and accessibility of the data maintained or conveyed through the Firm's operating systems is a fundamental requisite of our business operations and an important component of our fiduciary duty to our clients.

It is Brighton Securities Corp.'s policy to respond promptly and appropriately, based on the particular circumstances, should the firm suspect or detect that unauthorized individuals have gained access to nonpublic information.

When determining the appropriate response, we will consider the degree of risk posed and aggravating factors that may heighten the risk of a data security incident that results in unauthorized access to nonpublic information held by us or a third party service provider. Primary and immediate consideration will be given to evaluating and halting any ongoing attack and to promptly securing firm systems and information.

Each incident will be reviewed to determine if changes are necessary to the existing security structure and the firm’s electronic and procedural safeguards to guard against similar attacks or infiltrations in the future. All reported incidents are logged as well as the remedial actions taken. It is the responsibility of Jai Ramachandran to provide training on any procedural changes that may be required as a result of the investigation of an incident.

Background

In addition to rules and regulations under the Advisers Act that an advisory firm needs to abide by to be considered compliant, there are mandates beyond the Advisers Act that place further significant regulatory obligations on advisory firms. Security laws and regulations that impose data security and privacy requirements on investment advisers include, among others: (i) Gramm-Leach-Bliley Act/Regulation S-P; (ii) Regulation S-AM (Limitation on Affiliate Marketing); (iii) FACT Act – Red Flags Rule; (iv) Regulation S-ID Identity Theft Red Flags Rules; (v) Standards for the Protection of Personal Information of Residents of the Commonwealth of Massachusetts (201 CMR 17.00); (vi) California Financial Information Privacy Act (SB1); and (vii) U.S. Data Breach Disclosure Legislation. Furthermore, according to information posted on the National Conference of State Legislatures (NCSL) website, as of March 2018, all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam have enacted legislation requiring private or governmental entities to notify individuals of security breaches of information involving personally identifiable information.

Responsibility

Brighton Securities Corp.'s incident response policies and procedures have been adopted pursuant to approval by the firm's senior management. Jai Ramachandran is responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Brighton Securities Corp.'s overall incident response goals and objectives. Further, Brighton Securities Corp. has created an incident response team, consisting of the following designated individuals, to address this critical area of oversight and protection:

- CCO
- CEO
- Legal (outside Counsel)
- Head of IT

All suspicious activity recognized or uncovered by personnel should be promptly reported to Jai Ramachandran or the incident response team.

Any questions regarding Brighton Securities Corp.'s incident response policies should be directed to Jai Ramachandran.

Procedure

- In addition to the firm's procedures as set forth in the Cybersecurity, Identity Theft, and Privacy sections of this Manual, Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate.

In the event of a breach:

Compliance/Legal

- Contact Brighton Securities Corp.'s insurance agents and proper authorities in order to mitigate and enact any compensation controls, if needed, such as payouts for damages or providing extra protection services to our clients like free credit monitoring services;
- Provide notice to authorities and law enforcement such as the FBI;
- Contact our IT provider and make sure that they can correctly gain control of the data loss event;
- Notify clients that a breach occurred; and
- Provide training on any procedural changes that may be required as a result of the investigation of an incident.

IT

- Review each incident to determine if changes are necessary to the existing security structure and our electronic and procedural safeguards to guard against similar attacks or infiltrations in the future. All reported incidents must be logged as well as the remedial actions taken;
- Identify what has been taken, determine the damage of that leaked information, and take immediate steps to stop the exfiltration of data;

- Correlate all of the information from the firm's logs and determine what was taken and who took it to provide to authorities;
- Remove all malware, harden and patch systems, and apply any updates;
- Document as much information as possible during the actual breach;
- Review the inventory list and make sure all items are accounted for;
- Evaluate system processes to ensure they have all been restored; and
- Document any issues and difficulties that arose during the restoration process.

Incident Response Team

- Once the investigation is complete, hold an after-action meeting with all incident response team members and discuss what was learned from the breach. Analyze and document everything about the breach. Determine what worked well in your response plan, and where there were some holes;
- Designate members of the incident response team or lead cybersecurity personnel to review the incident, including the response and recovery process. Evaluate what happened, how quickly the response started, and how long it lasted. During the post-incident analysis, review documentation of the incident. During this analysis, create a report to document the findings;
- Draft a list of names and contact information for all of the vendors that are going to take a part in discovering, documenting, and fixing a breach;
- Use the post-incident analysis to evaluate the effectiveness of the current incident response plan. Address question such as:
    - Was the incident found in a reasonable amount of time?
    - Was the system down as long as expected?
    - Were the right personnel available to respond?
    - Did recovery and restoration happen in the time expected?
    - Were backups available and as up to date as possible?
- Gather all of the pertinent personnel to review the incident and collaborate on everyone's view on the success or failure of the response to the incident;
- If flaws are found in the incident response protocols, document potential changes to the plan based on the response to the incident; and
- Evaluate the team's performance, if the plan was clear to every member that plays a role in incident response, and if Brighton Securities Corp. was able to contact everyone necessary during the event.

HR/Marketing

- Determine how to communicate the breach to internal employees, the public, and those directly affected.

Pandemic Response

Policy

As part of its fiduciary duty to its clients and as a matter of best business practices, Brighton Securities Corp. has adopted policies and procedures for pandemic response and for continuing Brighton Securities Corp.'s business in the event of a national pandemic. These policies are designed to allow Brighton Securities Corp. to resume providing service to its clients in as short a period of time as possible.

Background

A pandemic is a global disease outbreak which occurs when a new virus emerges for which there is little or no immunity in the human population and begins to cause serious illness and then spreads easily person-to-person worldwide. A pandemic could have a major effect on the global economy, including travel, trade, tourism, food, consumption and investment and financial markets. Planning is essential to minimize a pandemic's impact. As with any catastrophe, having a contingency plan is essential.

Unlike natural disasters or terrorist events, a pandemic will be widespread, affecting multiple areas of the United States and other countries at the same time. A pandemic will also be an extended event, with multiple waves of outbreaks in the same geographic area.

Responsibility

Senior Management is responsible for maintaining and implementing Brighton Securities Corp.'s Pandemic Response Plan, which should be used in conjunction with our Disaster Recovery and Cybersecurity sections.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts internal reviews to monitor and ensure such policy is observed, implemented properly and amended or updated, as appropriate.

Overall implementation and monitoring of the firm's Pandemic Response Plan is the responsibility of Jai Ramachandran and Joe Sweeney, supported by key personnel whose primary roles and responsibilities have been defined. Where necessary and appropriate, Brighton Securities Corp. may also utilize outsourced service provider(s) to assist in fulfilling one or more of the following functions:

Working from Home

- Organize and identify a central team of people or focal point to serve as a communication source so that our employees and clients can have accurate information during the crisis;
- Ensure that IT provides the correct technology and security measures for employees who are working from home, including:
    - telework arrangements and any weak points (and respective solutions);
    - connectivity issues due to the increased demand of bandwidth;

    - setting up VPNs for employees;
    - determining the costs and effort to set up secure, compatible systems;
    - providing any requisite software if an employee is using a personal computer; and
    - identifying backup systems and testing for e-mails, conference calls, and video conferencing
- Disseminate additional guidance and training regarding use of firm technology, tools and services in a remote work environment;
- Set clear expectations and show examples of what Brighton Securities Corp. expects to be done task-wise, along with deadlines and calendar sharing;
- Create regular meetings for supervisors to discuss concerns and raise questions with compliance staff;
- Provide staff with updated contact information for their assigned points of contact in Compliance, Legal, Operations and other departments;
- Transition to virtual training to continue preparing for upcoming regulatory obligations;
- Set up work-from-home guidelines, such as emails must be responded to within 24 hours, use text for urgent matters, and no calls between certain hours to make sure teammates are not working around the clock;
- Arrange for regular (weekly or more frequent) meetings or conference calls to review the latest information, develop consistent messaging, and make decisions; and
- Brighton Securities Corp. may need to request employees' personal contact information (phone numbers, e-mail addresses, or contact's information of where they may be if they are caring for family members).

Social Distancing

- Employees should avoid close contact with coworkers and clients (maintain a separation of at least 6 feet);
- Avoid shaking hands and always wash hands after contact with others;
- Encourage telephone use, videoconferencing, and the Internet to conduct business as much as possible, even when participants are in the same building;
- Minimize situations where groups of people are crowded together, such as in a meeting;
- If a face-to-face meeting is unavoidable, minimize the meeting time, choose a large meeting room, and sit at least 6 feet from one another;
- Reduce or eliminate unnecessary social interactions--reconsider all situations that permit or require employees, clients, and visitors to enter the workplace; and
- Avoid any unnecessary travel and cancel or postpone nonessential meetings, gatherings, workshops, and training sessions.

Personal Protective Equipment (PPE) and Office Cleanliness

- Stockpile items such as soap, tissue, hand sanitizer, cleaning supplies and recommended personal protective equipment. When stockpiling items, be aware of each product's shelf life and storage conditions (e.g., avoid areas that are damp or have temperature extremes) and incorporate product rotation (e.g., consume oldest supplies first) into your stockpile management program;

- Provide employees and clients in the workplace with easy access to infection control supplies, such as soap, hand sanitizers, personal protective equipment (such as gloves or surgical masks), tissues, and office cleaning supplies;
- Provide training, education, and informational material about employee health and safety, including proper hygiene practices and the use of any personal protective equipment to be used in the workplace;
- Provide clients and the public with tissues and trash receptacles, and with a place to wash or disinfect their hands;
- Regularly clean work surfaces, telephones, computer equipment, and other frequently touched surfaces and office equipment; and
- Discourage employees from using other employees' phones, desks, offices, or other work tools and equipment.

Introduction

Policy

Brighton Securities is a local, independently-owned stock brokerage and financial services firm that was established in 1969. The firm is federally registered with the SEC (Securities and Exchange Commission) as a Registered Investment Adviser.

Our firm has a strong reputation based on the professionalism and high standards of the firm and our employees. The firm's reputation and our advisory client relationships are the firm's most important asset.

As a registered adviser, and as a fiduciary to our advisory clients, our firm has a duty of loyalty and to always act in utmost good faith, place our clients' interests first and foremost and to make full and fair disclosure of all material facts and in particular, information as to any potential and/or actual conflicts of interests.]

Brighton Securities provides non-discretionary and discretionary investment advisory services geared primarily for individuals, trusts, estates and small businesses who wish to have their accounts managed. The Company also offers fee-based financial planning, insurance products, and state and federal income tax preparation for a fee. Brighton Securities works with clients to define financial objectives and to develop strategies for reaching those objectives, some of which may include; investment management, retirement planning, tax planning, estate planning, education funding, risk exposure review, cash flow and budget management and/or other issues specific to the client.

The investment advisory programs offer clients the opportunity to obtain portfolio management services from a select, pre-screened group of investment managers. Pursuant to the programs, investment needs, objectives, and risk tolerance for each client are determined by means of documentation completed by the client with the help of the Company's account executives. The investment managers are selected from a group offered through the Company's clearing relationship with First Clearing, LLC. The client retains the power to appoint and remove the manager, at the client's discretion. The Company may recommend that the client change a manager for any reason. The Company does not assume responsibility for the client's choice of manager or the manager's performance, compliance with applicable laws and regulations, or other matters within the manager's control.

The firm's compensation is derived mainly from a fee, based upon the average market value of the securities in the client's account during the preceding quarter, as determined by a signed client agreement.

Brighton Securities is also a FINRA registered broker-dealer. It is a "full service" broker-dealer engaging in purchases and sales of exchange listed and other publicly traded securities as well as the sale of annuities and other insurance products. Its investment advisory activities are undertaken in conjunction with other financial services offered to clients.

Assets under the direct management of Brighton Securities are held by independent custodians, including First Clearing, LLC, or others, in the client's name. Brighton Securities does not act as a custodian of client assets.

As a SEC registered adviser, Brighton Securities Corp. and our employees are also subject to various requirements under the Advisers Act and rules adopted under the Advisers Act and our Code of Ethics. These requirements include various anti-fraud provisions, which make it unlawful for advisers to engage in any activities which may be fraudulent, deceptive or manipulative.

These antifraud provisions include the SEC Compliance Programs of Investment Companies and Investment Advisers (Compliance Programs Rule) (SEC Rule 206 (4)-7) which requires advisers to adopt a formal compliance program designed to prevent, detect and correct any actual or potential violations by the adviser or its supervised persons of the Advisers Act, and other federal securities laws and rules adopted under the Advisers Act.

Elements of Brighton Securities Corp.'s compliance program include the designation of a Chief Compliance Officer, adoption and annual reviews of these IA Compliance Policies and Procedures, training, and recordkeeping, among other things.

Our IA Policies and Procedures cover Brighton Securities Corp. and each officer, member, or partner, as the case may be, and all employees who are subject to Brighton Securities Corp.'s supervision and control (Supervised Persons).

Our IA Policies and Procedures are designed to meet the requirements of the SEC IA Compliance Programs Rule and to assist the firm and our Supervised Persons in preventing, detecting and correcting violations of law, rules and our policies.

Our IA Policies and Procedures cover many areas of the firm's businesses and compliance requirements. Each section provides the firm's policy on the topic and provides our firm's procedures to ensure that the particular policy is followed.

Brighton Securities Corp.'s Chief Compliance Officer is responsible for administering our IA Policies and Procedures.

Compliance with the firm's IA Policies and Procedures is a requirement and a high priority for the firm and each person. Failure to abide by our policies may expose you and/or the firm to significant consequences which may include disciplinary action, termination, regulatory sanctions, potential monetary sanctions and/or civil and criminal penalties.

The Chief Compliance Officer will assist with any questions about Brighton Securities Corp.'s IA Policies and Procedures, or any related matters. Further, in the event any employee becomes aware of, or suspects, any activity that is questionable, or a violation, or possible violation of law, rules or the firm's policies and procedure, the Chief Compliance Officer is to be notified immediately.

Our IA Policies and Procedures will be updated on a periodic basis to be current with our business practices and regulatory requirements.

Advertising

Policy

Brighton Securities Corp. uses various advertising and marketing materials to obtain new advisory clients and to maintain existing client relationships. Brighton Securities Corp.'s policy requires that any advertising and marketing materials must be truthful and accurate, consistent with applicable rules, and reviewed and approved by a designated officer. Brighton Securities Corp.'s policy prohibits any advertising or marketing materials that may be misleading, fraudulent, deceptive and/or manipulative. Our policy also prohibits the use of testimonials.

Brighton Securities Corp.'s policies and procedures governing the use of social media for business purposes incorporate these same prohibitions. Our firm's comprehensive Social Media policy and procedures are separately set forth in this document; our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s Social Media practices.

Background

An advertisement is generally defined as any written communication, which includes websites and e-mails, directed to more than one person concerning advice or recommendations about the purchase or sale of securities or any other advisory service.

The SEC anti-fraud rules under the Advisers Act prohibit advisers from engaging in advertising practices which are fraudulent, deceptive, or manipulative activities. The manner in which investment advisers portray themselves, services and their investment returns to existing and prospective clients is highly regulated. SEC no-action letters also provide guidelines and prohibitions relating to an adviser's advertising and marketing practices.

Pursuant to the SEC's exam sweep focused on investment advisers' use of social media, the Commission issued a National Examination Risk Alert in January 2012, which identified various factors an adviser should consider in evaluating its policies and procedures governing the use of social media, noting that such practices must comply with various provisions of federal securities laws, including, but not limited to, the antifraud, compliance and recordkeeping provisions.

Radio Show Appearances

Any employee who will sit in as a host or a guest host on a radio show must read both Rule 206(4)-1(a)(2) of the Advisers Act along with the guidelines discussed in the Franklin No-Action Letter. They will be required to sign a statement that they have read and understand both Rule 206(4)-1(a)(2) of the Advisers Act along with the guidelines discussed in the Franklin No-Action Letter as it pertains to what is they are prohibited from discussing on the radio show.

Our CCO will randomly listen to the radio shows and review for appropriate content. If it is found that any employee has made any inappropriate statements, the CCO will meet with that person and review the inappropriate statements. He will then assess his findings to determine corrective steps which need

to be taken. They may include additional education, suspension from appearing on radio shows or possible ban from appearing on radio shows.

Responsibility

Lori Alberts has the responsibility for implementing and monitoring our policy, and for reviewing and approving any advertising and marketing to ensure any materials are consistent with our policy and regulatory requirements. This designated person is also responsible for maintaining, as part of the Brighton Securities Corp.'s books and records, copies of all advertising and marketing materials with a record of reviews and approvals in accordance with applicable recordkeeping requirements.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- all advertisements and promotional materials must be reviewed and approved prior to use by a designated officer, President, the Compliance Officer, or another officer of the firm (other than the individual who prepared such material);
- the initialing and dating of the advertising and marketing materials will document approval;
- each employee is responsible for ensuring that only approved materials are used and that approved materials are not modified without the express written approval of the designated officer;
- the designated officer will conduct semi-annual reviews of materials containing advertising and/or performance reports to ensure that only approved materials are distributed;
- the designated officer must also review other written communications prepared for existing clients or prospective clients including any quarterly letters;
- our firm's policies and procedures regarding the use of social media are consistent with our policies governing advertising and marketing, i.e., prohibiting any communications that may be misleading, fraudulent, deceptive and/or manipulative, or could be construed as a testimonial of our firm or our related persons;
- the designated officer, or a designee, is responsible for maintaining copies of any advertising and marketing materials, including any reviews and approvals, for a total period of five years following the last time any material is disseminated; and
- the designated officer, or a designee, is responsible for maintaining all written communications received or sent relating to the adviser’s performance for any managed accounts or securities recommendations.

Advisory Agreement

Policy

Brighton Securities Corp.'s policy requires a written investment advisory agreement for each client relationship which includes a description of our services, discretionary/non-discretionary authority, advisory fees, important disclosures and other terms of our client relationship. Brighton Securities Corp.'s advisory agreements meet all appropriate regulatory requirements and contain a non-assignment clause and do not contain any “hedge clauses.”

As part of Brighton Securities Corp.'s policy, the firm also obtains important relevant and current information concerning the client's identity, occupation, financial circumstances and investment objectives, among many other things, as part of our advisory and fiduciary responsibilities.

Background

Written advisory agreements form the legal and contractual basis for an advisory relationship with each client and as a matter of industry and business best practices provide protections for both the client and an investment adviser. An advisory agreement is the most appropriate place for an adviser to describe its advisory services, fees, liability, and disclosures for any conflicts of interest, among other things. It is also a best business practice to provide a copy of the advisory agreement to the client and for the agreement to provide for all client financial and personal information to be treated on a confidential basis.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of the firm's advisory agreement policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm’s policy and conducts reviews to monitor and ensure the firm’s policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s advisory agreements and advisory fee schedules, and any changes, for the firm’s services are approved by management.
- The fee schedules are periodically reviewed by Brighton Securities Corp. to be fair, current and competitive.
- A designated officer, or the Compliance Officer, periodically reviews the firm’s disclosure brochure, marketing materials, advisory agreements and other material for accuracy and consistency of disclosures regarding advisory services and fees.
- Written client investment objectives or guidelines are obtained, or recommended as part of a client's advisory agreement.
- Client investment objectives or guidelines are monitored on an on-going and also periodic basis for consistency with client investments/portfolios.

- Any solicitation/referral arrangements and solicitor/referral fees must be in writing, reviewed and approved by the designated officer and/or management, meet regulatory requirements and appropriate records maintained.
- Any additional compensation arrangements are to be monitored by the designated officer, or Compliance Officer, approved and disclosed with appropriate records maintained.

There are numerous forms required to implement an advisory (managed) account. As we currently utilize the Advisory Account offerings through Wells Fargo (via our clearing relationship with First Clearing, LLC.), please refer to the 'Products' tab on the InfoMAX site through SmartStation for a list of the forms required to open and maintain an advisory account. Go to the 'Products' tab and then select 'Advisory.' All contracts and forms must be executed properly and then submitted to a firm Principal for review.

Note: Although some of the advisory contracts utilized by us for the WFA discretionary programs (Allocation Advisors, FundSource, DMA and Masters) may authorize Brighton to act as a discretionary investment advisor, we do not currently exercise that authority. Currently, only WFA acts in that capacity in these programs.

Discretionary authority at Brighton Securities is generally not allowed but in any circumstance must be pre-approved by a Principal of the firm in writing.

Advisory Fees

Policy

Brighton Securities Corp details the terms of our clients' advisory fees and expenses in an advisory agreement and describes it in our Form ADV and other materials provided to the client.

As a matter of policy and practice, Brighton Securities Corp has also adopted and implemented written policies and procedures designed to prevent failing to adhere to the terms of any client agreements and disclosures, or otherwise engage in inappropriate fee billing and expense practices.

Background

Proper fee billing has continued to be a consistent focus for the SEC. On April 12, 2018, the Office of Compliance Inspections and Examinations (OCIE) issued a National Exam Program Risk Alert, providing a list of compliance issues relating to fees and expenses that were most frequently identified in deficiency letters sent to investment advisers.

According to OCIE, the most frequent compliance issues it found related to advisory fees and expenses as of 2018 are:

- Fee-billing based on incorrect account valuations;
- Billing fees in advance or with improper frequency;
- Applying incorrect fee rate;
- Omitting rebates and applying discounts incorrectly;
- Disclosure issues involving advisory fees; and
- Adviser expense misallocations.

Our policy and the procedures set forth below are designed to address these regulatory concerns and reasonably ensure that Brighton Securities Corp.'s fees are accurate.

Responsibility

Our CAO is responsible for the implementation of the firm's Advisory Fees, maintaining relevant records regarding the policies and procedures, and documenting these reviews.

Procedure

Brighton Securities Corp has adopted procedures to implement the policy, and conducts internal reviews to monitor and ensure that the policy is observed, implemented properly, and amended or updated, as appropriate. These include the following:

- Our CAO or designated person will review the process of valuing of assets specified in the client agreement and compare it with the actual method used to ensure they match;

- Our CAO or designated person will review the process of billing advisory fees specified in our advisory contract, Form ADV Part 2, and Form CRS and ensure that the firm is not billingclients in advance or with improper frequency;
- Our CAO or designated person will review the advisory fee rate specified in the client agreement and compare it with the actual rate charged to ensure they match; and
- Our CAO or designated person will review any rebates or discounts specified in the client agreement and ensure the correct ones are given to ensure overcharging does notoccur.

Agency Cross Transactions

Policy

Brighton Securities Corp.'s policy and practice is to NOT engage in any agency cross transactions and our firm's policy is appropriately disclosed in Form ADV Part 1 and Part 2A responses.

Background

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction (SEC Rule 206(3)-2(b)). Agency cross transactions typically may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Agency cross transactions are permitted for advisers only if certain conditions are met under Advisers Act rules including prior written consent, client disclosures regarding trade information and annual disclosures, among other things.

Responsibility

Jai Ramachandran has the overall responsibility for implementing and monitoring our policy of not engaging in any agency cross transactions.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting any agency cross transactions for advisory clients has been communicated to relevant individuals including portfolio managers, traders and others;
- the policy is appropriately disclosed in the firm's Form ADV;
- Jai Ramachandran semi-annually monitors the firm's advisory services and trading practicesto help ensure that no agency cross transactions occur for advisory clients; and
- in the event of any change in the firm's policy, any such change must be approved by management, any agency cross transactions would only be allowed after appropriate authorizations, reviews, approvals, disclosures, reporting and meeting appropriateregulatory requirements and maintaining proper records.

Annual Compliance Reviews

Policy

As a SEC registered adviser, it is Brighton Securities Corp.'s policy to conduct an annual review of the firm's policies and procedures to determine that they are adequate, current and effective in view of the firm's businesses, practices, advisory services, and current regulatory requirements. Our policy includes amending or updating the firm's policies and procedures to reflect any changes in the firm's activities, personnel, or regulatory developments, among other things, either as part of the firm's annual review, or more frequently, as may be appropriate, and to maintain relevant records of such reviews.

Background

In December 2003, the SEC adopted Rule 206(4)-7, *Compliance Programs of Investment Companies and Investment Advisers* (Compliance Program Rule) under the Advisers Act and Investment Company Act, (SEC Release Nos. IA-2204 and IC-26299). The rules were effective and advisers and funds had to be in compliance with the rules by October 5, 2004. The rules require SEC registered advisers and investment companies to adopt and implement written policies and procedures designed to detect and prevent violations of the federal securities laws. The rules are also designed to protect investors by ensuring all funds and advisers have internal programs to enhance compliance with the federal securities laws. Among other things, the rules require that advisers and investment companies annually review their policies and procedures for their adequacy and effectiveness and maintain records of the reviews. A Chief Compliance Officer must also be designated by advisers and investment companies to be responsible for administering the compliance policies, procedures and the firm's annual reviews.

The required reviews are to consider any changes in the adviser's or fund's activities, any compliance matters that have occurred in the past year and any new regulatory requirements or developments, among other things. Appropriate revisions of a firm's or fund's policies or procedures should be made to help ensure that the policies and procedures are adequate and effective. Advisers and funds were to have completed their first annual review within eighteen months of the adoption or approval of their compliance policies and procedures (i.e., no later than April 5, 2006, and annually thereafter).

Responsibility

Jai Ramachandran has the overall responsibility and authority to develop and implement the firm's compliance policies and procedures and to conduct an annual review to determine their adequacy and effectiveness in detecting and preventing violations of the firm's policies, procedures or federal securities laws. Jai Ramachandran also has the responsibility for maintaining relevant records regarding the policies and procedures and documenting these reviews.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- on at least an annual basis, Jai Ramachandran, and such other persons as may be designated, will undertake a complete review of all Brighton Securities Corp.'s written compliance policies and procedures;
- the review will include a review of each policy to determine the following:
    a) adequacy;
    b) effectiveness;
    c) accuracy;
    d) appropriateness for the firm's or fund's current activities
    e) current regulatory requirements;
    f) any prior policy issues, violations or sanctions; and
    g) any changes or updates that may otherwise be required or appropriate.
- the annual review process should also consider and assess the risk areas for the firm and review and update any risk assessments in view of any changes in advisory services, client base and/or regulatory developments;
- Jai Ramachandran, or designee(s), will coordinate the review of each policy with an appropriate person, department manager, management person or officer to ensure that each of the firm's policies and procedures is adequate and appropriate for the business activity covered, e.g., a review of trading policies and procedures with the person responsible for the firm's trading activities;
- Jai Ramachandran, or designee(s), will revise or update any of the firm's policies and/or procedures as necessary or appropriate and obtain the approval of the person, department manager, management person or officer responsible for a particular activity as part of the review;
- Jai Ramachandran will obtain the approval of the firm's compliance policies and procedures from the appropriate senior management person or officer, or chief executive officer;
- the firm's annual reviews will include a consideration of any prior violations or issues under any of the firm's policies or procedures with any revisions or amendments to the policy or procedures designed to address such violations or issues to help avoid similar violations or issues in the future;
- Jai Ramachandran will maintain hardcopy or electronic records of the firm's policies and procedures as in effect at any particular time since October 5, 2004, and any policies in effect prior to that date;
- Jai Ramachandran will also maintain an Annual Compliance Review file for each year which will include and reflect any revisions, changes, updates, and materials supporting such changes and approvals, of any of the firm's policies and/or procedures;
- Jai Ramachandran, or designee(s), will also conduct more frequent reviews of the Brighton Securities Corp.'s policies or procedures, or any specific policy or procedure, in the event of any change in personnel, business activities, regulatory requirements or developments, or other circumstances requiring a revision or update; and

- relevant records of such additional reviews and changes will also be maintained by Jai Ramachandran.

Anti-Money Laundering

Policy

It is the policy of Brighton Securities Corp. to seek to prevent the misuse of the funds it manages, as well as preventing the use of its personnel and facilities for the purpose of money laundering and terrorist financing. Brighton Securities Corp. has adopted and enforces policies, procedures and controls with the objective of detecting and deterring the occurrence of money laundering, terrorist financing and other illegal activity. Anti-money laundering (AML) compliance is the responsibility of every employee. Therefore, any employee detecting any suspicious activity is required to immediately report such activity to the AML Compliance Officer. The employee making such report should not discuss the suspicious activity or the report with the client in question.

Background

On October 26, 2001, the President signed into law the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001 (USA PATRIOT Act). Prior to the passage of the USA PATRIOT Act, regulations applying the anti-money laundering provisions of the Bank Secrecy Act (BSA) were issued only for banks and certain other institutions that offer bank-like services or that regularly deal in cash. The USA PATRIOT Act required the extension of the anti-money laundering requirements to financial institutions, such as registered and unregistered investment companies, that had not previously been subjected to BSA regulations.

In April 2003, the Department of the Treasury proposed new rules that would require SEC registered advisers, and certain unregistered advisers, to adopt an anti-money laundering program. These proposed rules were withdrawn in October 2008 by FinCEN of the Department of the Treasury due to the passage of time and to re-assess financial industry developments.

On August 25, 2015, the Financial Crimes Enforcement Network (FinCEN) issued for public comment a notice of proposed rulemaking (NPRM) that would prescribe minimum standards for anti-money laundering programs to be established by certain investment advisers, file reports of suspicious activity to FinCEN pursuant to the Bank Secrecy Act ("BSA"), and comply with certain other requirements. FinCEN also proposed including certain investment advisers in the general definition of "financial institution" in rules implementing the BSA.

Foreign Sanctions Evaders List. The Treasury Department's Office of Foreign Assets Control created a new list – the Foreign Sanctions Evaders List ("FSE List") in February 2014, identifying non-U.S. persons and entities that have engaged in conduct evading U.S. economic sanctions with respect to Iran or Syria. As OFAC has elected to maintain a separate FSE List rather than incorporate the FSE entries on the SDN List, advisers should screen their counterparties against both lists.

While currently there are no anti-money laundering rules imposed directly on SEC-registered investment advisers, advisers may agree to perform some or all of a broker-dealer's Customer Identification

Program (CIP) obligations subject to certain conditions set forth in a series of no-action letters issued by the SEC's Division of Trading and Markets (the "Division").

On December 12, 2016 the Division once again extended relief that allows broker-dealers to rely on registered investment advisers to satisfy the broker-dealer's CIP obligations for shared customers under certain conditions (the "2016 Letter"). The 2016 Letter represents the eight extension since the Division originally provided relief in a no-action letter issued on February 12, 2004 (the "2004 Letter"). Most notably, the no-action letter issued on January 11, 2011 (the "2011 Letter") imposed new requirements on the adviser that must be set forth in a contract entered into by the adviser and the broker-dealer in addition to retaining the conditions set forth in the 2004 letter. The most recent letter extends the no-action position in the 2011 Letter for an additional two years (i.e., until December 12, 2018). In May 2016, FinCEN issued new rules intended to clarify and strengthen customer due diligence requirements for 'covered financial institutions.' These new rules include Beneficial Ownership Requirements for legal entity customers, which contain a reliance provision similar to one contained in the CIP Rule permitting a covered financial institution to rely on the performance by another financial institution of the rule's requirements subject to certain conditions, including that the other financial institution is subject to an AML Program Rule. Covered financial institutions must comply with these rules by May 11, 2018.

The 2016 Letter extends the no-action position set forth in the previous letter (issued 1/9/2015) until the earlier of: (i) the date upon which an AML Program Rule for investment advisers becomes effective, or (ii) two years from the date of this letter. (See *Securities Industry and Financial Markets Association* SEC No-Action letter dated December 12, 2016.)

Responsibility

Brighton Securities Corp. has designated Lori Alberts as Brighton Securities Corp.'s AML Compliance Officer.

In this capacity, the AML Compliance Officer is responsible for coordinating and monitoring the firm's AML program as well as maintaining the firm's compliance with applicable AML rules and regulations. The AML Compliance Officer will review any reports of suspicious activity which have been observed and reported by employees.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Client Identification Procedures

As part of Brighton Securities Corp.'s AML program, the firm has established procedures to ensure that all clients' identities have been verified before an account is opened.

Before opening an account for an individual client, Brighton Securities Corp. will require satisfactory documentary evidence of a client's name, address, date of birth, social security number or, if applicable, tax identification number. Before opening an account for a corporation or other legal entity, Brighton Securities Corp. will require satisfactory evidence of the entity's name, address and that the acting principal has been duly authorized to open the account. The AML Compliance Officer will retain records of all documentation that has been relied upon for client identification for a period of five years.

Prohibited Clients

Brighton Securities Corp. will not open accounts or accept funds or securities from, or on behalf of, any person or entity whose name appears on either the List of Specially Designated Nationals and Blocked Persons, or the Foreign Sanctions Evaders List maintained by the U.S. Office of Foreign Assets Control, from any Foreign Shell Bank or from any other prohibited persons or entities as may be mandated by applicable law or regulation.

Brighton Securities Corp. will also not accept high-risk clients (with respect to money laundering or terrorist financing) without conducting enhanced, well-documented due diligence regarding such prospective client.

Annual Training and Review

The AML Compliance Officer will conduct annual employee training programs for appropriate personnel regarding the AML program. Such training programs will review applicable laws, regulations and recent trends in money laundering and their relation to Brighton Securities Corp.'s business. Attendance at these programs is mandatory for appropriate personnel, and session and attendance records will be retained for a five-year period.

The AML program will be reviewed annually by the AML Officer, the Chief Compliance Officer or an independent auditor. The review of the AML program will be conducted as part of the firm's Annual Compliance Program Review of the policies and procedures. The AML review will also evaluate Brighton Securities Corp.'s AML program for compliance with current AML laws and regulations.

In addition, Brighton Securities Corp. has contractually agreed to assume the broker-dealer's CIP obligations. As set forth in the agreement between our firms:

1. our firm will update our AML Program as necessary to implement changes in applicable laws and guidance;
2. Brighton Securities Corp. (or our agent) will perform the specified requirements of the broker-dealer's CIP and/or beneficial ownership practices in a manner consistent with Section 326 of the PATRIOT Act and the Beneficial Ownership Requirements, respectively;
3. we will promptly disclose to the broker-dealer potentially suspicious or unusual activity detected as part of the CIP and/or beneficial ownership procedures being performed on the broker's behalf in order to enable that firm to file a Suspicious Activity Report ("SAR"), as appropriate based on the broker-dealer's judgment;

4. we will annually certify to the broker-dealer that the representations made in the contractual agreement are accurate and that our firm is in compliance with its representations; and
5. will promptly provide books and records in connection with our performance of the broker-dealer's CIP and/or beneficial ownership procedural obligations to the SEC, a self-regulatory organization ("SRO") that maintains jurisdiction over the broker, or to authorized law enforcement agencies, either directly through the broker or at the request of (a) the broker-dealer, (b) the SEC, (c) a SRO maintaining jurisdiction over such broker-dealer, or (d) an authorized law enforcement agency.

Best Execution

Policy

As an investment advisory firm, Brighton Securities Corp. has a fiduciary and fundamental duty to seek best execution for client transactions.

Brighton Securities Corp., as a matter of policy and practice, seeks to obtain best execution for client transactions, *i.e.,* seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

Background

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the clients' total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an adviser must consider the full range and quality of a broker-dealer's services, including execution capability, commission rates, and the value of any research, financial responsibility, and responsiveness, among other things.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our best execution policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- as part of Brighton Securities Corp.'s brokerage and best execution practices, Brighton Securities Corp. has adopted and implemented written best execution practices and established a Brokerage Committee (or designated an individual or officer);
- the Brokerage Committee (or designated officer) has responsibility for monitoring our firm's trading practices, gathering relevant information, quarterly reviewing and evaluating the services provided by broker-dealers, the quality of executions, research, commission rates, and overall brokerage relationships, among other things;
- Brighton Securities Corp. may also maintain and update quarterly "Approved Broker-Dealer List" based upon the firm's reviews;
- Brighton Securities Corp. will document consideration of quality and cost of services available from other brokers;
- **[include if the firm maintains soft dollar arrangements]** Disclosure regarding soft dollar practices should include, as applicable:

- Explaining that Brighton Securities Corp. may cause clients to pay higher transaction costs by executing trades at brokers with whom it has soft dollar arrangements;
- Disclosing that soft dollar arrangements benefit Brighton Securities Corp.;
- Explaining that Brighton Securities Corp. has incentive to select/recommend brokers with whom it has soft dollar arrangements;
- If receiving mixed use products, disclose the inherent conflict of interest in making mixed use allocation decisions;
- Explaining the potential incentive to unnecessarily and excessively trade client accounts to generate soft dollar credits to benefit the firm at the client's expense;
- Describing the types of products and services, especially those that are not eligible under Safe Harbor;
- Disclosing if certain clients shoulder more of the cost of research benefiting others;
- Summarizing the process for determining where to direct client transactions in return for soft dollar benefits; and
- Describing procedures for reviewing soft dollar arrangements and guarding against influence of conflicts.

- **[include if the firm maintains soft dollar arrangements]** In administering mixed use allocations, Brighton Securities Corp. will make a reasonable allocation of the cost of the product according to its use and keep adequate books and records;
- Brighton Securities Corp. also conducts annual reviews of the firm's brokerage and best execution policies and documents these reviews, and discloses a summary of brokerage and best execution practices in response to Item 12 in Part 2A of Form ADV: *Firm Brochure*; and
- a Best Execution file is maintained for the information obtained and used in Brighton Securities Corp.'s periodic best execution reviews and analysis and to document the firm's best execution practices.

If the firm is a 'Large Trader' pursuant to SEC Rule 13h-1 (the Large Trader Rule), the firm's Best Execution/Trading practices should include the following:

- providing the firm's LTID (large trader identification number) to **all** registered broker-dealers effecting transactions on behalf of the firm.

Books and Records

Policy

As a registered investment adviser, Brighton Securities Corp. is required, and as a matter of policy, maintains various books and records on a current and accurate basis which are subject to periodic regulatory examination. Our firm's policy is to maintain firm and client files and records in an appropriate, current, accurate and well-organized manner in various areas of the firm depending on the nature of the records.

Brighton Securities Corp.'s policy is to maintain required firm and client records and files in an appropriate office of Brighton Securities Corp. for the at least first two years and in a readily accessible facility and location for up to an additional three years for a total of not less than five years from the end of the applicable fiscal year. Certain records for the firm's performance, advertising and corporate existence are kept for longer periods. (Certain states may require longer record retention.)

Background

Registered investment advisers, as regulated entities, are required to maintain specified books and records. There are generally two groups of books and records to be maintained. The first group is financial records for an adviser as an on-going business such as financial journals, balance sheets, bills, etc. The second general group of records is client related files as a fiduciary to the firm's advisory clients and these include agreements, statements, correspondence and advertising, and trade records, among many others.

Responsibility

Jai Ramachandran has the overall responsibility for the implementation and monitoring of our books and records policy, practices, disclosures and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Brighton Securities Corp.'s filing systems for the books, records and files, whether stored in files or electronic media, are designed to meet the firm's policy, business needs and regulatory requirements as follows:

- arranging for easy location, access and retrieval;
- having available the means to provide legible, true and complete copies;
- for records stored on electronic media, back-up files are made and such records stored separately;

- reasonably safeguarding all files, including electronic media, from loss, alteration or destruction (see back-up procedures in Disaster Recovery Policy);
- limiting access by authorized persons to Brighton Securities Corp.'s records (seeadditional Cybersecurity and Privacy procedures related to passwords and safeguarding practices);
- ensuring that any non-electronic original records that are electronically reproduced andstored are accurate reproductions;
- identifying the different types of data stored electronically and the appropriate controls for each type of data;
- checking for and implementing any software patches or hardware updates in our electronic media, followed by reviews to ensure that the patches and updates did not unintentionally change, weaken, or otherwise modify the security configuration;
- maintaining client and firm records for five years from the end of the fiscal year duringwhich the last entry was made with longer retention periods for advertising, performance, Code of Ethics and firm corporate/organization documents; and
- annual reviews will be conducted by the designated officer, individual(s) or department managers to monitor Brighton Securities Corp.'s recordkeeping systems, controls, and firm and client files.

Code of Ethics

Policy

Brighton Securities Corp., as a matter of policy and practice, and consistent with industry best practices and SEC requirements (SEC Rule 204A-1 under the Advisers Act and Rule 17j-1 under the Investment Company Act, which is applicable if the firm acts as investment adviser to a registered investment company), has adopted a written Code of Ethics covering all supervised persons. Our firm's Code of Ethics requires high standards of business conduct, compliance with federal securities laws, reporting and recordkeeping of personal securities transactions and holdings, reviews and sanctions. The firm's current Code of Ethics, and as amended, while maintained as a separate document, is incorporated by reference and made a part of these Policies and Procedures.

Background

In July 2004, the SEC adopted an important rule (Rule 204A-1) similar to Rule 17j-1 under the Investment Company Act, requiring SEC advisers to adopt a code of ethics. The new rule was designed to prevent fraud by reinforcing fiduciary principles that govern the conduct of advisory firms and their personnel.

The Code of Ethics rule had an effective date of August 31, 2004 and a compliance date of February 1, 2005. Among other things, the Code of Ethics rule requires the following:

- setting a high ethical standard of business conduct reflecting an adviser's fiduciary obligations;
- compliance with federal securities laws;
- access persons to periodically report personal securities transactions and holdings, with limited exceptions;
- prior approval for any IPO or private placement investments by access persons;
- reporting of violations;
- delivery and acknowledgement of the Code of Ethics by each supervised person;
- reviews and sanctions;
- recordkeeping; and
- summary Form ADV disclosure.

An investment adviser's Code of Ethics and related policies and procedures represent a strong internal control with supervisory reviews to detect and prevent possible insider trading, conflicts of interest and potential regulatory violations.

Responsibility

Jai Ramachandran has the primary responsibility for the preparation, distribution, administration, periodically reviews, and monitoring our Code of Ethics, practices, disclosures, sanctions and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy on personal securities transactions and our Code of Ethics and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended, as appropriate, which include the following:

- formal adoption of the firm's Code of Ethics by management;
- the Chief Compliance Officer distributes the current Code of Ethics annually to all supervised persons and to all new supervised persons upon hire;
- each supervised person must acknowledge receipt of the firm's Code of Ethics initially upon hire and annually and return a signed acknowledgement/certification form to the Chief Compliance Officer;
- the Chief Compliance Officer, with other designated officer(s), conduct a review of the firm's Code of Ethics at least annually and update the Code of Ethics as may be appropriate;
- the Chief Compliance Officer obtains and reviews access persons' personal transactions/holdings reports quarterly;
- the Chief Compliance Officer, or his/her designee, retains and conducts a review at least annually of relevant Code of Ethics records as required, including but not limited to, Codes of Ethics, as amended from time to time, acknowledgement/certification forms, records identifying individuals deemed to be access persons of the firm, initial and annual holdings reports, reports of personal securities transactions, violations and sanctions, among other documentation;
- the firm provides initial and annual education about the Code of Ethics, and each person's responsibilities and reporting requirements, under the Code of Ethics;
- the firm's Form ADV is reviewed annually and amended, when necessary, by the Chief Compliance Officer to appropriately disclose a summary of the firm's Code of Ethics which includes an offer to deliver a copy of the Code upon request by an existing or prospective advisory client; and
- the Chief Compliance Officer is responsible for receiving and responding to any client requests for the firm's Code of Ethics and maintaining required records.

Complaints

Policy

As a registered adviser, and as a fiduciary to our advisory clients, our firm has adopted this policy, which requires a prompt, thorough and fair review of any advisory client complaint, and a prompt and fair resolution which is documented with appropriate supervisory review.

Background

Based on an adviser's fiduciary duty to its clients and as a good business practice of maintaining strong and long term client relationships, any advisory client complaints of whatever nature and size should be handled in a prompt, thorough and professional manner. Regulatory agencies may also require or request information about the receipt, review and disposition of any written client complaints.

Responsibility

Brighton Securities Corp.'s designated officer has the primary responsibility for the implementation and monitoring of the firm's complaint policy, practices and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Brighton Securities Corp. maintains a Complaint File for any written complaints received from any advisory clients;
- any person receiving any written client complaint is to forward the client complaint to Brighton Securities Corp.'s designated officer;
- if appropriate, the designated officer will promptly send the client a letter acknowledging receipt of the client's complaint letter indicating the matter is under review and a response will be provided promptly;
- the designated officer will forward the client complaint letter to the appropriate person or department, depending on the nature of the complaint, for research, review and information to respond to the client complaint;
- the designated officer will then either review and approve or draft a letter to the client responding to the client's complaint and providing background information and a resolution of the client's complaint. Any appropriate supervisory review or approval will be done and noted; and
- the designated officer will maintain records and supporting information for each written client complaint in the firm's complaint file.

Corporate Records

Policy

As a registered investment adviser and legal entity, Brighton Securities Corp. has a duty to maintain accurate and current "Organization Documents." As a matter of policy, Brighton Securities Corp. maintains all Organization Documents and related records at its principal office. All Organization Documents are maintained in a well-organized and current manner and reflect current directors, officers and members or partners, as appropriate. Our Organization Documents will be maintained for the life of the firm in a secure manner and location and for an additional three years after the termination of the firm.

Background

Organization Documents, depending on the legal form of an adviser, may include the following, among others:

- Articles of Incorporation, By-laws, etc. (for corporations)
- Agreements and/or Articles of Organization (for limited liability companies)
- Partnership Agreements and/or Articles (for partnerships and limited liability partnerships)
- Charters
- Minute Books
- Stock certificate books/ledgers
- Organization resolutions
- Any changes or amendments of the Organization Documents

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our Organization Documents policy, practices, and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s designated officer will maintain the Organization Documents in Brighton Securities Corp.'s principal office in a secure location; and
- Organization Documents will be maintained on a current and accurate basis and reviewed annually and updated by the designated officer so as to remain current and accurate with Brighton Securities Corp.'s regulatory filings and disclosures, among other things.

Custody

Policy

As a matter of policy and practice, Brighton Securities Corp. does maintain custody of client funds, securities or assets. Our policy is to ensure that we maintain client funds and securities with qualified custodians. We believe that the custody rules for Advisers are vital for the protection of clients and for the health of the industry. Our procedures are well fitted to firms of our size and help make us more transparent.

Background

In a major revamping and updating of the SEC Custody Rule (Rule 206(4)-2), the SEC adopted final rule amendments released on December 30, 2009, imposing more rigorous requirements for SEC advisers maintaining custody or deemed to have custody of client assets.

In the National Exam Program Risk Alert, *Significant Deficiencies Involving Adviser Custody and Safety of Client Assets*, issued by OCIE on March 4, 2013, SEC staff grouped custody-related deficiencies into four categories: (i) failure by advisers to recognize they have custody; (ii) failure to comply with the rule's "surprise exam" requirement; (iii) failures to comply with the "qualified custodian" requirements; and (iv) failures to comply with the audit approach for pooled investment vehicles. The Alert, which can be accessed here, includes detailed examples of the deficiencies observed.

Staff of the Division of Investment Management issued *Inadvertent Custody: Advisory Contract Versus Custodial Contract Authority* (IM Guidance Update No. 2017-01) in February 2017, and has determined that an investment adviser may inadvertently have custody of client funds or securities because of provisions in a separate custodial agreement entered into between its advisory client and a qualified custodian. The staff notes that depending on the wording or rights conferred by these custodial agreements, an adviser may have custody, and may also be subject to the surprise examination requirement, even though it did not otherwise intend to have such access. The Guidance, which can be accessed here, includes examples of agreements that would give an adviser inadvertent custody.

The custody rule under the Investment Advisers Act of 1940 defines custody as "holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them." The custody definition includes three examples to clarify what constitutes custody for advisers as follows:

1. possession of client funds or securities (but not of checks drawn by clients and made payable to third parties) unless you receive them inadvertently and you return them to the sender promptly but in any case within three business days of receiving them;
2. any arrangement (including a general power of attorney) under which you are authorized or permitted to withdraw client funds or securities maintained with a custodian upon your instruction to the custodian; and
3. any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or a

trustee of a trust) that gives you or your supervised person legal ownership of or access to client funds or securities.

> **NOTE:** If a related person of the adviser is appointed as trustee as a result of a family or personal relationship with the grantor or beneficiary of the trust, and not as a result of employment with the adviser, the role of the supervised person as trustee will not be imputed to the adviser; thus the adviser will not be deemed to have custody of such client's assets.

Use of Qualified Custodians. The custody rule requires advisers with custody to maintain client funds and securities with "qualified custodians," which include U.S. banks and insured savings associations; registered broker-dealers; futures commission merchants registered under the U.S. Commodity Exchange Act (but only with respect to clients' funds and security futures, or other securities incidental to futures transactions); and certain foreign custodians.

> *Exceptions*. (1) Shares of mutual funds may be held with the fund's transfer agent in lieu of a qualified custodian. (2) Certain privately offered securities provided such securities meet specified conditions.

Use of Affiliated Custodians. However, when the adviser or its related person serves as qualified custodian for client assets in connection with advisory services provided by the adviser ("affiliated custodian"), the adviser is required to undergo a surprise annual audit ***and*** annually obtain, or receive from the related person, an internal control report regarding the affiliated custodian's controls applicable to custody of client assets. An independent public accountant registered with and subject to regular inspection by the PCAOB must issue the report.

Exceptions.

- A limited exception from the surprise examination requirement is available when the adviser is deemed to have custody as a result of a related person having custody. (1) An adviser that can evidence that it is operationally independent from a related person that serves as a qualified custodian for client assets would not have to obtain a surprise examination of client assets held by the related person. The rule sets forth the conditions that must be met.
- A limited exception to obtaining an internal control report from a related person is available when the related person is deemed to have custody of client assets but does not act as qualified custodian to such assets. For example, an adviser to a private fund the general partner ("GP") of which is a related person of the adviser would not need to obtain an internal control report from (i) the GP if the GP is not serving as the qualified custodian and (ii) the prime broker that is serving as the qualified custodian is not a related person of the adviser.
- A limited exception from the surprise examination requirement is available when the adviser has authority under Standing Letters of Authority (SLOA) under certain conditions as outlined in the IAA No-Action Letter, dated February 21, 2017.

Account Statements to Clients. Advisers must also have a reasonable belief after "due inquiry" that the qualified custodians provide at least quarterly account statements directly to the adviser's clients.

If the adviser elects also to send account statements to its advisory clients in addition to those sent by the qualified custodian(s), the adviser must include a legend in its account statements urging clients to compare the account statements they receive from the custodian with those received from the adviser.

Notice to Clients. Advisers that open an account(s) with a qualified custodian on the client's behalf, either (i) as a separate account under the client's name or (ii) in accounts under the adviser's name as agent or trustee (provided such account contains only clients' funds and securities), must promptly notify the client in writing, detailing the qualified custodian's name, address and the manner in which the client's funds or securities are maintained.

> *Exceptions.* Investment-related limited partnerships, limited liability companies or other pooled investment vehicles (collectively 'pooled investment vehicles') that are annually audited with copies of the audited financials delivered to all investors within specified timeframes (you may access more detailed information pertaining to pooled investment vehicles).

Surprise Annual Audit. Advisers deemed to have custody of clients' funds or securities are required to obtain a surprise annual examination of client assets by an independent public accountant, except as provided below.

The independent accountant must file its certificate on Form ADV-E with the SEC within 120 days of the commencement of the examination. Any material discrepancies found by the accountant must be reported to the SEC within one day. Effective January 1, 2011, investment adviser firms submit Form ADV-E filings electronically via the IARD while the reporting public accountants utilize a separate Form ADV-E Surprise Examination Filing Website.

> *Exceptions*.
>
> (1) Advisers deemed to have custody ***solely*** as a result of their ability to directly debit advisory fees from clients' accounts.
>
> (2) Investment-related limited partnerships, limited liability companies or other pooled investment vehicles (collectively "pooled investment vehicles") that are annually audited with copies of the audited financials delivered to all investors within specified timeframes.
>
> (3) Advisers that have in place an SLOA that is structured such that the adviser does not have discretion as to the payee and that the following conditions are met:
>
> - The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.

- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

(See IAA No-Action Letter February 21, 2017 - https://www.sec.gov/divisions/investment/noaction/2017/investment-adviser-association-022117-206-4.htm)

Form ADV Disclosures: Although advisers that deduct fees directly from client accounts are deemed to have custody and must comply with the applicable rule requirements, advisers that have custody ***solely*** because they deduct advisory fees may continue to answer "No" to the custody questions in Item 9 of Form ADV Part 1. In the IAA No-Action Letter (February 21, 2017) the SEC advised firms that beginning with the next annual updating amendment after October 1, 2017, an investment adviser should include client assets that are subject to a SLOA that result in custody in its response to Item 9 of Form ADV.

Form ADV Part 1. Except as provided below, advisers are required to promptly amend their responses to most subsections of Item 9 (and related Schedule D disclosures) when previously reported information becomes inaccurate. Advisers need only update their responses to the following when filing their annual updating amendment: (i) the approximate amount of funds and securities and (ii) total number of clients for which you and/or your related persons have custody; (iii) the date a surprise exam commenced; and (iv) the number of persons acting as qualified custodians for your clients.

Form ADV Part 2. Advisers must disclose whether they require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance in response to Item 18.A. of Part 2A of Form ADV and if so, must include a balance sheet for its most recent fiscal year. An adviser that has not completed its first fiscal year must include a balance sheet dated not more than 90 days prior to the filing date of the Firm Brochure. The balance sheet must be prepared in accordance with GAAP, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

In addition, an adviser having discretionary authority or custody of client assets, or who solicits or requires the aforementioned prepayment of fees, is required to disclose any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients.

Exceptions. An adviser that is also (i) a qualified custodian as defined in SEC Rule 206(4)-2 or a similar state rule; or (ii) an insurance company, is **not** required to respond to Item 18.A.

MUTUAL FUND EXEMPTION. Advisers are exempt from all provisions of the custody rule with respect to clients that are registered investment companies. These accounts are subject to the requirements of section 17(f) of the Investment Company Act and custody rules adopted thereunder.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our policies, practices, disclosures and recordkeeping to ensure we are not deemed a custodian.

In the event any employee of Brighton Securities Corp. receives funds, securities, or other assets from a client, such employee must immediately notify the Compliance Officer and arrange to return such funds, securities or other assets to the client within three business days of receiving them.

Procedure

IMPORTANT NOTE: This disclosure is drafted to reflect that the firm is not deemed to have custody. The final procedure in this section addresses industry best practices if the firm directly debits fees from advisory accounts. Advisers should carefully read and customize these procedures to ensure they accurately reflect the firm's practices.

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews to monitor and ensure the firm's policy is observed, properly implemented and amended or updated, as appropriate which include the following:

- Brighton Securities Corp. will conduct a review of a random sample of client accounts to verify quarterly that securities and funds of advisory clients are maintained with an unaffiliated qualified custodian or, in the case of accounts holding shares of open-end mutual funds, the fund's transfer agent and held in the client's name or under Brighton Securities Corp. as agent or trustee for the clients;
- if Brighton Securities Corp. receives inadvertently from a client any funds or securities, these assets shall be returned to the client promptly, *i.e.*, within three business days of receipt;
- no employee or supervised person of Brighton Securities Corp. shall knowingly accept actual possession of any client funds or securities. Persons receiving a request from a client to deposit assets with a qualified custodian may assist the client to complete necessary forms and/or mailings, but shall not take physical possession of the funds or securities;
- to avoid being deemed to have custody, Brighton Securities Corp.'s procedures prohibit the following practices:

- any employee, officer, and/or the firm from directly deducting advisory fees from a client's account;*
- any employee, officer, and/or the firm from having signatory power over any client's checking account;
- any employee, officer, and/or the firm from managing a client's portfolio by directly accessing online accounts using the client's personal username and password without restrictions;
- any employee, officer, and/or the firm from having the power to unilaterally wire funds from a client's account;
- any employee, officer, and/or the firm from holding any client's securities or funds in Brighton Securities Corp.'s name at any financial institution;
- any employee, officer, and/or the firm from physically holding cash or securities of any client;
- any employee, officer, and/or the firm from having general power of attorney over a client's account;
- any employee, officer, and/or the firm from holding client assets through an affiliate of Brighton Securities Corp. where the firm, its employees or officers have access to advisory client assets;
- any employee, officer, and/or the firm from receiving the proceeds from the sale of client securities or interest or dividend payments made on a client's securities or check payable to the firm except for advisory fees;
- any employee, officer and/or the firm from acting as a trustee or executor for any advisory client trust or estate;
- any employee, officer and/or the firm from acting as general partner and investment adviser to any investment partnership; and
- the firm, or any "related person" acting as a qualified custodian for any advisory client assets.

***DIRECTLY DEDUCTING ADVISORY FEES.** Typically advisers do obtain client authority to directly debit advisory fees from clients' accounts; in which case, the adviser will be deemed to have custody even though Form ADV Part 1 Item 9 may still be checked "No" (provided that is the sole basis upon which the adviser is deemed to have custody). As a matter of best practice, advisers that directly debit fees should treat the firm as having custody and tailor the firm's policy and procedures applicable to direct debiting of advisory fees accordingly. Consider the following as recommended procedures:

As an adviser with authority to directly debit advisory fees from client accounts, Brighton Securities Corp. may adopt the following additional procedures:

- conduct quarterly testing of a sample of client fee calculations to verify accuracy;
- conduct overall testing of the reasonableness of fees in comparison to aggregate assets under management; and
- segregate duties among those employees responsible for:
    - processing billing invoices or listings of fees due from clients that are used by custodians to deduct advisory fees from clients' accounts;
    - reviewing such invoices/fee listings for accuracy; and/or

- reconciling those invoices/fee listings with deposits of advisory fees by the custodians into our firm's bank account to confirm accurate fee amounts were deducted.

Cybersecurity

Policy

Brighton Securities Corp.'s cybersecurity policy, in conjunction with our Firm's Identity Theft and Privacy policies as set forth in this Manual, recognizes the critical importance of safeguarding clients' personal information as well as the confidential and proprietary information of the firm and its employees. Maintaining the security, integrity and accessibility of the data maintained or conveyed through the Firm's operating systems is a fundamental requisite of our business operations and an important component of our fiduciary duty to our clients. While recognizing that the very nature of cybercrime is constantly evolving, Brighton Securities Corp. conducts periodic vulnerability assessments based on our firm's use of technology, third-party vendor relationships, reported changes in cybercrime methodologies, and in response to any attempted cyber incident, among other circumstances.

Protecting all the assets of our clients and safeguarding the proprietary and confidential information of the firm and its employees is a fundamental responsibility of every Brighton Securities Corp. employee, and repeated or serious violations of these policies may result in disciplinary action, including, for example, restricted permissions or prohibitions limiting remote access, restrictions on the use of mobile devices, and/or termination.

Background

In addition to rules and regulations under the Advisers Act that an advisory firm needs to abide by to be considered compliant, there are mandates beyond the Advisers Act that place further significant regulatory obligations on advisory firms. Security laws and regulations that impose data security and privacy requirements on investment advisers include, among others: (i) Gramm-Leach-Bliley Act/Regulation S-P; (ii) Regulation S-AM (Limitation on Affiliate Marketing); (iii) FACT Act – Red Flags Rule; (iv) Regulation S-ID Identity Theft Red Flags Rules; (v) Standards for the Protection of Personal Information of Residents of the Commonwealth of Massachusetts (201 CMR 17.00); (vi) California Financial Information Privacy Act (SB1); and (vii) U.S. Data Breach Disclosure Legislation. Furthermore, according to information posted on the National Conference of State Legislatures (NCSL) website, as of March 2018, all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam have enacted legislation requiring private or governmental entities to notify individuals of security breaches of information involving personally identifiable information.

On March 26, 2014, the SEC sponsored a Cybersecurity Roundtable to develop a better understanding of the growing cybersecurity risks and to facilitate discussions about the ways in which regulators and the industry can work together to address them, according to Commissioner Luis Aguilar, in a speech he presented on April 2, 2014 to the Mutual Fund Directors Forum.

On April 15, 2014, OCIE staff issued an NEP Risk Alert, *OCIE Cybersecurity Initiative*, "to provide additional information concerning its initiative to assess cybersecurity preparedness in the securities industry." Pursuant to its examination of 49 registered investment advisers and 57 registered broker-

dealers, OCIE issued a Risk Alert, *Cybersecurity Examination Sweep Summary*, on February 3, 2015 outlining its observations.

Significantly, the Alert notes, "The examinations did not include reviews of technical sufficiency of the firms' programs."

Staff of the Division of Investment Management issued *Cybersecurity Guidance* (IM Guidance Update No. 2015-02) on April 28, 2015, highlighting best practices for firms to consider implementing when developing or assessing their cybersecurity program. Importantly, the guidance also warns that cybersecurity breaches and deficiencies in cybersecurity programs could cause advisers and funds to violate securities laws, citing as an example, cyber breaches by insiders could constitute fraud.

OCIE's Risk Alert, 2015 *Cybersecurity Examination Initiative*, was published on September 15, 2015, to announce a second round of cybersecurity sweep examinations (the "2015 Initiative"). This second round of examinations is being launched to (i) build upon previous guidance provided by the Commission and (ii) further assess cybersecurity preparedness in the securities industry. Noting that some public reports have identified a weakness in basic controls as a factor in certain cybersecurity breaches, examiners will focus on firms' cybersecurity-related controls and conduct testing of such controls to assess their effectiveness.

Staff of the Division of Investment Management issued *Business Continuity Planning for Registered Investment Companies* (IM Guidance Update No. 2016-04) on June 28, 2016. The guidance emphasized the importance of implementing business continuity plans ("BCPs") for the firm and also for the firm to understand the business continuity and disaster recovery protocols of critical fund service providers, including third-party providers. In determining whether a service provider is critical, the firm may wish to consider day- to-day operational reliance on the service provider and the existence of backup processes or multiple providers.

On August 7, 2017, OCIE staff issued an NEP Risk Alert, *Observations from Cybersecurity Examinations*, as a follow-up to the 2014 Cybersecurity Initiative. In this Cybersecurity 2 Initiative, 75 firms, including broker-dealers, investment advisers, and investment companies were examined and "involved more validation and testing of procedures and controls surrounding cybersecurity preparedness than was previously performed" during the original Cybersecurity 1 Initiative. The staff outlined their observations, noting that while they have observed increased cybersecurity preparedness since the Cybersecurity 1 Initiative, there were also areas observed where compliance and oversight could be improved.

January 2020, OCIE released its 2020 Examination Priorities, in which it stated that it will continue to prioritize information security in each of its five examination programs. Examinations will focus on, among other things, proper configuration of network storage devices, information security governance generally, and retail trading information security. OCIE will continue to focus its examinations on assessing the protection of clients' personal financial information. Particular focus areas will include: (1) governance and risk management; (2) access controls; (3) data loss prevention; (4) vendor management; (5) training; and (6) incident response and resiliency.

Responsibility

Brighton Securities Corp.'s cybersecurity policies and procedures have been adopted pursuant to approval by the firm's senior management. Jai Ramachandran is responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Brighton Securities Corp.'s overall cybersecurity goals and objectives while at a minimum ensuring compliance with applicable federal and state laws and regulations. Jai Ramachandran may recommend to the firm's principal(s) any disciplinary or other action as appropriate. Jai Ramachandran is also responsible for distributing these policies and procedures to employees and conducting appropriate employee training to ensure employee adherence to these policies and procedures.

Any questions regarding Brighton Securities Corp.'s cybersecurity policies should be directed to Jai Ramachandran.

Procedure

In addition to the firm's procedures as set forth in the Identity Theft and Privacy sections of this manual, Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. has designated Joe Sweeney as the firm's Chief Information Security Officer (CISO) with responsibility for overseeing our firm's cybersecurity practices;
- Brighton Securities Corp.'s cybersecurity policies and procedures have been communicated toall employees of the firm;
- Brighton Securities Corp. maintains cybersecurity organizational charts and/or identifies and describes cybersecurity roles and responsibilities for the firms' employees;
- Brighton Securities Corp. restricts employees' access to those networks resources necessary for their business functions, and maintains documentation reflecting changes in employees' access rights, including management approval, when necessary;
- Joe Sweeney conducts periodic risk assessments of critical systems at least annually to identify cybersecurity threats, vulnerabilities, and potential business consequences;
- Joe Sweeney conducts penetration tests and vulnerability scans on systems that Brighton Securities Corp. considers critical, and fully remediates the high risk observations are discovered from these tests and scans;
- Joe Sweeney utilizes some form of system, utility, or tool—such as authentication protocols, secure access control measures, and encryption of all transmitted files--to prevent, detect, and monitor data loss as it relates to personally identifiable information;
- Joe Sweeney or other designated person(s) is responsible for Brighton Securities Corp.'s patch management practices, including monitoring and prompt installation of critical patches, and the creation and retention of appropriate documentation of such revisions;

- Brighton Securities Corp. provides training to employees regarding information security risks and responsibilities; such training is provided to all new employees as part of their onboarding process and is provided to all employees no less than annually; additional training and/or written guidance also may be provided to employees in response to relevant cyber-attacks;
- Joe Sweeney maintains records documenting such training and ad hoc employee guidance and/or system notifications;
- Brighton Securities Corp. has adopted procedures to promptly eliminate access to all firm networks, devices and resources as part of its HR procedures in the event an employee resigns or is terminated, such employee is required to immediately return all firm-related equipment and information to Jai Ramachandran;
- Brighton Securities Corp. has adopted procedures governing the use of mobile devices for firm business purposes, including required and enforced restrictions and controls for mobile devices that connect to the firms' systems, such as passwords and software that encrypts communications;
- Brighton Securities Corp. prohibits employees from installing software on company owned equipment without first obtaining written approval from Joe Sweeney or other designated person(s);
- Joe Sweeney or other designated person(s) conducts periodic monitoring of the firm's networks to detect potential cybersecurity events;
- Joe Sweeney or other designated person(s) oversee the selection and retention of third-party service providers, taking reasonable steps to select those capable of maintaining appropriate safeguards for the data at issue and require service providers by contract to implement and maintain appropriate safeguards;
- Brighton Securities Corp. conducts initial and ongoing due diligence processes on third-party service providers, including review of applicable business continuity and disaster recovery plans for critical providers. Joe Sweeney, in conducting oversight, may seek service provider presentations, onsite visits, questionnaires, certifications, independent control reports, and summaries of programs and testing. Oversight may also include the review of a service provider's financial condition and resources, insurance arrangements, and any indemnification provisions covering the service provider and its activities;
- Brighton Securities Corp. maintains records of any due diligence reviews, including a complete inventory of data and information, along with classifications of the risks, vulnerabilities, data, business consequences, and information of third party service providers conducted by Joe Sweeney or other designated person(s);
- Joe Sweeney or other designated person(s) requires third-party service providers having access to the firm's networks to periodically provide logs of such activities;
- Joe Sweeney examines critical service providers' backup processes and redundancies, robustness of the provider's contingency plans, including reliance on other critical service providers, and how they intend to maintain operations during a significant business disruption;
- If a critical service provider experiences a significant disruption, Joe Sweeney will monitor and determine any potential impacts it may have on fund operations and investors and create communication protocols and steps that may be necessary to successfully navigate such events;

- Joe Sweeney will create external communications plans addressing ongoing discussions with the affected service provider, providing timely communications that report progress and next steps, which may include posting updates to websites or portals to facilitate accessibility and broad dissemination of information;
- Joe Sweeney will also create backup procedures that address steps to be taken to navigate through a service provider disruption;
- to best protect our clients and the firm, all suspicious activity recognized or uncovered by personnel should be promptly reported to Joe Sweeney and/or other designated persons;
- an employee must immediately notify his or her supervisor and/or Joe Sweeney to report a lost or stolen laptop, mobile device and/or flash drive; and
- Brighton Securities Corp. maintains a written cybersecurity incident response policy.

Digital Assets

Policy

Brighton Securities Corp., as a matter of policy and practice, does not invest in digital assets on behalf of clients. Brighton Securities Corp. reviews all firm accounts on an annual basis to ensure that there are no regulatory assets invested in digital assets. Brighton Securities Corp.'s policy of not holding digital assets is disclosed to clients.

If a client chooses to withdraw funds from their account to invest in digital assets, Brighton Securities Corp. will provide a disclosure stating that Brighton Securities Corp. does not recommend this course of action, and obtain the client’s signature.

Directed Brokerage

Policy

Brighton Securities Corp. may accept client instructions for directing the client's brokerage transactions to a particular broker-dealer. Any client instructions to Brighton Securities Corp. are to be in writing with appropriate disclosures that for any directed brokerage arrangements Brighton Securities Corp. will not negotiate commissions, may not obtain volume discounts or aggregate directed transactions, and that commission charges will vary among clients and best execution may not be obtained.

Background

Clients may direct advisers to use a particular broker-dealer under various circumstances, including where a client has a pre-existing relationship with the broker or participates in a commission recapture program, among other situations. Advisers may also elect not to exercise brokerage discretion and, therefore, require clients to direct brokerage. Advisers should recommend to clients the use of broker-dealers providing reasonable, competitive and quality brokerage services and advise clients if a client's directed broker does not provide competitive and quality services.

Pursuant to the SEC's adoption of *Amendments to Form ADV* (Release No. IA-3060), advisers that routinely recommend, request or require clients to direct brokerage are required to disclosetheir practices in response to Item 12 of the new Form ADV Part 2. Such disclosures should include:

- a description of the firm's practices; and
- disclose that not all advisers require clients to direct brokerage.

If the adviser recommends or requires clients to direct brokerage to an affiliated broker, or to a broker with whom the adviser has another economic relationship that creates a material conflict of interest, the adviser must also:

- describe the relationship and identify the resultant conflicts of interest; and
- inform clients that by directing brokerage, the firm may be unable to achieve most favorable execution of client transactions, which may cost clients more money.

Advisers that permit clients to direct brokerage must describe the firm's practices and, if applicable, disclose that the firm may be unable to achieve most favorable execution of client transactions, which may cost clients more money. For example, clients may pay higher brokerage commissions because the firm is unable to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Advisers selecting or recommending the use of a broker-dealer in return for client referrals from the broker or other third party must describe their practices, including:

- the resultant conflicts of interest;

- disclosure that the adviser has an incentive to select or recommend the broker based on its interest in receiving client referrals rather than on clients' interest in receiving most favorable execution; and
- an explanation of the firm's procedures during the last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our directed brokerage policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures used to implement the firm's policy and quarterly conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- any client directed brokerage instructions and arrangements are to be in writing and must be reviewed by the Compliance Officer;
- Brighton Securities Corp. provides appropriate disclosures in response to Item 12 of Part 2A of Form ADV: *Firm Brochure* and the firm's advisory agreement;
- any client brokerage instructions are maintained in the client document file; and
- any relationships and conflicts of interest relating to arrangements in which brokers refer clients to the firm will be disclosed to clients.

Disaster Recovery

Policy

As part of its fiduciary duty to its clients and as a matter of best business practices, Brighton Securities Corp. has adopted policies and procedures for disaster recovery and for continuing Brighton Securities Corp.'s business in the event of an emergency or a disaster. These policies are designed to allow Brighton Securities Corp. to resume providing service to its clients in as short a period of time as possible. These policies are, to the extent practicable, designed to address those specific types of disasters that Brighton Securities Corp. might reasonably face given its business and location.

Background

Since the terrorist activities of 9/11/2001 and various catastrophic natural disasters, up to and including Hurricanes Katrina and Sandy, all advisory firms need to establish written disaster recovery and business continuity plans for the firm's business. This will allow advisers to meet their responsibilities to clients as a fiduciary in managing client assets, among other things. It also allows a firm to meet its regulatory requirements in the event of any kind of an emergency or disaster, such as a bombing, fire, flood, earthquake, power failure, the loss of a key principal, or any other event that may disable the firm, key personnel, or prevent access to our office(s).

In response to the substantial and wide-spread damage caused by Hurricane Sandy in October 2012, the SEC, FINRA and CFTC communicated with a number of leading market participants to ascertain the storm's impact on various aspects of their operations. Following the issuance of a joint advisory by the SEC, CFTC and FINRA on August 16, 2013, the SEC's Office of Compliance Inspections and Examinations (OCIE) issued a Risk Alert focused specifically on business continuity and disaster recovery planning by investment advisers. While both the joint advisory and the Risk Alert identify the same six key areas, the SEC's alert provides more detailed guidance including (i) general observations and notable practices, (ii) weakness noted, and (iii) possible future considerations. Advisers should consider the following areas in their review of business continuity and disaster recovery planning ("BCP") practices: (1) preparation for widespread disruption; (2) planning for alternative locations; (3) preparedness of key vendors; (4) telecommunications services and technology; (5) communications plans; (6) regulatory and compliance considerations; and (7) BCP review and testing.

Staff of the Division of Investment Management issued Business Continuity Planning for Registered Investment Companies (IM Guidance Update No. 2016-04) on June 28, 2016. The guidance emphasized the importance of implementing business continuity plans (“BCPs”) for the firm and also for the firm to understand the business continuity and disaster recovery protocols of critical fund service providers, including third-party providers. In determining whether a service provider is critical, the firm may wish to consider day- to-day operational reliance on the service provider and the existence of backup processes or multiple providers.

Responsibility

Jai Ramachandran and Joe Sweeney is responsible for maintaining and implementing Brighton Securities Corp.'s Disaster Recovery and Business Continuity Plan.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts internal reviews to monitor and ensure such policy is observed, implemented properly and amended or updated, as appropriate.

Basic elements considered while developing the Disaster Recovery plan included:

- financial assessments and operations;
- means of communication between and among managers, employees and investors;
- the physical location of the parties;
- the ability to evaluate the impact of an event on Brighton Securities Corp.;
- regulatory and reporting obligations; and
- mechanisms to ensure the safety of assets and keep them preserved until they can be redeemed to ensure the orderly liquidation of the assets in the event that Brighton Securities Corp.'s business cannot continue.

Overall implementation and monitoring of the firm's BCP is the responsibility of Jai Ramachandran and Joe Sweeney, supported by key personnel whose primary BCP roles and responsibilities have been defined. Where necessary and appropriate, Brighton Securities Corp. may also utilize outsourced service provider(s) to assist in fulfilling one or more of the following functions:

Telecommunications Services and Technology

- maintain an inventory of office equipment, including hardware and software, as well as key vendors;
- documentation of computer/server/network back-up procedures, i.e., frequency, procedure, person(s) responsible, etc., and the designated location(s) and retrieval procedures for the back-up information;
- identification and listing of key or mission critical people in the event of an emergency or disaster, maintained and kept current on an ongoing basis, including their names, addresses, e-mail, fax, cell phone and other information; developing a communication plan to contact essential management, staff and essential service providers (i.e., senior management, portfolio managers, risk managers, brokers and trading, vendors and disaster recovery specialists) and distributing this information to personnel as needed;
- evaluation of, and, as appropriate, provisions for offsite technology available to key or mission critical people to facilitate their working from remote locations;
- review of current communications service providers to assess the need for multiple communications carriers to maintain fax, voicemail, landline and VoIP services, particularly for mission critical staff with actionable redundancies being put in place in 2019; and
- designing and arranging for continuance of trading, reporting and other essential systems within a reasonable time period.

Communications

- proactively communicate with clients (either directly or via an e-mail blast) prior to a major storm to determine whether they have any transactions (e.g., cash raised, funds transferred, wire instructions executed, etc.) they will need executed if an extended outage occurs;
- communicating the status of Brighton Securities Corp.'s operations to clients through (i) recorded messages on the firm's main phone line; (ii) notifications posted on the firm's website; (iii) via e-mail blasts that include instructions for contacting the firm and employees who are working remotely; and/or (iv) through the use of third-party vendors in the event of a protracted disruption;
- providing trading counterparties and key vendors with contact information; and

Alternative Locations

- establishment of a back-up facility in a separate geographic area with the ability to continue to conduct business;
- determine the accessibility of such location(s) for mission critical staff and their ability to travel to such locations, including lodging requirements, if any;
- assessment of operational and logistical requirements (e.g., backup generator capacity, furniture, office equipment and supplies, etc.); and
- availability of current BCP, contact lists and other necessary documents, procedures and manuals—ideally in paper form – in the event that electronic files cannot be accessed.

Preparedness of Key Vendors

- obtain and/or critically review key vendors' Statement on Standards for Attestation Engagements No. 16 reports ("SSAE 16 reports"), BCPs and disaster recovery plans. Jai Ramachandran and Joe Sweeney, in conducting oversight, may seek service provider presentations, onsite visits, questionnaires, certifications, independent control reports, and summaries of programs and testing. Oversight may also include the review of a service provider's financial condition and resources, insurance arrangements, and any indemnification provisions covering the service provider and its activities;
- assessment of back-up systems for key vendors and mission critical service providers, including consideration of their geographic location(s) and whether, based on risk, the need exists for multiple back-up servers to be located in other regions, the robustness of the provider's contingency plans, including reliance on other critical service providers, and how they intend to maintain operations during a significant business disruption;

- Jai Ramachandran and Joe Sweeney will create backup procedures that address steps to be taken to navigate through a service provider disruption;

- consideration of the impact of business interruptions encountered by third parties and identifying ways to minimize the impact. This includes the development of contingency plans for responding to the failure of a third-party administrator, credit provider, or other mission-critical parties that would affect the market, credit, or liquidity risk of Brighton Securities Corp.;

- Jai Ramachandran and Joe Sweeney will create external communications plans addressing ongoing discussions with the affected service provider, providing timely communications that report progress and next steps, which may include posting updates to websites or portals to facilitate accessibility and broad dissemination of information;

- if a critical service provider experiences a significant disruption, Jai Ramachandran and Joe Sweeney will monitor and determine any potential impacts it may have on fund operations and investors and create communication protocols and steps that may be necessary to successfully navigate such events;

- require key vendors to conduct annual BCP testing and provide a report of results to Brighton Securities Corp.; and

- Jai Ramachandran and Joe Sweeney and/or other designated person(s) prepares an annual BCP presentation to be presented to the fund's boards of directors (which can be given separately or as part of a periodic presentation or annual update to the board), reporting any business continuity outages and results of any tests, along with updates on progress, resumption, recovery, and remediation efforts during and after any outages.

Regulatory and Compliance Obligations

- update BCP pursuant to any applicable new regulatory requirements;
- assess upcoming regulatory obligations, particularly in advance of anticipated major storms, etc.; and
- ensure that key staff members separately retain login data required to access regulatory reporting systems (e.g., user name and passwords for EDGAR, the IARD and CRD systems).

BCP Review and Testing

- conduct BCP testing and training for mission critical systems and all personnel quarterly;
- conduct annually testing of the disaster recovery system(s) and operational functionality from remote location(s); and
- review of Brighton Securities Corp.'s Disaster Recovery Plan periodically, and at least annually, by Jai Ramachandran and Joe Sweeney or other applicable employee(s).

Key Personnel

While outside service providers may provide templates for Business Continuity and Disaster Recovery Plans, Jai Ramachandran and Joe Sweeney has also worked with personnel responsible for information technology, accounting, trading and operations to develop a plan that is specifically drafted for Brighton Securities Corp. This plan includes contingencies in the event of the death or incapacity of key principals. The plan addresses any "Key Man" provisions that exist in partnership arrangements, as well as policies and procedures to promptly disclose such an event.

Threat Awareness

Jai Ramachandran and Joe Sweeney will continue to be aware of resources available from federal and local governments to gather information about threat dissemination services that are targeted to the financial services industry and that provide threats to both physical and cyber security. To the extent that federal, state and local governments offer threat alert services among other resources, Jai Ramachandran and Joe Sweeney will investigate subscribing to these services as part of the firm's disaster recovery planning. Examples of such resources include:

- **DisasterAssistance.gov** which provides news, information and resources to help businesses, individuals and families prepare for, respond to and recover from disasters. Resources include the latest information on (i) declared disasters such as wildfires, hurricanes, floods and earthquakes; (ii) guidance pertaining to evacuations; accessing shelter, food, water and medical services; and (iii) assistance locating loved ones and pets.
- **Financial Services Information Sharing and Analysis Center,** , an industry forum for collaboration on critical security threats facing the global financial services sector. Members worldwide receive timely notification and information designed to help protect criticalsystems and assets from physical and cyber security threats.

Disclosure Brochures

Policy

Brighton Securities Corp., as a matter of policy, complies with relevant regulatory requirements and maintains required disclosure brochures on a current and accurate basis. Our firm's Form ADV Part 2 provides information about the firm's advisory services, business practices, professionals, policies and any actual and potential conflicts of interest, among other things.

Our firm's Form ADV Part 3 (Form CRS) provides information to retail investors to assist them in deciding whether to establish an investment advisory relationship, engage our firm and our financial professionals, or to terminate or switch a relationship or specific service.

Background

In July 2010, the SEC unanimously approved and adopted *Amendments to Form ADV* (Release No. IA-3060, File No. S7-10-00, publicly available July 28,2010), significantly changing the form and content of disclosures that registered investment advisers are generally required to provide to clients and prospective clients. The new Part 2 is comprised of three parts:

- Part 2A, *Firm Brochure*;
- Part 2A Appendix 1, *Wrap Fee Program Brochure* (only required to be filed by investment advisers who sponsor wrap programs; refer to the section below for more detailed information); and
- Part 2B, *Brochure Supplement*.

An adviser's Form ADV Part 2 is a narrative disclosure document, written in plain English. Investment advisers are required to respond to each of the required items in a consistent, uniform manner that will facilitate clients' and potential clients' ability to evaluate and compare firms. Each brochure must follow the prescribed format, including a table of contents that lists the eighteen separate items for SEC-registered advisers (nineteen for state-registered advisers), using the headings provided in the current 'form'. All advisers are required to respond to each item, even if it is inapplicable to the adviser's business; however, if required disclosure is provided elsewhere in the brochure, the adviser can direct the reader to that item rather than duplicate disclosure.

On June 5, 2019, the SEC adopted new rules requiring all SEC-registered investment advisers with retail clients to create a new Form ADV Part 3, also known as a Client Relationship Summary (Form CRS), with the purpose of further explaining the nature of their services and relationship, their fees and costs, and their standard of conduct and conflicts of interest to prospective clients.

Effective June 30, 2020, investment advisers are required to prepare and deliver a Form CRS that provides, in a concise plain English format, information about their investment-related services and fees. Form CRS is intended to be a primary document that retail investors will use to decide whether an investment advisory relationship is best after considering services, fees, and other factors and after comparison shopping among advisory and brokerage firms. The requirement to prepare and file Form

CRS applies to SEC-registered firms that offer services to "retail investors," which is defined as "a natural person who seeks or receives services primarily for personal, family, or household purposes."

As a registered investment adviser, Brighton Securities Corp. has a duty to comply with the disclosure brochure delivery requirements of Rule 204-3 under the Advisers Act, or similar state regulations.

Responsibility

Jai Ramachandran has the responsibility for maintaining Brighton Securities Corp.'s required Brochures on a current and accurate basis, making appropriate amendments and filings, ensuring initial delivery of the applicable Brochure(s) to new clients, annual delivery of the Brochures or a Summary of Material Changes, and maintaining all appropriate files.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's disclosure policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

1. Initial Delivery

- a representative of Brighton Securities Corp. will provide a copy of the *Firm Brochure* (and/or *Wrap Fee Program Brochure*, if applicable), to each prospective client either prior to or at the time of entering into an advisory agreement with a client;
- deliver to each client or prospective client a current Brochure Supplement for a supervised person before or at the time that supervised person begins to provide advisory services to the client. (See the Regulatory Reference section for updated information regarding the SEC's extension of the compliance date for delivery of Part 2B of Form ADV, the *Firm Brochure*, to clients of SEC-registered firms.); and
- the Compliance Officer will maintain dated copies of all Brighton Securities Corp.'s Brochure(s) so as to be able to identify which Brochures were in use at any time.

2. Annual Delivery

- deliver to each client, annually within 120 days of the firm's fiscal year end and without charge, if there are material changes since the firm's last Annual Updating Amendment ("AUA"), either (i) a current copy of the Firm Brochure (and/or Wrap Fee Program Brochure, if applicable), or (ii) a summary of material changes and an offer to provide clients with a copy of the firm's current Brochure(s) without charge. The summary of material changes will include, as applicable, the following contact information by which a client may request a copy of the Brochure(s):
    - the firm's website;
    - an e-mail address;
    - a phone number; and
    - the website address for the IAPD, through which the client may obtain information about the firm.

3. Review and Amendment

- the designated officer will annually review the firm's required Brochure(s) to ensure they are maintained on a current and accurate basis, and properly reflect and are consistent with the firm's current services, business practices, fees, investment professionals, affiliations and conflicts of interest, among other things;
- when changes or updates to the Brochure(s) are necessary or appropriate, the designated officer will make any and all amendments timely and promptly, deliver either the revised Brochure(s) or a summary of material changes to clients, and maintain records of the amended filings and subsequent delivery to clients as required; and
- if the amendment adds disclosure of an event or materially revises information already disclosed, in response to Item 9 of Part 2A or Item 3 of Part 2B (Disciplinary Information), respectively, the designated officer will promptly deliver, (i) the amended Firm Brochure and/or Brochure Supplement(s), as applicable, along with a statement describing the material facts relating to the change of disciplinary information, or (ii) a statement describing the material facts relating to the change in disciplinary information.

Form ADV Part 3 (Form CRS)

Initial and Interim Delivery

- Updating the relationship summary and filing it in accordance with Form CRS instructions within 30 days whenever any information in the relationship summary becomes materially inaccurate. The filing must include an exhibit highlighting the changes;
- Creating and maintaining a list of all retail investors to whom we must deliver our Form CRS;
- If Form CRS is delivered electronically, it will be presented prominently and will be easily accessible by the recipient;
- Posting current Form CRS prominently on our public website(s), if any. Note: the mere posting of Form CRS on the website will not satisfy our delivery obligation;
- Delivering the most recent relationship summary within 30 days to a retail investor who is an existing client or customer before or at the time Brighton Securities Corp.: (i) opens a new account that is different from the retail investor's existing account(s); (ii) recommends that the retail investor roll over assets from a retirement account into a new or existing account or investment; or (iii) recommends or provides a new brokerage or investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account;
- Delivering the current Form CRS to each prospective client either prior to or at the time of entering into an advisory agreement with the client;
- Communicating any changes in the updated relationship summary to retail investors who are existing clients or customers within 60 days after the updates are required to be made and without charge;
- Delivering the relationship summary within 30 days upon an investor's request; and
- Conducting periodic reviews of our Form CRS to ensure the most up-to-date version is being used. Jai Ramachandran will initial and date the documents that are reviewed.

Review and Amendment

- Annually, Jai Ramachandran will review the firm's Form CRS to ensure it is maintained on a current and accurate basis, and properly reflects and is consistent with the firm's current services, business practices, fees, investment professionals, affiliations, and conflicts of interest, as well as with disclosures made in our Form ADV Part 1 and Part 2, advisory contracts, and marketing materials and communication; and
- Jai Ramachandran will make any necessary and appropriate changes in a timely manner, deliver the revised Form CRS along with an exhibit highlighting changes made, and maintain records of the amended filings and subsequent delivery to clients as required.

E-Mail and Other Electronic Communications

Policy

Brighton Securities Corp.'s policy provides that e-mail, instant messaging, social networks and other electronic communications are treated as written communications and that such communications must always be of a professional nature. Our policy covers electronic communications for the firm, to or from our clients, any personal e-mail communications within the firm and social networking sites. Personal use of the firm's e-mail and any other electronic systems is strongly discouraged. Also, all firm and client related electronic communications must be on the firm's systems, and use of personal e-mail addresses, personal social networks and other personal electronic communications for firm or client communications is prohibited.

To the extent that an employee utilizes a social networking site for business purposes, all communications are to be fundamentally regarded as advertising (i.e., testimonials are prohibited as are any untrue statements of material fact; information provided must not be false or misleading, etc.) and specific securities recommendations are expressly prohibited. Our firm's Social Media policy and procedures are now separately set forth in this document; our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s Social Media practices.

Background

As a result of recent financial industry issues and several regulatory actions against major firms involving very significant fines, financial industry regulators, e.g., SEC and FINRA are focusing attention on advisers and broker-dealer policies and practices on the use of e-mail, other electronic communications and retention practices.

The Books and Records rule (Rule 204-2(a)(7)) provides that specific written communications must be kept including those relating to a) investment recommendations or advice given or proposed; b) receipt or delivery of funds or securities; and c) placing and execution of orders for the purchase or sale of securities.

All electronic communications are viewed as written communications, and the SEC has publicly indicated its expectation that firms retain all electronic communications for the required record retention periods. If a method of communication lacks a retention method, then it must be prohibited from use by the firm. Further, SEC regulators also will request and expect all electronic communications of supervised persons to be monitored and maintained for the same required periods. E-mails consisting of spam or viruses are not required to be maintained.

NOTE: Advisers should review and update e-mail communications policies and procedures to recognize the regulatory challenges and related issues of social networking sites used by the firm and/or employees for business and personal uses. While these sites offer advantages such as research and marketing, they also present regulatory concerns of confidentiality, security risks, surveillance and recordkeeping.

In January 2012, the SEC issued a National Examination Risk Alert concerning investment advisers' use of social media noting that a firm's use of such technology(ies) must comply with various provisions of federal securities laws, including, but not limited to, anti-fraud, recordkeeping and compliance provisions.

For state registered advisers, the state's books and records requirements generally follow the SEC rule requirements; therefore, state registered advisers are well advised to follow the SEC's interpretations and guidance regarding an e-mail policy and related practices.

Importantly, if the advisory firm is a manager to a hedge fund or private fund, the firm's policy should expressly prohibit the use of social media sites for business purposes as any such communication related to such fund could violate the prohibition against advertising to the general public. Discussing such an investment vehicle in a blog or on a social networking site may risk ruining the security's private placement.

On December 14, 2018, OCIE issued a Risk Alert of its examination initiative of registered investment advisers for the purposes of reminding advisers of their obligations when their personnel use electronic messaging and to help advisers improve their systems, policies, and procedures by sharing the staff’s observations from these examinations. The examinations focused on whether and to what extent advisers complied with the Books and Records Rule and adopted and implemented policies and procedures as required by the Compliance Rule.

Responsibility

Each employee has an initial responsibility to be familiar with and follow the firm's e-mail policy with respect to their individual e-mail communications. Jai Ramachandran has the overall responsibility for making sure all employees are familiar with the firm's e-mail policy, implementing and monitoring our e-mail policy, practices and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure that the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- our firm's e-mail and electronic communications policy has been communicated to all persons within the firm and any changes in our policy will be promptly communicated;
- obtaining attestations from personnel at the commencement of employment and regularly thereafter that employees (i) have received a copy of our policy, (ii) have complied with all such requirements, and (iii) commit to do so in the future;
- e-mails and any other electronic communications relating to the firm's advisory services and client relationships will be maintained and monitored by Jai Ramachandran on an on-going or quarterly basis through appropriate software programming or sampling of e-mail, as the firm deems most appropriate based on the size and nature of our firm and our business;

- only those forms of electronic communication that our firm determines can be used in compliance with the books and records requirements of the Advisers Act are permitted;
- electronic communications records will be maintained and arranged for easy access and retrieval so as to provide true and complete copies with appropriate backup and separate storage for the required periods;
- Jai Ramachandran may conduct quarterly Internet searches to monitor the activities of employees to determine if such persons are engaged in activities not previously disclosed to and/or approved by the firm;
- electronic communications will be maintained in electronic media, with printed copies if appropriate, for a period of two years on-site at our offices and at an off-site location for an additional three years;
- specifically prohibiting business use of apps and other technologies that allows an employee to send messages or otherwise communicate anonymously, allowing for automatic destruction of messages, or prohibiting third-party viewing or back-up; and
- including a statement in our policies and procedures informing employees that violations may result in discipline or dismissal.

ERISA

Policy

As a matter of policy and practice, Brighton Securities Corp. does not act as an investment manager for advisory clients which are governed by the Employment Retirement Income Security Act (ERISA).

Background

ERISA imposes duties on investment advisers that may exceed the scope of an adviser's duties to its other clients. For example, ERISA specifically prohibits certain types of transactions with ERISA plan clients that are permissible (with appropriate disclosure) for other types of clients. Under Department of Labor (DOL) guidelines, when the authority to manage plan assets has been delegated to an investment manager, the manager has the authority and responsibility to vote proxies, unless a named fiduciary has retained or designated another fiduciary with authority to vote proxies. In instances where an investment manager's client agreement is silent on proxy voting authority, the investment manager would still have proxy voting authority. (Plan document provisions supersede any contractual attempt to disclaim proxy authority. In the event that plan documents are silent and an adviser's agreement disclaims proxy voting, the responsibility for proxy voting rests with the plan fiduciary(s). In certain instances, the Internal Revenue Code may impose requirements on non-ERISA retirement accounts that may mirror ERISA requirements.

In March 2006, the DOL issued guidance for employers, including advisers, to file annual reports (LM-10) to disclose financial dealings, including gifts and entertainment, with representatives of a union subject to a $250 de minimis.

Union officers and employees have a comparable reporting obligation (Form LM-30) to report any financial dealings with employers, including the receipt of any gifts or entertainment above the de minimis amount.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our ERISA policy that the firm does not act as investment manager for any clients subject to ERISA.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews to monitor and ensure the firm's policy is observed, properly implemented and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting any client relationships with any prospective client that is governed by ERISA has been communicated to relevant individuals including management, marketing/sales and portfolio managers, among others;
- Jai Ramachandran monitors quarterly the firm's advisory services, existing and newclient relationships to help ensure that no client relationships are established with ERISA plans; and

- in the event of any change in the firm's policy, any such change must be approved by management, and any client relationships with any entity or plan subject to ERISA would only be allowed after appropriate reviews and approvals, meeting strict regulatory requirements and maintaining appropriate bonding and proper records.

Identity Theft

Policy

As neither a "financial institution" nor "creditor" offering or maintaining one or more "covered accounts," Brighton Securities Corp. is not required to adopt a written identity theft prevention program; however, Brighton Securities Corp. will periodically assess the authority accepted with respect its advisory clients as well as any other accounts and relationships to determine whether the firm will be required to adopt an Identity Theft Prevention Program as required under Regulation S-ID. If it is determined at any time in the future that the firm has one or more covered accounts, Brighton Securities Corp. will adopt and implement a written identity theft prevention program.

Background

The Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC") jointly issued Regulation S-ID (the "Identity Theft Red Flags Rules") which became effective on May 20, 2013. The final rules require each SEC and/or CFTC-regulated entity that meets the definition of a "financial institution" or a "creditor" that offers a "covered account" (as those terms are defined under the Fair Credit Reporting Act) to develop and implement by November 20, 2013, a written identity theft prevention program designed to detect, prevent and mitigate identity theft in connection with certain existing accounts and the opening of new accounts. The firm must also periodically update its identity theft prevention program and provide staff training in accordance with the Commissions' identity theft rules.

A firm is a "*financial institution*" if it (i) holds a "*transaction account*" (ii) for a "*consumer*."

> What is a "*transaction account*"? Under the Red Flag Rules, a "transaction account" is an account on which the "…account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone transfers, or other similar items for the purpose of making payments or transfers to third parties or others."
>
> Who is a "*consumer*"? An individual. Institutions are excluded from the definition of "consumer." Individuals who invest in a private fund may be considered "consumers" in this context.

For investment advisers, this typically includes advisers that have custody of client accounts or that assist clients in sending funds to third parties (through standing letters of authorization, etc.). This will also include advisers to private funds if the adviser has the ability to direct redemptions, distributions, etc., to third parties. This does not include advisers whose ability to direct funds is limited to directly debiting advisory fees from client accounts.

For purposes of the Rule, a *creditor* is defined as a person that regularly extends, renews or continues credit, or makes those arrangements, or that regularly and in the course of ordinary business, advances

funds to or on behalf of a person, based on an obligation of the person to repay the funds or repayable from specific property pledged by or on behalf of the person.

"Covered Account" Determination. Advisers that may qualify as financial institutions and that have natural persons as clients or investors in funds that they manage would have obligations under the Red Flags Rules if they maintain "covered accounts" (i.e., accounts primarily for personal, family or household purposes that permit multiple payments or transactions or accounts for which there is a reasonably foreseeable risk of identity theft).

Ascertaining whether the Identity Theft Red Flags Rules apply is a two-step process:

1. determine if the firm is a *financial institution* or *creditor*. If it is, it must then:
2. determine whether it offers or maintains one or more covered accounts.

If the answer to both questions is 'yes' the firm must adopt a written Identity Theft Prevention Program ("Program"). If the answer to only the first question is 'yes', the firm is not required to adopt a Program; however, it will need to periodically reassess that decision to account for changes in its business model, types of client accounts and services, or identity theft experience.

Notably, the final rules require that a firm's board of directors, an appropriate committee of the board of directors, or if the firm does not have a board, a designated senior management employee (i) provide initial approval of the Program and (ii) maintain responsibility for the ongoing oversight, development, implementation, and administration of the Program.

Responsibility

Responsibility for conducting periodic assessments of clients' accounts to determine whether Brighton Securities Corp. offers or maintains covered accounts shall rest with the CCO.

Procedure

Brighton Securities Corp. has conducted an initial review and assessment regarding, among other things, the firm's practices for opening accounts, methods of accessing accounts and its previous experience with identify theft, and has determined that it is neither a "financial institution" nor a "creditor" holding or maintaining a "covered account" under Regulation S-ID.

As neither a "financial institution" nor "creditor" offering or maintaining one or more "covered accounts," Brighton Securities Corp. is not required to adopt a written identity theft prevention program; however, Brighton Securities Corp. will assess yearly the authority accepted with respect to its advisory clients as well as any other accounts and relationships to determine whether the firm is required to adopt an Identity Theft Prevention Program as required under Regulation S-ID. If it is determined at any time in the future that the firm has one or more covered accounts, Brighton Securities Corp. will adopt and implement a written identity theft prevention program.

Brighton Securities Corp. will maintain a record of its quarterly assessments under Regulation S-ID, in the form of a memo-to-file or other format, for regulatory review purposes.

Insider Trading

Policy

Brighton Securities Corp.'s policy prohibits any employee from acting upon, misusing or disclosing any material non-public information, known as inside information. Any instances or questions regarding possible inside information must be immediately brought to the attention of the designated officer, Legal/Compliance Officer or senior management, and any violations of the firm's policy will result in disciplinary action and/or termination.

Background

Various federal and state securities laws and the Advisers Act (Section 204A) require every investment adviser to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such adviser's business, to prevent the misuse of material, non-public information in violation of the Advisers Act or other securities laws by the investment adviser or any person associated with the investment adviser.

In August 2011, the State of Massachusetts became the first state to regulate the use of investment consultants by investment advisers when it adopted a rule requiring an adviser to first obtain a written certification that discloses all confidentiality restrictions that the consultant has that are relevant to its work for the adviser. The consultant must sign and date the attestation that acknowledged that the consultant will not provide the adviser with any material non-public information.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of the firm's Insider Trading Policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's insider trading policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- the Insider Trading Policy is distributed to all employees, and new employees upon hire, and requires a written acknowledgement by each employee;
- access persons (supervised persons) must disclose personal securities accounts, initial/annual securities holdings and report at least quarterly any reportable transactions in their employee and employee-related personal accounts;
- employees must report to a designated person or Compliance Officer all business, financial or personal relationships that may result in access to material, non-public information;
- a designated officer or Compliance Officer reviews all reportable personal investment activity for employee and employee-related accounts;

- a designated officer or Compliance Officer provides guidance to employees on any possible insider trading situation or question;
- Brighton Securities Corp.'s Insider Trading Policy is reviewed and evaluated annually and updated as may be appropriate; and
- a designated officer or Compliance Officer prepares a written report to management and/or legal counsel of any possible violation of the firm's Insider Trading Policy for implementing corrective and/or disciplinary action.

Use of Expert Networks: Although the following requirements are specifically required by investment advisers registered with the Massachusetts Securities Division, all firms that utilize outside investment consultants and expert networks should consider implementing similar procedures as a best practice:

- prior to retaining an investment consultant directly or through an expert networking firm, obtain written certification from the consultant that includes:
    - disclosure of all confidentiality restrictions that the consultant has or reasonably expects to have that are relevant to the potential consultation;
    - an affirmative statement that the consultant will not provide any confidential information to Brighton Securities Corp.;
    - a statement that the information contained in the certification is accurate as of the date of the initial, and any subsequent consultation(s); and
    - must be dated and signed by the consultant.

Note: Many SEC advisers now include the firm's Insider Trading Policy as part of the firm's Code of Ethics pursuant to Rule 204A-1 of the Advisers Act. This is an acceptable and now common practice so advisers need not have a separate Insider Trading Policy or separate procedures for prohibiting and detecting insider trading information if adequately covered in the firm's Code of Ethics.

Investment Processes

Policy

As a registered adviser, and as a fiduciary to our advisory clients, Brighton Securities Corp. is required, and as a matter of policy, obtains background information as to each client's financial circumstances, investment objectives, investment restrictions and risk tolerance, among many other things, and provides its advisory services consistent with the client's objectives, etc., based on the information provided by each client.

Background

The U.S. Supreme Court has held that Section 206 (Prohibited Activities) of the Investment Advisers Act imposes a fiduciary duty on investment advisers by operation of law (SEC v. Capital Gains Research Bureau, Inc., 1963).

Also, the SEC has indicated that an adviser has a duty, among other things, to ensure that its investment advice is suitable to the client's objectives, needs and circumstances, (SEC No-Action Letter, In re *John G. Kinnard and Co.*, publicly available 11/30/1973).

Every fiduciary has the duty and a responsibility to act in the utmost good faith and in the best interests of the client and to always place the client's interests first and foremost.

As part of this duty, a fiduciary and an adviser with such duties, must eliminate conflicts of interest, whether actual or potential, or make full and fair disclosure of all material facts of any conflicts so a client, or prospective client, may make an informed decision in each particular circumstance.

Responsibility

The firm's investment professionals responsible for the particular client relationship have the primary responsibility for determining and knowing each client's circumstances and managing the client's portfolio consistent with the client's objectives. Brighton Securities Corp.'s designated officer has the overall responsibility for the implementation and monitoring of our investment processes policy, practices, disclosures and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. obtains substantial background information about each client's financial circumstances, investment objectives, and risk tolerance, among other things, through an in-depth interview and information gathering process which includes client profile or relationship forms.

- Advisory clients may also have and provide written investment policy statements or written investment guidelines that the firm reviews, approves, and monitors as part of the firm's investment services, subject to any written revisions or updates received from a client.
- Brighton Securities Corp. provides the firm's applicable Form ADV Part 2 (i.e., *Firm Brochure* and/or *Wrap Fee Program Brochure*) to all prospective clients, disclosing the firm's advisory services, fees, conflicts of interest and portfolio/supervisory reviews and investment reports provided by the firm to clients.
- Reporting typically includes; monthly statements, cash flow summary, quarterly reports, transaction summary and year-end and tax reporting. These reports are provided to clients by the custodian of their assets, not by Brighton Securities. As noted previously, First Clearing, LLC. provides custody services to the Company's clients. Investment professionals may also schedule client meetings on a periodic basis, or request basis, to review a client's portfolio, performance, market conditions, financial circumstances, and investment objectives, among other things, to confirm the firm's investment decisions and services are consistent with the client's objectives and goals. Documentation of such reviews should be made in the client file.
- Client relationships and/or portfolios may be reviewed on a more formal basis on a quarterly or other periodic basis by designated supervisors or management personnel.

Brighton Securities has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain managed account programs. Clients of investment advisory accounts described herein are clients of Brighton Securities. Brighton Securities is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). The Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Brighton Securities with respect to the following programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Pathways. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Brighton Securities with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Brighton Securities is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Brighton Securities to offer these programs.
Financial Planning Services are conducted for either an hourly or annual fee by Financial Advisors that are also independently credentialed as Certified Financial Planners or CFA, or industry equivalent, or must earn such credentials within two years of becoming a Financial Advisor of the firm. Services provided include initial consultation, follow-up consultations either quarterly, semi-annually or annually; and extensive advice for each client's situation. Areas of emphasis include investment planning, tax management, estate planning, retirement planning and client risk tolerances.

There are numerous forms required to implement an advisory (managed) account. As we currently utilize the Advisory Account offerings through Wells Fargo (via our clearing relationship with First Clearing, LLC.), please refer to the 'Products' tab on the InfoMAX site through SmartStation for a list of the forms required to open and maintain an advisory account. Go to the 'Products' tab and then select 'Advisory.'

Discretionary Authority for Trading

Non-discretionary account offerings (e.g., Asset Advisor, CustomChoice) which may be offered as client directed programs providing a range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. Clients have the option of accepting these recommendations or selecting different investments for there account.

Discretionary account programs (e.g., Masters, DMA, FundSource, Allocation Advisors, etc.) require a contract which includes a limited power of attorney that provides with limited transaction privileges. The limited power of attorney is included in the qualified custodian's account paperwork.

Distribution of assets to any but the registered account holder(s) must be received in writing and executed by the registered account holder(s).

Clients may have the opportunity to impose reasonable restrictions on the securities purchased or the way the account is managed. The restrictions may be imposed in order to gain a tax advantage or some other personal objective. Any restrictions may adversely affect the risk-reward level of a portfolio. We will honor the restrictions absent extraordinary circumstances. Clients who impose restrictions with respect to certain assets in a managed account may cause a portion of the portfolio to be placed outside the manager's discretion, expertise and judgment as to the wisdom of purchasing, holding or selling particular securities. The decision by a client to retain certain assets may have an adverse impact on the amount of risk assumed by the client and may hinder the investment manager's ability to manage the portfolio properly according to the stated objectives of the client.
Note well: Although some of the advisory contracts utilized by us for the WFA discretionary programs (Allocation Advisors, FundSource, DMA and Masters) may authorize Brighton to act as a discretionary investment advisor, we do not currently exercise that authority. Currently, only WFA acts in that capacity in these programs.
Discretionary authority at Brighton Securities is generally not allowed but in any circumstance must be pre-approved by a Principal of the firm in writing.

Mutual Fund Share Class Selection

Policy

As a matter of policy and as a fiduciary to our clients, Brighton Securities Corp. acts in the best interests of clients when recommending investments, including shares of mutual funds. Absent compelling reasons to the contrary and in keeping with each client's best interests, Brighton Securities Corp. will generally seek to recommend the lowest overall cost share class of mutual funds available to clients under the circumstances and to disclose all conflicts of interest arising in the selection of mutual fund share classes.

Background

Section 206 of the Investment Advisers Act of 1940 imposes a fiduciary duty on investment advisers to act in their clients' best interests, including an affirmative duty to disclose all conflicts of interest. A conflict of interest arises when an adviser receives compensation (either directly or indirectly through an affiliated broker-dealer) for selecting a more expensive mutual fund share class for a client when a less expensive share class for the same fund is available and appropriate. That conflict of interest must be disclosed.

The Commission has long been focused on the conflicts of interest associated with mutual fund share class selection. Differing share classes facilitate many functions and relationships. However, investment advisers must be mindful of their duties when recommending and selecting share classes for their clients and disclose their conflicts of interest related thereto.

Even absent a pecuniary conflict of interest that may incentivize advisers or representatives to recommend a higher cost share class, advisers have the duty to seek best execution of securities transactions for clients. In a mutual fund transaction, the price for open-end mutual fund shares is not set by the market, but determined by the fund at the end of each business day based on the fund's net asset value. Trades are executed by the mutual fund itself, and the transactions can be entered by a broker, an adviser, or directly through the fund. Unlike equity transactions, mutual fund trades are not subject to market fluctuations throughout the day, so brokers cannot add value by working the trade. Other typical "best execution" factors, such as the value of research provided, commission rates, and the broker's execution capability and responsiveness, are not as pertinent in an open-end mutual fund transaction. Therefore, SEC Staff generally take the position that the best interests of clients are not served when advisers cause clients to purchase a more expensive share class when a less expensive class is available.

Responsibility

Jai Ramachandran has the responsibility for implementing and monitoring our policy, including employee training. The investment committee and its designees are responsible for the initial selection, periodic review and documentation of mutual fund shares selected for clients.

Procedures

Brighton Securities Corp. has implemented the following procedures for selecting and reviewing the appropriate mutual fund share classes:

- Prior to making an initial investment in a mutual fund, the firm's investment committee or selected designees will review all available share classes and related expense ratios to determine which class meets the firm's duty of best execution, taking into account cost, client's time horizons, restrictions and preferences. Documentation of selection decisions will be created for any shares chosen that do not represent the lowest cost share class;
- Any clients who were erroneously invested in higher cost share classes will be reimbursed or otherwise made whole;
- Communication and training will be provided to the firm's investment professionals and trader(s) and staff on the application of these criteria and review process;
- Brighton Securities Corp. will allocate investment opportunities fairly among client accounts and document the allocations for our records;
- On a (quarterly/annual basis), our investment committee or a designee will review invoices to ensure our clients are accurately billed. Documentation of this review will be kept in our files; and
- For conflicts that cannot be avoided, we will provide full and fair disclosure about the conflict and let the client decide whether to do business on those terms.

[Optional, for firms that receive 12b-1 fees]

- Clearly disclose to clients that recommendations to purchase mutual fund share classes with 12b-1 fees can result in the receipt of payments by our firm, our investment advisory representatives, or an affiliated broker-dealer; and
- Specifically state on our Form ADV Part 2A and Part 3 that:
    - Brighton Securities Corp. [or our affiliate(s)] receives 12b-1 fees from [insert relevant source of payment]; and
    - These payments present a conflict of interest between our firm and our clients' best interests.

Our investment committee or selected designees will conduct quarterly reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections. These reviews will take into account whether a client's situation has changed, and/or whether new share class options are available, with the goal of evaluating whether the client now qualifies for, or has access to, a lower-cost share class.

Performance

Policy

Brighton Securities Corp., as a matter of policy and practice, does not prepare or distribute any performance history or record relating to the investment performance of the firm or advisory clients.

Background

An investment adviser's performance information is included as part of a firm's advertising practices which are regulated by the SEC under Section 206 of the Advisers Act, which prohibits advisers from engaging in fraudulent, deceptive, or manipulative activities. The manner in which investment advisers portray themselves and their investment returns to existing and prospective clients is highly regulated. These standards include how performance is presented. SEC Rule 206(4)-1 proscribes various advertising practices of investment advisers as fraudulent, deceptive or manipulative and various SEC no-action letters provide guidelines for performance information.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our performance policy that the firm does not prepare or distribute any performance history for the firm or advisory clients.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting the preparation and distribution of performance information has been communicated to relevant individuals including management, marketing/sales, and portfolio managers, among others;
- Jai Ramachandran monitors the firm's advisory services, marketing/sales materials and other materials quarterly to help ensure that no performance information is prepared and distributed as advertising or marketing materials to any prospective client or others; and
- in the event of any change in the firm's policy, any such change must be approved by management, and any performance information would only be allowed after appropriate reviews and approvals, disclosures, meeting strict regulatory requirements and maintaining proper records.

Political Contributions

Policy

It is Brighton Securities Corp.'s policy to permit the firm, and its covered associates, to make political contributions to elected officials, candidates and others, consistent with this policy and regulatory requirements.

Brighton Securities Corp. recognizes that it is never appropriate to make or solicit political contributions, or provide gifts or entertainment for the purpose of improperly influencing the actions of public officials. Accordingly, our firm's policy is to restrict certain political contributions made to government officials and candidates of state and state political subdivisions who can influence or have the authority for hiring an investment adviser.

The firm also maintains appropriate records for all political contributions made by the firm and/or its covered associates. Our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s 'Pay-to-Play' practices.

Background

On June 22, 2011, the SEC adopted amendments to rule 206(4)-5, adding provisions extending the scope of the rule, making it applicable to (i) exempt reporting advisers, defined as an investment adviser that is exempt from registration because it is an adviser solely to one or more venture capital funds, or because it is an adviser solely to private funds and has assets under management in the United States of less than $150 million; and foreign private advisers, as defined under rule 202(a)(30)-1.

The amendments also permit an adviser to pay a registered municipal advisor to act as a placement agent to solicit government entities on its behalf provided that the municipal advisor is subject to a pay-to-play rule adopted by the Municipal Securities Rulemaking Board (MSRB) that is at least as stringent as the investment adviser pay-to-play rule.

In addition, the SEC extended the compliance date applicable to third-party solicitor provisions from September 13, 2011 to June 13, 2012 to "provide time for the MSRB and FINRA to adopt pay-to-play rules if they choose to do so." The extension will also give third-party solicitors additional time to come into compliance with the applicable rules.

In July 2010, the SEC adopted "Pay-to-Play" rules; including the new anti-fraud Political Contributions by Certain Investment Advisers Rule (Rule 206(4)-5) under the Advisers Act (SEC Release No. IA-3043). The SEC had previously proposed a similar pay-to-play rule in 1999 which was not adopted. The political contribution rule was re-proposed in 2009 and adopted July 1, 2010.

The Political Contributions rule addresses certain pay-to-play practices such as making or soliciting campaign contributions or payments to certain government officials to influence the awarding of investment contracts for managing public pension plan assets and other state governmental investments.

The new rule applies to SEC registered advisers as well as advisers exempt from registration with the SEC pursuant to reliance on the private adviser exemption as provided in Section 203(b)(3) of the Advisers Act (hereafter, the "adviser"), which manage or seek to manage private investment funds in which government and governmental plans invest.

The Political Contribution Rule and amendments to Rule 204-2 are effective September 13, 2010, and the compliance date is March 14, 2011; although the Rule provides an extended date for compliance with certain of its provisions as detailed below.

By March 14, 2011, advisers with clients who are government entities must comply with the amendments to Rule 204-2, including:

- maintaining required records of all individuals who are Covered Associates under the Rule;
- maintaining required records of political contributions made by the firm or its Covered Associates on and after that date; and
- maintaining required records identifying all government entities to which the adviser provides advisory services on and after that date

Notes: The Rule's prohibition on providing advisory services for compensation to a government entity within two years of a contribution will not apply to, and the Rule's prohibition on soliciting or coordinating contributions will not be triggered by contributions made before March 13, 2011 (i.e., six months after the effective date of the Rule).

Additionally, advisers that pay regulated persons to solicit government entities for advisory services on their behalf must maintain a list of those persons. As noted above, this compliance date has been extended by the SEC to June 13, 2012.

UPDATE: The SEC adopted a final rule, effective June 11, 2012, extending the date by which advisers must comply with the ban on third-party solicitation under rule 206(4)-5 of the Adviser Act, the 'Pay-to-Play' rule. The compliance date has been extended until nine months after the compliance date of a final rule to be adopted by the SEC pursuant to which municipal advisor firms must register under the Securities Exchange Act of 1934. This extension is intended to ensure an orderly transition for advisers and third-party solicitors as well as to provide additional time for them to adopt or adjust compliance policies and procedures after the transition.

The SEC will issue the new compliance date for the ban on third-party solicitation once the final rule is adopted. (SEC Release No. IA-3418; File No. S7-18-09, dated June 8, 2012)

SEC Sets Compliance Date for Ban on Third-Party Solicitation

On June 25, 2015, the SEC published *Political Contributions by Certain Investment Advisers: Ban on Third-Party Solicitation;* Notice of Compliance Date (Release No. IA-4129; File No. S7-18-09) announcing the compliance date for the ban on third-party solicitation is July 31, 2015.

Concurrently, staff of the Division of Investment Management added Question I.4 to guidance provided in *Staff Responses to Questions About the Pay to Play Rule* to clarify the current impact of establishing the compliance date. Rule 206(4)-5 prohibits an investment adviser subject to the rule, and its covered associates, from providing or agreeing to provide, directly or indirectly, payment to any third party for a solicitation of advisory business from any government entity on behalf of such adviser, unless such third party is a "regulated person," defined as (i) an SEC-registered investment adviser, (ii) a registered broker or dealer subject to pay-to-play rules adopted by a registered national securities association, or (iii) a registered municipal advisor that is subject to pay-to-play rules adopted by the MSRB. The Commission must find, by order, that the rules applicable to broker-dealers and municipal advisors (i) impose substantially equivalent or more stringent restrictions than rule 206(4)-5 imposes on investment advisers, and (ii) are consistent with the objectives of rule 206(4)-5. As noted in Question I.4, however, neither FINRA nor the MSRB have yet adopted pay to play rules.

Accordingly, until the later of (i) the effective date of such a FINRA pay to play rule or (ii) the effective date of such an MSRB pay to play rule, the Division would not recommend enforcement action to the Commission against an investment adviser or its covered associates under rule 206(4)-5(a)(2)(i) for the payment to any person to solicit a government entity for investment advisory services.

Likewise, advisers to registered investment companies that are "covered investment pools" must comply with the Rule requirements pertaining to such covered pools within one year after the effective date. During that interim time, contributions made by the adviser or its Covered Associates to government entity clients that have selected the adviser's registered investment company as an option of the plan or program will not trigger the prohibitions of the Rule.

Responsibility

Our firm's designated officer has the responsibility for the implementation and monitoring of our firm's political contribution policy, practices, disclosures and recordkeeping.

Procedure

- Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:
- the Compliance Officer, or other designated officer, determines who is deemed to be a "Covered Associate" of the firm and promptly advises those individuals of their status as such; maintains records including the names, titles, and business and residence addresses of all covered associates;
- the Compliance Officer, or other designated officer, obtains appropriate information from new employees (or employees promoted or otherwise transferred into positions) deemed to be covered associates, regarding any political contributions made within the preceding two years (from the date s/he becomes a covered associate) if such person will be soliciting municipal business; such review may include an online search of the individual's contribution history as part of the firm's general background check;

- political contributions made by covered associates must not exceed the rule's *de minimis* amount;
- prior to accepting a new advisory client that is a government entity, Jai Ramachandran, or other designated officer will conduct a review of political contributions made by covered associates to ensure that any such contribution(s) did not exceed the rule's permissible *de minimis* amount;
- the Compliance Officer, or other designated officer, quarterly monitors and maintains records identifying all government entities to which Brighton Securities Corp. provides advisory services, if any;
- the Compliance Officer, or other designated officer, monitors and maintains records detailing political contributions made by the firm and/or its covered associates;
- such records will be maintained in chronological order and will detail:
    i. the name and title of the contributor;
    ii. the name and title (including any city/county/state or other political subdivision) of each recipient of a contribution or payment;
    iii. the amount and date of each contribution or payment; and
    iv. whether any such contribution was the subject of the exception for certain returned contributions.
- the Compliance Officer, or other designated officer, will maintain appropriate records following the departure of a covered associate who made a political contribution triggering the two-year 'time out' period;
- the Compliance Officer, or other designated officer, maintains records reflecting approval of political contributions made by the firm and/or its covered associates;
- prior to engaging a third party solicitor to solicit advisory business from a government entity, the Compliance Officer, or other designated officer, will determine that such solicitor is (1) a "regulated person" as defined under this Rule and (2) determined that such individual has not made certain political contributions or otherwise engaged in conduct that would disqualify the solicitor from meeting the definition of "regulated person";
- at least annually, the Compliance Officer, or other designated officer, will require covered associates and any third party solicitors to confirm that such person(s) have reported any and all political contributions, and continue to meet the definition of "regulated person";
- the Compliance Officer, or other designated officer, maintains records of each regulated person to whom the firm provides or agrees to provide (either directly or indirectly) payment to solicit a government entity for advisory services on its behalf; and
- the Compliance Officer, or other designated officer, will monitor states' registration and/or reporting requirements pursuant to the firm's use of any "placement agents" (including employees of the firm and/or its affiliates) for the solicitation of or arrangements for providing advisory services to any government entity or public pension plan.

Principal Trading

Policy

Brighton Securities Corp.'s policy and practice is to NOT engage in any principal transactions and our firm's policy is appropriately disclosed in Part 1A and Part 2A of Form ADV.

Background

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. As a fiduciary and under the anti-fraud section of the Advisers Act, principal transactions by advisers are prohibited unless the adviser 1) discloses its principal capacity in writing to the client in the transaction and 2) obtains the client's consent to each principal transaction before the settlement of the transaction.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our principal trading policy and disclosures that the firm/affiliated firm does not engage in any principal transactions with advisory clients.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly, and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting any principal trades with advisory clients has been communicated to relevant individuals, including management, traders and portfolio managers, among others;
- the firm's policy is appropriately disclosed in the firm's Form ADV, Parts 1A and 2A;
- Jai Ramachandran semi-annually monitors the firm's advisory services and trading practicesto help ensure no principal trades occur for advisory clients; and
- in the event of any change in the firm's policy, any such change must be approved by management, and any principal transactions would only be allowed after appropriate reviews and approvals, disclosures, meeting strict regulatory requirements and maintaining proper records.

Privacy

Policy

As a registered investment adviser, Brighton Securities Corp. must comply with SEC Regulation S-P, which requires registered advisers to adopt policies and procedures to protect the "non-public personal information" of natural person consumers and customers and to disclose to such persons policies and procedures for protecting that information.

Further, and as a SEC registered advisory firm, our firm must comply with SEC Regulation S-AM, to the extent that the firm has affiliated entities with which it may share and use consumer information received from affiliates.

Currently, all 50 states have data breach laws which require private entities or government agencies to notify individuals who have been impacted by security breaches that may compromise their personally identifiable information (“PII”). Brighton Securities Corp. will follow industry and business best practices when it comes to notifying our clients on data breaches, and will also periodically review our state’s requirements.

Background

Regulation S-P / Privacy Rule

The purpose of these regulatory requirements and privacy policies and procedures is to provide administrative, technical and physical safeguards which assist employees in maintaining the confidentiality of non-public personal information ("NPI") collected from the consumers and customers of an investment adviser. All NPI, whether relating to an adviser's current or former clients, is subject to these privacy policies and procedures. Any doubts about the confidentiality of client information must be resolved in favor of confidentiality.

For these purposes, NPI includes non-public "personally identifiable financial information" plus any list, description or grouping of customers that is derived from non-public personally identifiable financial information. Such information may include personal financial and account information, information relating to services performed for or transactions entered into on behalf of clients, advice provided by the firm to clients, and data or analyses derived from such NPI.

Regulation S-P implements the GLB Act's requirements with respect to privacy of consumer nonpublic personal information for registered investment advisers, investment companies, and broker-dealers (each, a "financial institution"). Among other provisions, financial institutions are required to provide an ***initial*** notice to each customer that sets forth the financial institution's policies and practices with respect to the collection, disclosure and protection of customers' nonpublic personal information to both affiliated and nonaffiliated third parties. Thereafter, as long as the customer relationship continues to exist, the financial institution is required to provide an annual privacy disclosure to its customers

describing the financial institution's privacy policies and practices unless it meets the requirements for the annual delivery exception as set forth below.

Significantly, on December 4, 2015, the President signed the *Fixing America's Surface Transportation Act* (the "FAST Act") into law. Among other provisions, the FAST Act includes an amendment of the consumer privacy provisions within the GLB Act. The amendment, which went into effect immediately, now provides an exception to the ***annual*** privacy notice distribution requirement if the financial institution meets the following two criteria: (i) the financial institution does not share nonpublic personal information with nonaffiliated third parties (other than as permitted under certain enumerated exceptions) and (ii) the financial institution's policies and practices regarding disclosure of nonpublic personal information have not changed since the last distribution of its policies and practices to its customers.

Regulation S-AM

SEC Regulation S-AM, effective September 10, 2009, with a postponed compliance date from January 1, 2010 to June 1, 2010, requires SEC investment advisers, and other SEC regulated entities, to the extent relevant, to implement limitations on the firm's use of certain consumer information received from an affiliated entity to solicit that consumer for marketing purposes. Regulation S-AM provides for notice and opt-out procedures, among other things. The compliance date was extended to allow registered firms to establish systems to meet the new regulatory requirements.

Responsibility

Jai Ramachandran is responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Brighton Securities Corp.'s client privacy goals and objectives while at a minimum ensuring compliance with applicable federal and state laws and regulations. Jai Ramachandran may recommend to the firm's principal(s) any disciplinary or other action as appropriate. Jai Ramachandran is also responsible for distributing these policies and procedures to employees and conducting appropriate employee training to ensure employee adherence to these policies and procedures.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Non-Disclosure of Client Information

- Brighton Securities Corp. maintains safeguards to comply with federal and state standards to guard each client's non-public personal information ("NPI"). Brighton Securities Corp. does not share any NPI with any nonaffiliated third parties, except in the following circumstances:
- as necessary to provide the service that the client has requested or authorized, or to maintain and service the client's account;

- as required by regulatory authorities or law enforcement officials who have jurisdiction over Brighton Securities Corp., or as otherwise required by any applicable law;
- to protect the confidentiality or security of the financial institution's records against fraud and for institutional risk control purposes; and
- to provide information to the firm's attorneys, accountants and auditors or others determining compliance with industry standards.

Employees are prohibited, either during or after termination of their employment, from disclosing NPI to any person or entity outside Brighton Securities Corp., including family members, except under the circumstances described above. An employee is permitted to disclose NPI only to such other employees who need to have access to such information to deliver our services to the client.

Safeguarding and Disposal of Client Information

Brighton Securities Corp. restricts access to NPI to those employees who need to know such information to provide services to our clients.

Any employee who is authorized to have access to NPI is required to keep such information in a secure compartment or receptacle daily. All electronic or computer files containing such information shall be password secured and firewall protected from access by unauthorized persons. Any conversations involving NPI, if appropriate at all, must be conducted by employees in private, and care must be taken to avoid any unauthorized persons overhearing or intercepting such conversations.

Safeguarding standards encompass all aspects of the Brighton Securities Corp. that affect security. This includes not just computer security standards but also such areas as physical security and personnel procedures. Examples of important safeguarding standards that Brighton Securities Corp. may adopt include:

- access controls on customer information systems, including controls to authenticate and permit access only to authorized individuals and controls to prevent employees from providing customer information to unauthorized individuals who may seek to obtain this information through fraudulent means (*e.g.*, requiring employee use of user ID numbers and passwords, etc.);
- access restrictions at physical locations containing customer information, such as buildings, computer facilities, and records storage facilities to permit access only to authorized individuals (*e.g.*, intruder detection devices, use of fire and burglar resistant storage devices);
- encryption of electronic customer information, including while in transit or in storage on networks or systems to which unauthorized individuals may have access;
- ensuring measures are put in place for the ability to access client information from any third-parties, including CRM systems, in order to review, delete, or perform security assessments, as necessary;
- procedures designed to ensure that customer information system modifications are consistent with the firm's information security program (*e.g.*, independent approval and periodic audits of system modifications);

- dual control procedures, segregation of duties, and employee background checks foremployees with responsibilities for or access to customer information (*e.g.*, require data entry to be reviewed for accuracy by personnel not involved in its preparation; adjustments and correction of master records should be reviewed and approved by personnel other than those approving routine transactions, etc.);
- monitoring systems and procedures to detect actual and attempted attacks on or intrusions into customer information systems (*e.g.*, data should be auditable for detection of loss and accidental and intentional manipulation);
- response programs that specify actions to be taken when the firm suspects or detects that unauthorized individuals have gained access to customer information systems, including appropriate reports to regulatory and law enforcement agencies;
- measures to protect against destruction, loss, or damage of customer information due to potential environmental hazards, such as fire and water damage or technological failures (*e.g.*, use of fire resistant storage facilities and vaults; backup and store off site key data to ensure proper recovery); and
- information systems security should incorporate system audits and monitoring, security of physical facilities and personnel, the use of commercial or in-house services (such as networking services), and contingency planning.

Any employee who is authorized to possess "consumer report information" for a business purpose is required to take reasonable measures to protect against unauthorized access to or use of the information in connection with its disposal. There are several components to establishing 'reasonable' measures that are appropriate for the firm:

- assessing the sensitivity of the consumer report information we collect;
- the nature of our advisory services and the size of our operation;
- evaluating the costs and benefits of different disposal methods; and
- researching relevant technological changes and capabilities.

Some methods of disposal to ensure that the information cannot practicably be read or reconstructed that Brighton Securities Corp. may adopt include:

- procedures requiring the burning, pulverizing, or shredding or papers containing consumer report information;
- procedures to ensure the destruction or erasure of electronic media; and
- after conducting due diligence, contracting with a service provider engaged in the business of record destruction, to provide such services in a manner consistent with the disposal rule.

Privacy Notices

Initial Privacy Notice Delivery

- Brighton Securities Corp. will provide each natural person client with initial notice of the firm's current policy when the client relationship is established. Brighton Securities Corp. shall also provide each such client with a new notice of the firm's current privacy policies at least annually.

- If Brighton Securities Corp. shares non-public personal information ("NPI") relating to a non-California consumer with a nonaffiliated company under circumstances not covered by an exception under Regulation S-P, the firm will deliver to each affected consumer an opportunity to ***opt out*** of such information sharing.
- If Brighton Securities Corp. shares NPI relating to a California consumer with a nonaffiliated company under circumstances not covered by an exception under SB1, the firm will deliverto each affected consumer an opportunity to ***opt in*** regarding such information sharing.

Annual Privacy Notice Delivery

- If Brighton Securities Corp. shares non-public personal information ("NPI") relating to a non-California consumer with a nonaffiliated company under circumstances not covered by an exception under Regulation S-P, the firm will annually deliver to each affected consumer an opportunity to ***opt out*** of such information sharing.
- If Brighton Securities Corp. shares NPI relating to a California consumer with a nonaffiliated company under circumstances not covered by an exception under SB1, the firm will annually deliver to each affected consumer an opportunity to ***opt in*** regarding such information sharing.

Annual Privacy Notice Exception

Brighton Securities Corp. will not have to deliver an annual privacy notice provided it (1) only shares NPI with nonaffiliated third-parties in a manner that does not require an opt-out right be provided to customers (e.g., if the institution discloses NPI to a service provider or for fraud detection and prevention purposes) and (2) has not changed its policies and practices with respect to disclosing NPI since it last provided a privacy notice to its customers.

If, at any time, Brighton Securities Corp. adopts material changes to its privacy policies, the firm shall provide each such client with a revised notice reflecting the new privacy policies. The Compliance Officer is responsible for ensuring that required notices are distributed to the Brighton Securities Corp.'s consumers and customers.

Data Breaches and Compromise of PII

Brighton Securities Corp. will follow industry and business best practices when it comes to notifying our clients on data breaches, including:

- Immediate written notification to the client and appropriate state governmental agencies within 45 days of the breach;
- When a data security incident involves a client’s Social Security number, driver’s license number, or state identification card number, our firm is required (state requirements may vary) to provide an offer for a complimentary credit monitoring for at least 18 months; and
- Brighton Securities Corp. will provide instructions to affected clients on how to sign up for complimentary credit monitoring services and will not require impacted clients to waive their private right of action as a condition of the offer of such services.

Proxy Voting

Policy

Brighton Securities Corp., as a matter of policy and practice, has no authority to vote proxies on behalf of advisory clients. The firm may offer assistance as to proxy matters upon a client's request, but the client always retains the proxy voting responsibility. Brighton Securities Corp.'s policy of having no proxy voting responsibility is disclosed to clients.

Background

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised.

Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser's interests and those of its clients; (b) to disclose to clients how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our proxy policy and to ensure that the firm does not accept or exercise any proxy voting authority on behalf of clients without an appropriate review and change of the firm's policy with appropriate regulatory requirements being met and records maintained.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. discloses its proxy voting policy of not having proxy voting authority in its Firm Brochure (and Wrap Fee Program Brochure, if applicable) or other client information;
- Brighton Securities Corp.'s advisory agreements provide that the firm has no proxy voting responsibilities and that the advisory clients expressly retain such voting authority;
- Brighton Securities Corp.'s new client information materials may also indicate that advisory clients retain proxy voting authority;

- Jai Ramachandran reviews the nature and extent of advisory services provided by the firm and monitors such services annually to determine and confirm that client proxies are not being voted by the firm or anyone within the firm.

Registration

Policy

As an SEC-registered investment adviser, Brighton Securities Corp. maintains and renews its adviser registration on an annual basis through the Investment Adviser Registration Depository (IARD), for the firm, state notice filings, as appropriate, and licensing of its investment adviser representatives (IARs).

Brighton Securities Corp.'s policy is to monitor and maintain all appropriate firm notice filings and IAR registrations that may be required for providing advisory services to our clients in any location. Brighton Securities Corp. monitors the state residences of our advisory clients, and will not provide advisory services unless appropriately registered as required, or a de minimis or other exemption exists.

Background

In accordance with the Advisers Act, and unless otherwise exempt from registration requirements, investment adviser firms are required to be registered either with the Securities and Exchange Commission (SEC) or with the state(s) in which the firm maintains a place of business and/or is otherwise required to register in accordance with each individual state(s) regulations and de minimis requirements. The registered investment adviser is required to maintain such registrations on an annual basis through the timely payment of renewal fees and filing of the firm's Annual Updating Amendment.

Individuals providing advisory services on behalf of the firm are also required to maintain appropriate registration(s) in accordance with each state(s) regulations unless otherwise exempt from such registration requirements. The definition of investment adviser representative may vary on a state-by-state basis. Supervised persons providing advice on behalf of SEC-registered advisers are governed by the federal definition of investment adviser representative to determine whether or not state IAR registration is required. The investment adviser representative registration(s) must also be renewed on an annual basis through the IARD and the timely payment of renewal fees.

On February 15, 2012, the SEC adopted amendments to Rule 205-3 increasing the dollar thresholds used to determine whether an advisory client is a 'qualified client.' In addition to its primary application for ascertaining whether the adviser may charge a performance-based fee, the definition of a 'qualified client' is an important component of the federal definition of investment adviser representative.

Section 418 of the Dodd-Frank Act and Rule 205-3 require the SEC to adjust the dollar amounts in these tests for inflation, rounding to the nearest $100,000, beginning July 21, 2011 and every five years thereafter. Accordingly, on June 14, 2016, the Commission issued an order approving an inflation adjustment for the dollar amount test in Rule 205-3.

Beginning in November 2011, FINRA implemented an annual Entitlement User Accounts Certification Process which requires the firm's designated Super Account Administrator (SAA) to review and update as necessary each user at their organization who is authorized to access specific applications on the IARD and/or CRD systems. If the SAA fails to complete the Certification Process within the proscribed 30 days, neither the SAA nor the firm's Accounts Administrators will be able to create, edit and clone user accounts for the firm until such time as the SAA complete the Certification Process.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our registration policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- The Chief Compliance Officer, or other designated officer, monitors the state residences of our advisory clients, and the firm and/or its IARs will not provide advisory services unless appropriately notice filed or licensed as required, or a de minimis or other exemption exists.

- Brighton Securities Corp.'s Chief Compliance Officer, or other designated officer, monitors the firm's and IAR registration requirements and reporting obligations on an on-going and quarterly basis to ensure timely filing of registrations and revised disclosures in accordance with applicable regulatory requirements;

- IARs are required to promptly notify Brighton Securities Corp.'s Chief Compliance Officer, or other designated officer, reporting any changes to their legal name, residence and/or other business activities, among other information reported on Form U4;

    - upon receipt of such information and where applicable, the Chief Compliance Officer, or other designated officer, shall promptly file an amendment to that individual's Form U4;

- Notice filings and IAR licensing filings are made on a timely basis and appropriate files and copies of all filings are maintained by the Chief Compliance Officer or other designated officer.

- Brighton Securities Corp. makes the annual filing of Form ADV within 90 days of the end of the firm's fiscal year (Annual Updating Amendment) to update all disclosures, including certain information required to be updated only on an annual basis;

- The firm's designated SAA will promptly respond to and complete FINRA's annual Entitlement User Accounts Certification Process to ensure that the firm maintains necessary and appropriate access to these systems. On at least an annual basis, the SAA will conduct a full review of individuals authorized as Users on the firm's IARD/CRD system, including an assessment of each User's current authorization(s). The SAA will terminate or modify such authorizations based on each individual's need to access such applications.

Brighton Securities Corp.'s Chief Compliance Officer, or other designated officer, is responsible for overseeing the IARD/CRD Annual Renewal Program, including:

- conducting a review of the current notice filings/registrations for the firm and its IARs prior to FINRA's publication of the current year's Preliminary Renewal Statement (typically published in early November);
- adding any necessary notice filings/registrations and/or withdrawing unnecessary notice filings/registrations on the IARD/CRD systems prior to the issuance of the Preliminary Renewal Statement to facilitate renewals and avoid payment of unnecessary registration fees;
- ensuring that payment of the firm's Preliminary Renewal Statement is made in a timely manner to avoid(1) termination of required notice filings and IAR registrations, and (2) violations of regulatory requirements; and
- obtains and reviews the firm's Final Renewal Statement (published by FINRA on the first business day of the new year), and ensures prompt payment of any additional registration fees or obtains a refund for terminated registrations, if applicable

Regulatory Reporting

Policy

As a registered investment adviser with the SEC, or appropriate state(s), Brighton Securities Corp.'s policy is to maintain the firm's regulatory reporting requirements on an effective and good standing basis at all times. Brighton Securities Corp. also monitors, on an on-going and periodic basis, any regulatory filings or other matters that may require amendment or additional filings with the SEC and/or any states for the firm and its associated persons.

Any regulatory filings for the firm are to be made promptly and accurately. Our firm's regulatory filings may include Form ADV, Form PF, Schedules 13D, 13G, Form 13F, Form 13H, FBAR, FATCA, AIFMD, TIC Form SLT and/or TIC B Forms filings, among others that may be appropriate.

Background

Form ADV serves as an adviser's registration and disclosure brochures. Form ADV, therefore, provides information to the public and to regulators regarding an investment adviser. Regulations require that material changes to Form ADV be updated promptly and that Form ADV be updated annually.

On June 5, 2019, the SEC adopted new rules requiring all SEC-registered investment advisers with retail clients to create a new Form ADV Part 3, also known as a Client Relationship Summary (Form CRS), with the purpose of further explaining the nature of their services and relationship, their fees and costs, and their standard of conduct and conflicts of interest to prospective clients.

Pursuant to rules adopted by the SEC implementing Sections 404 and 406 of the Dodd-Frank Act, SEC-registered investment advisers with at least $150 million in private fund assets under management are required to periodically file Form PF.

Schedules 13D, 13G, and Form 13F filings are required under the Securities Exchange Acts related to client holdings in equity securities. Form 13H filings are required under the Exchange Act for firms designated as large traders. Form D filings under Regulation D of the Securities Act of 1933 allow issuers of private securities to make offerings, e.g., hedge and private equity fund offerings to investors without registration under the 1933 Act. The SEC has proposed amendments to Form D pursuant to rules adopted (i) permitting general solicitation and general advertising in Rule 506 offerings and (ii) 'Bad Actor' provisions that disqualify securities offerings involving certain "felons" and other 'bad actors' from relying on Rule 506 where an issuer or certain other 'covered persons' have had a disqualifying event.

U. S. Department of the Treasury TIC Form SLT is filed with the Federal Reserve Bank of New York to report certain foreign-resident holdings of long-term U.S. securities and/or U.S.-resident holdings of long-term foreign securities; TIC B Forms require reporting of cross-border claims on and liabilities to foreign residents by various 'financial institutions' which include investment advisers and managers, hedge funds, private equity funds, pension funds and mutual funds, among many others. FBAR filings are required for every U.S. person who has a financial interest in, or signature or other authority over,

any foreign financial accounts, including bank, securities, or other types of financial accounts in a foreign country, must report that relationship each calendar year by filing an FBAR with Treasury on or before June 30 of the succeeding year, if the aggregate value of these financial accounts exceeds $10,000 at any time during the calendar year.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our regulatory reporting policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. makes the annual filing of Form ADV within 90 days of the end of the firm's fiscal year (Annual Updating Amendment) to update all disclosures, including certain information required to be updated only on an annual basis;
- Brighton Securities Corp. promptly updates our Disclosure Document and certain information in Form ADV, Part 1, Part 2, and Part 3, as appropriate, when material changes occur and/or pursuant to any revisions to applicable reporting requirements;
- all employees should report to the Chief Compliance Officer or other designated officerany information in Form ADV that such employee believes to be materially inaccurate or omits material information; and
- as applicable, Jai Ramachandran will review Schedules 13D, 13G, and Form 13F, 13H and D, FBAR, TIC Forms (e.g., Forms B, C and SLT, as applicable) and Form PF filing requirementsamong others and make such filings and keep appropriate records as required.

Senior Investors

Policy

As a registered investment adviser, Brighton Securities Corp., as a part of its fiduciary duty to its clients and as a matter of best business practices, has adopted a policy in regard to senior investors. This policy, designed to offer extra protection to senior investors who plan to purchase complex, non-traditional securities, includes annual investment adviser trainings, creating detailed disclosures, annual reviews of senior accounts, and maintaining vigilance over suspected diminished capacity and senior abuse.

Background

Senior investors, comprised of investors aged 62 and older, are a fast-growing demographic which has previously made economic gains through strong performances of both the housing and stock markets. Due to the economic downturn from 2007-2010, interest rates on savings accounts, certificates of deposit, and bonds have dropped dramatically. Many senior investors have experienced a significant reduction in the income streams which they tend to rely on upon retirement. As such, more complex, and potentially unsuitable, securities may be recommended to senior investors without providing proper and understandable disclosures regarding the terms and related risks of these recommended securities.

Beginning in 2006, regulators have made collaborative efforts aimed at protecting senior investors by providing educational programs and conducting examinations focused on senior issues. In 2018, the SEC issued their 2018 National Exam Program Examination Priorities, in which they continue to prioritize the financial exploitation of senior investors. The SEC plans on focusing on several areas, including: the clear and proper disclosures provided to the investors in regards to the calculation of fees, expenses, and other charges; investment recommendations; and internal controls.

Realizing that senior financial abuse is an escalating problem, lawmakers in Congress passed bipartisan legislation aimed at curbing it and protecting potential victims, known as the Senior Safe Act, on May 24, 2018. The Act, should a firm choose to administer it, will grant immunity to individuals and their firms from any civil or administrative proceedings that may arise from disclosing any suspected exploitation of a senior citizen to a regulatory agency.

In order for immunity to be granted, the firm must administer the entire Senior Safe Act program. The firm, or a third party selected by the firm, must provide training to each officer or employee who: a) served as a supervisor or in a compliance or legal function; b) may come into contact with a senior client as a regular part of the professional duties of the individual; or c) may review or approve the financial documents, records, or transactions of a senior client in connection with providing financial services to that client. This training should occur as soon as reasonably practicable and no later than one year after any relevant individual becomes employed with the firm. An employee who received training and served as a supervisor or in a compliance or legal function will not be held liable for disclosing suspected exploitation as long as the disclosure was made in good faith and with reasonable care. Similarly, the firm will also not be held liable if the employee meets the Senior Safe Act's requirements.

The procedures below will also address industry best practices regarding the Senior Safe Act.

In January 2020, OCIE issued its 2020 Examination Priorities, in which OCIE has stated it will once again emphasize the protection of retail investors, particularly seniors and those saving for retirement. OCIE plans to prioritize the examinations of investment advisers, broker-dealers, and dually registered firms, focusing on recommendations and advice made by entities and individuals targeting retirement communities.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our policy on senior investors. Jai Ramachandran will also identify by name and title those employees who are authorized to place a temporary hold on an account on behalf of the firm if financial exploitation is suspected. In addition, any associated persons should be alert to signs of diminished capacity and/or senior abuse when dealing with senior clients.

Procedures

Brighton Securities Corp. has adopted procedures to implement our policy and reviews to monitor and ensure the policy is observed, implemented properly, and amended or updated, as appropriate, which may be summarized as follows:

- define the criteria, such as age, retirement status, or other factors in order to determine which clients our firm counts as seniors;
- include directions for escalation for associated persons and other employees that make clear what steps should be taken and who they should notify;
- incorporate annual training plans specific to senior investors and senior issues which address topics such as senior investors being fully informed of the features of any security they are purchasing, including the potential return and associated risks, changes in investment needs as investors age, and general training to educate investment advisers on sensitive matters relating to senior investors;
- require Jai Ramachandran to review and pre-approve all seminar and marketing materials directed towards senior investors;
- adopt a disclosure form—which describes the features of a particular product, such as mortality and expense fees, surrender fees and period, the liquidity needs of the investor, account benefits and general information regarding the security—and require a customer signature;
- require the senior client to confirm any changes in beneficiaries, powers of attorney, or trustees in-person with an associated person of the firm--document the meeting in writing along with the client's signature;
- maintain an up-to-date list of all senior investors and the amount of the firm's regulatory assets under management in these accounts;

- at least quarterly, associated persons will communicate with all senior clients via phone ormail and make any necessary account updates;
- facilitate the transition of a senior client from actively employed to a retired status by communicating with the client to setup an updated investment profile;
- conduct an annual review of any activity in all senior investor accounts and maintain a log of such reviews, including the dates and scope of the reviews, the client names, and any findings;
- encourage senior clients to have a trusted contact person present during all meetings and phone calls and make reasonable efforts to obtain the name and contact information of the trusted contact person when opening and updating account information;
- [optional] Brighton Securities Corp. may communicate with the trusted contact regarding the client's health status, potential financial exploitation, and to confirm the identity of a legal guardian, executor, trustee, or holder of a power of attorney;
- upon the death of a senior client, Brighton Securities Corp. will work with the beneficiaries, trustee, or executor on the next steps to take, which could include transitioning the current account to a new account, liquidating the current account, or transferring assets to the appropriate parties; and
- associated persons should immediately report any concerns of diminished capacity and senior abuse to Jai Ramachandran, who will work with senior management in addressing concerns.This could include contacting the trusted contact person or placing a temporary hold on a disbursement of funds or securities if it is reasonably believed that financial exploitation has occurred, is occurring, or has or will be attempted.

Our firm, seeking immunity from suit under the Senior Safe Act (S.2155 Section 303), will also:

- implement a training program that will instruct employees on how to identify andreport suspected exploitation internally, and, as appropriate, to government officials or law enforcement
- The training will include
    - common signs that indicate financial exploitation of a senior client,
    - discuss the need to protect the privacy and respect the integrity of each individual customer of the firm, and
    - appropriateness to the job responsibilities of the individuals attending the training
- maintain records of each individual employed by the firm who has completed thetraining.

Social Media

Policy

It is Brighton Securities Corp.'s policy to monitor employee use of social media, networking and similar communications. Employees should take note that their social media and networking use will be monitored. There should be no expectation of privacy in the use of the Firm's Internet, e-mails, any use of blogs, instant messages, company-owned cellular phones and text messages on company-owned equipment under this policy. Every message leaves an electronic trail that's both traceable to a specific individual and accessible by Brighton Securities Corp. even if it is deleted. Blogging or other forms of social media or technology include but are not limited to: video or wiki postings, sites such as LinkedIn, Facebook and Twitter, chat rooms, pod casts, virtual worlds, personal blogs, microblogs or other similar forms of online journals, diaries or personal newsletters.

General Provisions

Unless specific to job scope requirements, employees are not authorized to and therefore may not speak on behalf of Brighton Securities Corp. through social media or otherwise. Employees may not publicly discuss clients, investment strategies or recommendations, investment performance, other products or services offered by our Firm (or affiliates, if applicable), employees or any work-related matters, whether confidential or not, outside company-authorized communications. Employees are required to protect the privacy of Brighton Securities Corp., its clients and employees, and are prohibited from disclosing personal employee and non-employee information and any other proprietary and non-public information to which employees have access. Such information includes but is not limited to customer information, trade secrets, financial information and strategic business plans.

Personal Blogs and Social Networking Sites. Bloggers and commenters are personally responsible for their commentary on blogs and social media sites. Bloggers and commenters can be held personally liable for commentary that is considered defamatory, obscene, proprietary or libelous by any offended party, not just Brighton Securities Corp.

It is Brighton Securities Corp.'s policy that no employee may use employer-owned equipment, including computers, company-licensed software or other electronic equipment, nor facilities or company time, to conduct personal blogging or social networking activities. Employees cannot use blogs or social media sites to harass, threaten, discriminate or disparage against employees or anyone associated with or doing business with Brighton Securities Corp.

Employees may not post on personal blogs or other sites the name, trademark or logo of Brighton Securities Corp. or any business with a connection to Brighton Securities Corp. Employees cannot post company-privileged information, including copyrighted or trademarked information or company-issued documents. Employees cannot post on personal blogs or social networking sites photographs of other employees, clients, vendors or suppliers, nor can employees post photographs of persons engaged in company business or at company events.

Employees cannot post on personal blogs and social media sites any advertisements or photographs of company products, nor sell company products and services. Employees cannot link from a personal blog or social networking site to Brighton Securities Corp.'s internal or external website.

Text Messaging Policy. Text messaging is enabled on company-issued Blackberry devices or similar "smartphones" for your traveling and/or communications convenience. All text messages will be captured and are subject to supervisory reviews.

[ALTERNATIVE DISCLOSURE IF TEXT MESSAGING CANNOT BE CAPTURED: **Text Messaging Policy.** Text messaging is enabled on company-issued Blackberry devices or similar "smartphones" for your traveling and/or communications convenience. However, as Brighton Securities Corp. is unable to capture such communications, no Brighton Securities Corp. business may be conducted via text messaging.***]***

Internet Monitoring. Employees are cautioned that they should have no expectation of privacy while using company equipment or facilities for any purpose, including authorized blogging. Employees are cautioned that they should have no expectation of privacy while using the Internet. Your postings can be reviewed by anyone, including Brighton Securities Corp. Brighton Securities Corp. reserves the right to monitor comments or discussions about the company, its employees, clients and the industry, including products and competitors, posted on the Internet by anyone, including employees and non-employees. Brighton Securities Corp. uses blog-search tools and software, and/or may engage outside service providers to periodically monitor forums such as blogs and other types of personal journals, diaries, personal and business discussion forums, and social networking sites.

Although these social media policies and procedures are based on current financial industry best practices, it is extremely important to recognize that there is a growing body of states laws that either prohibit or severely restrict an employer's ability to access or request access to employees' personal media accounts. In addition, federal legislation has been proposed in the House and Senate that would similarly prohibit employers from requiring or requesting such access from an employee or applicant for employment.

Accordingly, firms should carefully review their social media policies with legal counsel to ensure that such policies do not violate applicable state laws.

Brighton Securities Corp.'s Social Media policy, however, will not be construed or applied to limit employees' rights under the under the National Labor Relations Act ("NLRA") or applicable law.

Background

Social media and/or methods of publishing opinions or commentary electronically is a fast growing phenomenon which takes many forms, including internet forums, blogs and microblogs, online profiles, wikis, podcasts, picture and video posts, virtual worlds, e-mail, instant messaging, text messaging, music and other file-sharing, to name just a few. Examples of social media applications include, among others, LinkedIn, Facebook, MySpace, YouTube, Twitter, Yelp, Flickr, Second Life, Yahoo groups, Wordpress, and

ZoomInfo. The proliferation of such electronic communications presents new and ever changing regulatory risks for our firm.

As a registered investment adviser, use of social media by our Firm and/or related persons of the Firm must comply with applicable provisions of the federal securities laws, including, but not limited to the following laws and regulations under the Advisers Act, as well as additional rules and regulations identified below:

Anti-Fraud Provisions: Sections 206(1), 206(2), and 206(4), and Rule 206(4)-1 thereunder;

Advertising: Rule 206(4)-1;

Compliance/Supervision: Rule 206(4)-7;

Privacy: Regulation S-P; and

Recordkeeping: Rule 204(2).

For example, business or client related comments or posts made through social media may breach applicable privacy laws or be considered "Advertising" under applicable regulations triggering content restrictions and special disclosure and recordkeeping requirements. Employees should be aware that the use of social media for personal purposes may also have implications for our Firm, particularly where the employee is identified as an officer, employee or representative of the firm. Accordingly, Brighton Securities Corp. seeks to adopt reasonable policies and procedures to safeguard the Firm and our clients.

On March 28, 2014 the staff of the SEC's Division of Investment Management published *Guidance on the Testimonial Rule and Social Media*. Recognizing that consumers are increasingly reliant on third-party recommendations, the SEC has issued this guidance "to clarify application of the testimonial rule as it relates to the dissemination of genuine third-party commentary that could be useful to consumers."

In summary and consistent with previously issued guidance, an investment adviser's or investment advisory representative's (IAR's) publication of ALL of the testimonials about the firm or its representatives from an independent social media site on the adviser's or IAR's own social media site or website would not implicate the concern underlying the testimonial rule – provided such advertisement complies with Rule 206(4)-1(a)(5) under the Advisers Act, i.e., it does not contain any untrue statement of a material fact, or is otherwise false or misleading.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our firm's Social Media policy, practices, and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement Brighton Securities Corp.'s policy, and conducts internal reviews to monitor and ensure that the policy is observed, implemented properly, and amended or updated, as appropriate. These include the following:

- Brighton Securities Corp.'s e-mail and electronic communications policy has been communicated to all persons within the Firm and any changes in our policy will be promptly communicated;
- obtaining attestations from personnel at the commencement of employment and regularly thereafter that employees (i) have received a copy of our policy, (ii) have complied with all such requirements, and (iii) commit to do so in the future;
- unless otherwise prohibited by federal or state laws, Brighton Securities Corp. will request or require employees provide the Jai Ramachandran with access to any approved social networking accounts. Furthermore, static content posted on social networking sites must be preapproved by Jai Ramachandran;
- e-mails and any other electronic communications relating to Brighton Securities Corp.'s advisory services and client relationships will be maintained on an on-going basis and arranged for easy access and retrieval so as to provide true and complete copies with appropriate backup and separate storage for the required periods;
- establishing a reporting program or other confidential means by which employees can report concerns about a colleague's electronic messaging, website, or use of social media for business communications;
- the Chief Compliance Officer will monitor a random sampling of employee electronic communications, surveil social media use by employees and maintain documentary evidence of such surveillance in an applicable location quarterly;
- every social media post about our firm must be evaluated and approved by Jai Ramachandran, including tracking the lifecycle of each social media message, including the exact date and time it was created or deleted, and ensuring that a post meets regulatory standards;
- Brighton Securities Corp. will record the precise actions taken when a message is flagged during a review;
- Brighton Securities Corp. reserves the right to use content management tools to monitor, review or block content on company blogs that violate company blogging rules and guidelines;
- our advisors will receive ongoing training on these rapidly changing platforms, with emphasis placed on:
    - personal versus business communication;
    - the consequences for violating the written rules;
    - which social media posts need to be approved prior to posting;
    - which posts need reviewing after being posted; and
    - how to manage third-party social media accounts

- Brighton Securities Corp. requires employees to report any violation, or possible or perceived violation, to their supervisor, manager or the HR or Compliance department. Violations include discussions of Brighton Securities Corp., its clients and/or employees, any discussion of proprietary information (including trade secrets, or copyrighted or trademarked material) and any unlawful activity related to blogging or social networking; and
- Brighton Securities Corp. investigates and responds to all reports of violations of the social media policy and other related policies. Violation of the company's social media policy may result in disciplinary action up to and including immediate termination. Any disciplinary action or termination will be determined based on the nature and factors of any blog or social networking post, or any unauthorized communication. Brighton Securities Corp. reserves the right to take legal action where necessary against employees who engage in prohibited or unlawful conduct. If you have any questions about this policy or a specific posting on the web, please contact the Compliance Department or Human Resources.

Soft Dollars

Policy

Brighton Securities Corp., as a matter of policy and practice, does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

Background

Soft dollars generally refers to arrangements whereby a discretionary investment adviser is allowed to pay for and receive research, research-related or execution services from a broker-dealer or third-party provider, in addition to the execution of transactions, in exchange for the brokerage commissions from transactions for client accounts.

Section 28(e) of the Securities Exchange Act of 1934 allows and provides a safe harbor for discretionary investment advisers to pay an increased commission, above what another broker-dealer would charge for executing a transaction, for research and brokerage services, provided the adviser has made a good faith determination that the value of the research and brokerage services qualifies as reasonable in relation to the amount of commissions paid. Further, under SEC guidelines, the determination as to whether a product or service is research or other brokerage services, and eligible for the Section 28(e) safe harbor, is whether it provides lawful and appropriate assistance to the investment manager in performance of its investment decision-making responsibilities.

In Interpretative Release *Commission Guidance Regarding Client Commission Practices Under Section 28(e)*, dated July 24, 2006, the SEC revised and clarified "brokerage and research services" in view of evolving technologies and industry practices. The Release updated prior Section 28(e) guidance and revised definitions including eligible and non-eligible research products and services for the Section 28(2) safe harbor. The SEC Release was effective July 24, 2006.

In 2008, the SEC proposed guidance about the responsibilities of boards of directors of investment companies regarding portfolio trading practices including soft dollars and best execution practices. (See Release Nos. 34-58264, IC-28345, and IA-2763, July 20, 2008).

On July 30, 2013, staff of the SEC's Division of Trading and Markets issued a no action letter confirming that commissions from certain fixed-income trades conducted on an agency basis can qualify for the Section 28(e) safe harbor, and that commissions from these fixed-income trades may be used to purchase third-party research, provided that (i) all applicable conditions of the Section 28(e) safe harbor are met and (ii) the institutional asset managers are otherwise complying with federal securities laws. (See *Carolina Capital Markets, Inc.*, SEC No-Action letter, available July 30, 2013)

Pursuant to the SEC's adoption of Amendments to Form ADV (Release No. IA-3060), advisers are required to disclose their practices regarding their use of soft dollars in response to Item 12 of the new Form ADV Part 2. Such disclosures should describe the adviser's practices, including:

- whether the firm's practices will cause the client to pay-up (i.e., client accounts will pay more than the lowest available commission rate in exchange for the adviser receiving soft dollar products or services);
- the types of products and services received by the adviser or its related persons using client brokerage commissions ***within the adviser's last fiscal year***;
- procedures used ***during its last fiscal year*** to direct client transactions to certain brokers in return for soft dollar benefits; and
- identify potential conflicts of interest and how the adviser will address them (note that advisers must provide more explicit details for any products or services received that **do not** qualify under Section 28(e)).

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our soft dollar policy that the firm does not utilize any research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting utilizing any research, and research-related products or services has been communicated to relevant individuals including management, traders and portfolio managers, among others;
- Brighton Securities Corp.'s policy is appropriately disclosed in the firm's Part 2A of Form ADV: *Firm Brochure*;
- Jai Ramachandran semi-annually monitors the firm's business relationships and advisory services to ensure no research services or products are being obtained on a soft dollar basis; and
- in the event of any change in the firm's policy, any such change must be approved by management, and any soft dollar arrangements would only be allowed after appropriate reviews and approvals, disclosures, meeting regulatory requirements and maintaining proper records.

Solicitor Arrangements

Policy

Brighton Securities, as a matter of policy and practice, may compensate persons, i.e., individuals or entities, for the referral of advisory Clients to the firm provided appropriate disclosures and regulatory requirements are met. If a client is introduced to Brighton Securities by either an unaffiliated or an affiliated solicitor, Brighton Securities may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Brighton Securities investment management fee. If the client is introduced to Brighton Securities by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Brighton Securities written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement. The compensation will be based upon a percentage of AUM until the account is closed. Any such fee shall not result in any additional charge to the client.

Background

Under the SEC Cash Solicitation Rule, (Rule 206(4)-3) and comparable rules adopted by most states, investment advisers may compensate persons who solicit advisory clients for a firm if appropriate agreements exist, specific disclosures are made, and other conditions met under the rules. Under the SEC rule, a solicitor is defined as "any person who, directly or indirectly, solicits any client for, or refers any client to, an investment adviser.

The definition of client includes any prospective client.

If Brighton Securities were to compensate any person for the referral of any Investor to one othe the advisors' Clients, then it would comply with all requirements of Rule 206(4)-3 of the Advisers's Act. Rule 206(4)-3 require that Brighton:

- Enter into an agreement with the solicitor
- Determine that the solicitor is not disqualified for any reason specified under Rule 206(4)-3 and
- Receive from the prospective Investor an acknowledgment, in writing, that he/she received Brighton's ADV park 2A and received the Solicitor's Disclosure Statements disclosing that the solicitors is being paid by Brighton.

Responsibility

Jai Ramachandran has the responsibility for monitoring our firm's policy of not compensating any persons for referring clients or prospective clients to the firm unless appropriate agreements, records, disclosures and other regulatory requirements are met.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Jai Ramachandran is responsible for reviewing and approving any potential solicitor arrangements.
- Jai Ramachandran will ensure that all arrangements are memorialized by a written contract, and that the solicitor will provide the Client with a Solicitor's Written Disclosure Statement as well as a copy of the Investment Adviser's Form ADV Part 2.

Supervision and Internal Controls

Policy

Brighton Securities Corp. has adopted these written policies and procedures which are designed to set standards and internal controls for the firm, its employees, and its businesses and are also reasonably designed to prevent, detect, and correct any violations of regulatory requirements and the firm's policies and procedures. Every employee and manager is required to be responsible for and monitor those individuals and departments he or she supervises to detect, prevent and report any activities inconsistent with the firm's procedures, policies, high professional standards, or legal/regulatory requirements.

Consistent with our firm's overriding commitment as fiduciaries to our clients, we rely on all employees to abide by our firm's policies and procedures; and, equally importantly, to internally report instances in which it is believed that one or more of those policies and/or practices is being violated. It is the expressed policy of this firm that no employee will suffer adverse consequences for any report made in good faith.

Any unlawful or unethical activities are strictly prohibited. All firm personnel are expected to conduct business legally and ethically, regardless of where in the world such business is transacted. ***[Include the following if your firm's policies and procedures address Anti-Corruption practices:*** Our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s Anti-Corruption practices***.]***

Background

The SEC adopted the anti-fraud rule titled Compliance Procedures and Practices (Rule 206(4)-7) under the Advisers Act requiring more formal compliance programs for all SEC registered advisers. The rule became effective February 5, 2004 and SEC advisers had until October 5, 2004 (compliance date) to be in compliance with the rule.

Rule 206(4)-7 makes it unlawful for a SEC adviser to provide investment advice to clients unless the adviser:

- adopts and implements written policies and procedures reasonably designed to prevent violations by the firm and its supervised persons;
- reviews, at least annually, the adequacy and effectiveness of the policies and procedures;
- designates a chief compliance officer who is responsible for administering the policies and procedures; and
- maintains records of the policies and procedures and annual reviews.

Under Section 203(e)(6), the SEC is authorized to take action against an adviser or any associated person who has failed to supervise reasonably in an effort designed to prevent violations of the securities laws, rules and regulations. This section also provides that no person will be deemed to have failed to supervise reasonably provided:

1. there are established procedures and a system which would reasonably be expected to prevent any violations; and
2. and such person has reasonably discharged his duties and obligations under the firm's procedures and system without reasonable cause to believe that the procedures and system were not being complied with.

Furthermore, on May 25, 2011, the SEC adopted final rules implementing the whistleblower provisions of the Dodd-Frank Act, which offer monetary incentives to persons who provide the SEC with information leading to a successful enforcement action. While the rules incentive rather than require prospective whistleblowers to use the internal company compliance program, the regulations clarify that the SEC, when considering the amount of an award, will consider to what extent (if any) the whistleblower participated in the internal compliance processes of the firm.

Firms that engage in business activities outside of the United States may be subject to additional laws and regulations, including among others, the U.S. Foreign Corrupt Practices Act of 1977 as amended (the "FCPA") and the U.K. Bribery Act 2010 (the "Bribery Act"). Both these laws make it illegal for U.S. citizens and companies, including their employees, directors, stockholders, agents and anyone acting on their behalf (regardless of whether they are U.S. citizens or companies), to bribe non-U.S. government officials. The Bribery Act is more expansive in that it criminalizes commercial bribery and public corruption, as well as the receipt of improper payments.

Responsibility

Every employee has a responsibility for knowing and following the firm's policies and procedures. Every person in a supervisory role is also responsible for those individuals under his/her supervision. The President, or a similarly designated officer, has overall supervisory responsibility for the firm.

Recognizing our shared commitment to our clients, all employees are required to conduct themselves with the utmost loyalty and integrity in their dealings with our clients, customers, stakeholders and one another. Improper conduct on the part of any employee puts the firm and company personnel at risk. Therefore, while managers and senior management ultimately have supervisory responsibility and authority, these individuals cannot stop or remedy misconduct unless they know about it. Accordingly, all employees are not only expected to, but are required to report their concerns about potentially illegal conduct as well as violations of our company's policies.

Jai Ramachandran, as the Chief Compliance Officer, has the overall responsibility for administering, monitoring and testing compliance with Brighton Securities Corp.'s policies and procedures. [Consider including the following if accurate and applicable: The Chief Compliance Officer serves the firm in an advisory rather than a supervisory capacity. Consequently, the Chief Compliance Officer does not assume supervisory authority or responsibility within the firm's administrative structure for particular business activities or situations. All power to affect employee conduct, including the ability to hire, reward or punish rests with the firm's principal(s), as appropriate]. Possible violations of these policies or procedures will be documented and reported to the appropriate department manager for remedial action. Repeated violations, or violations that the Compliance Officer deems to be of serious nature, will

be reported by the Compliance Officer directly to the President, or a similarly designated officer, and/or the Board of Directors for remedial action.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews of internal controls to monitor and ensure the firm's supervision policy is observed, implemented properly and amended or updated, as appropriate which including the following:

- designation of a Chief Compliance Officer as responsible for implementing and monitoring the firm's compliance policies and procedures;
- an Annual Compliance Meeting and on-going and targeted compliance training;
- prior to hiring any employee, we will undertake the following steps:
    - conduct a background screening of potential new employees;
    - hold an initial training about the firm's compliance policies;
    - conduct an initial check of the CRD/IARD systems for the potential new employee's filings;
    - conduct internet and social media searches; and
    - request potential new hires to provide our firm with copies of their Form U5s, as applicable, and self-attestation regarding disciplinary histories and/or events and recent bankruptcies
- for existing employees, we will undertake the following steps:
    - annually, request employees to complete a self-attestation regarding disciplinary histories and/or events and recent bankruptcies;
    - annually, review Brighton Securities Corp.'s disclosures regarding disciplinary histories and events relating to our supervised persons to ensure that the information remains accurate, fully disclosed and up-to-date;
    - for any new disciplinary events, we will ensure that timely updates, including any accompanying conflicts of interest, are made and filed to all relevant disclosure items and disseminated to all existing clients if such information is deemed to be relevant and material;
    - establish enhanced oversight measures for any employees with prior disciplinary events depending on their job function, including limiting of physical and/or electronic access to portfolio management, custodial and trading platforms, enhanced cash flow monitoring of relevant accounts, enhanced review of accounts, account types recommended and services provided by these employees, enhanced communications review (e.g. e-mail communications and client-facing materials and documents), end-of-day trade blotter reviews, expedited escalation and enhanced review and investigation of any complaints made against these employees; and

- any employees working remotely will be subject to the firm’s branch office supervision policies and procedures. Any remote employees with disciplinary histories will be subject to enhanced supervision procedures, including more frequent visitations, unannounced visitations, robust communications monitoring, books and recordsreview and monitoring, additional training and self-attestations and based on the employee’s job function.

- adoption of these written policies and procedures with statements of policy, designated persons responsible for the policy and procedures designed to implement and monitor the firm's policy;
- the annual review of the firm's policies and procedures by the Compliance Officer and senior management;
- annually reviews of employees' activities, e.g., outside business activities, personal trading, etc., are conducted;
- annual written representations by employees as to understanding and abiding by the firm's policies;
- to facilitate internal reporting by firm employees, the firm has established several alternative methods to allow employees to report their concerns, including drop boxes, a toll-free number, and open channels of communications to the firm's compliance staff;

- on an annual basis, Brighton Securities Corp. reviews employee confidentiality and severance agreements to ensure that they are not prohibitive or retaliatory against a current or former employee reporting concerns to the SEC;

- internal reports will be handled promptly and discretely, with the overall intent to maintain the anonymity of the individual making the report. When appropriate, investigations of such reports may be conducted by independent personnel; and
- supervisory reviews and sanctions for violations of the firm's policies orregulatory requirements.

[Include the following sub-section if your firm's business activities make it subject to the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act]

Anti-Corruption Procedure

Brighton Securities Corp. has adopted written policies and procedures relative to any of our off-shore business undertakings. These policies and procedures have been developed proportionate to the firm's risk and are designed to deter and detect foreign bribery. They are applicable to all officers, directors, and employees, as well as other entities over which our firm has control, with respect to foreign business activities we conduct. Our policies include the following:

- our firm's policies regarding gifts, entertainment, charitable contributions and solicitation activities are contained herein and are generally applicable to any of our businessactivities, except with respect to any interaction with a foreign government official;
- because of regulatory implications, our firm policy prohibits providing anything of value to a foreign government official without first obtaining approval from a designated officer of the firm;

- our firm's policy prohibits facilitation payments;
- we will conduct risk-based due diligence prior to the engagement of third-parties such as joint-venture partners, consultants, representatives, contractors, agents and other intermediaries, and any other individuals/entities representing our firm;
- we will provide such third-parties with our firm's anti-corruption/anti-bribery policies and obtain their written commitment to abide by such policies;
- we have a financial/accounting system that ensures the maintenance of accurate records and accounts;
- our HR policies ensure that no employee will suffer any adverse consequences for refusing to pay bribes—even if that may result in the loss of business;
- we provide appropriate anti-corruption compliance training for the firm's officers, directors and those employees having possible exposure to corruption; additionally, new employees will undergo appropriate training upon joining the company when such training is relevant to the individual's job function;
- Brighton Securities Corp.'s CCO or other designated officer should be contacted directly with any questions concerning the firm's practices (particularly when there is an urgent need for advice on difficult situations in foreign jurisdictions);
- we require annual written certification by each officer, director or employee of his/her commitment to abide by the firm's anti-corruption policy;
- we require mandatory reporting to Brighton Securities Corp.'s CCO or other designated officer of any incident or perceived incident of bribery; consistent with our firm's Whistleblower reporting procedures, such reports will be investigated and handled promptly and discretely; and
- violations of the firm's policies may result in disciplinary actions up to and including termination of employment.

Trading

Policy

As an adviser and a fiduciary to our clients, our clients' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the client's favor.

Our firm has adopted the following policies and practices to meet the firm's fiduciary responsibilities and to ensure our trading practices are fair to all clients and that no client or account is advantaged or disadvantaged over any other.

Also, Brighton Securities Corp.'s trading practices are generally disclosed in response to Item 12 in Part 2A of Form ADV, which is provided to prospective clients and annually delivered to current clients.

Background

As a fiduciary, many conflicts of interest may arise in the trading activities on behalf of our clients, our firm and our employees, and must be disclosed and resolved in the interests of the clients. These conflicts must also be disclosed in Form ADV Part 3 (Form CRS). In addition, securities laws, insider trading prohibitions and the Advisers Act, and rules thereunder, prohibit certain types of trading activities.

Indicative of heightened regulatory concerns, the SEC's Office of Compliance Inspections and Examinations (OCIE) issued a Risk Alert on February 27, 2012, focused on an adviser's practices and controls designed to prevent unauthorized trading and other trade-related unauthorized activities. (See Strengthening Practices for Preventing and Detecting Unauthorized Trading and Similar Activities, publicly available February 27, 2012)

In December 2018, OCIE issued its 2019 Examination Priorities, in which OCIE listed plans to review firms' practices for executing investment transactions on behalf of clients, fairly allocating investment opportunities among clients, ensuring consistency of investments with the objectives obtained from clients, disclosing critical information to clients, and complying with other legal restrictions. OCIE will also examine investment adviser portfolio recommendations to assess, among other things, whether investment or trading strategies of advisers are: (1) suitable for and in the best interests of investors based on their investment objectives and risk tolerance; (2) contrary to, or have drifted from, disclosures to investors; (3) venturing into new, risky investments or products without adequate risk disclosure; and (4) appropriately monitored for attendant risks.

In June 2020, OCIE issued a Risk Alert which listed certain compliance issues found when OCIE performed examinations on registered investment advisers, including conflicts related to the allocation of investments. The staff observed private fund advisers that did not provide adequate disclosure about conflicts relating to allocations of investments among clients, including preferentially allocating limited investment opportunities to new clients, higher fee-paying clients, or proprietary accounts, and also

advisers allocating securities at different prices or in apparently inequitable amounts among clients (1) without providing adequate disclosure about the allocation process or (2) in a manner inconsistent with the allocation process disclosed to investors.

Aggregation

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients.

Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

In the event transactions for an adviser, its employees or principals (“proprietary accounts”) are aggregated with client transactions, conflicts arise and special policies and procedures must be adopted to disclose and address these conflicts.

Allocation

As a matter of policy, an adviser's allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. Adequate disclosure must also be provided in the event of any conflicts arising.

Brighton Securities Corp.'s policy prohibits any allocation of trades in a manner that Brighton Securities Corp.'s proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts.

Brighton Securities Corp. has adopted a clear written policy for the fair and equitable allocation of transactions, (e.g., pro-rata allocation, rotational allocation, or other means) which is disclosed in Brighton Securities Corp.'s Form ADV Part 2A.

IPOs

Initial public offerings (“IPOs”) or new issues are offerings of securities which frequently are of limited size and limited availability. These offerings may trade at a premium above the initial offering price.

In the event Brighton Securities Corp. participates in any new issues, Brighton Securities Corp.'s policy and practice is to allocate new issues shares fairly and equitably among our advisory clients according to a specific and consistent basis so as not to advantage any firm, personal or related account and so as not to favor or disfavor any client, or group of clients, over any other.

Trade Errors

As a fiduciary, Brighton Securities Corp. has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions, due to Brighton Securities Corp.'s actions, or inaction, or actions of others, Brighton Securities Corp.'s

policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Brighton Securities Corp. in any way.

If the error is the responsibility of Brighton Securities Corp., any client transaction will be corrected and Brighton Securities Corp. will be responsible for any client loss resulting from an inaccurate or erroneous order.

Brighton Securities Corp.'s policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

Large Trader Reporting

Large traders (defined as a person whose transactions in NMS securities in aggregate equal to or exceed two million shares or $20 million during any calendar day, or 20 million shares or $200 million during any calendar month) will be required to identify themselves to the SEC through the filing of Form 13H on the EDGAR system.

Brighton Securities Corp.'s policy and practice is to monitor the volume of trading conducted to determine if and when we become subject to filing Form 13H.

Upon the determination that Brighton Securities Corp. is a large trader subject to the large trading reporting requirements, the firm will submit its initial Form 13H filing (i.e., within 10 days of first effecting transactions in an aggregate amount equal to or greater than the identifying activity level) and disclose our status as a large trader to registered broker-dealers effecting transactions on our behalf.

Once designated as a large trader, Brighton Securities Corp. will effect the annual filing of Form 13H within 45 days of our fiscal year end and ensure that any amendments to Form 13H are timely filed.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our trading policies and practices, disclosures and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's trading policies are observed, implemented properly and amended or updated, which include the following:

- trading reviews, reconciliations of any and all securities transactions for advisory clients;
- monitoring the volume of the firm's transactions in NMS securities to determine if and when the firm is subject to large trader reporting obligations;
- (where possible,) instituting a segregation of trading-related roles and functions to ensure a functional process of checks and balances;

- providing adequate disclosure about conflicts relating to allocations of investments among clients;
- establishing threshold reporting levels that require the trader to report to a member of senior management whenever a position loses value beyond a defined limit or begins to lose value in an unanticipated manner;
- (Monthly/Quarterly) monitoring our representatives' trading activity to thresholds in our compensation structure to detect practices that may be motivated by a desire to move up in the compensation structure and, thereby, receive a higher payout percentage. If suspicious activity is detected, Jai Ramachandran will place the representative under heightened supervision, and may enforce disciplinary action, such as termination, regulatory sanctions, potential monetary sanctions and/or civil and criminal penalties;
- Brighton Securities Corp. will conduct quarterly supervisory reviews of the firm's trading practices;
- monitoring defined criteria that will trigger additional or heightened scrutiny of trading activity, including but not limited to, (i) unusual or high volume of trade error account activity; (ii) frequency of risk limit breaches; (iii) frequent requests for trade limit increases for the same counterparty; (iv) concentration of profitable or unprofitable trades, or patterns of trades and offsetting trades with the same counterparty; (v) reasons for and patterns in remote access trading accounts;
- annually conducts reviews of the firm's Form ADV, advisory agreements, and other materials for appropriate disclosures of the firm's trading practices and any conflicts of interests; and
- designation of a Brokerage Committee, or other designated person, to review and monitor the firm's trading practices.

If the firm is a 'Large Trader' pursuant to SEC Rule 13h-1 (the Large Trader Rule), the firm's trading practices should include the following:

- providing the firm's LTID (large trader identification number) to all registered broker-dealers executing trades on its behalf;
- maintaining an accurate and current list of its approved registered broker-dealers which details regarding notification of the firm's LTID; and
- ensuring timely filing of the annual update to Form 13H as well as quarterly updates when necessary, to correct information previously disclosed that has become inaccurate.

Valuation of Securities

Policy

As a registered adviser and as a fiduciary to our advisory clients, Brighton Securities Corp., has adopted this policy which requires that all client portfolios and investments reflect current, fair and accurate market valuations. Any pricing errors, adjustments or corrections are to be verified, preferably through independent sources or services, and reviewed and approved by the firm's designated person(s) or pricing committee.

Background

As a fiduciary, our firm must always place our client's interests first and foremost and this includes pricing processes, which ensure fair, accurate and current valuations of client securities of whatever nature. Proper valuations are necessary for accurate performance calculations and fee billing purposes, among others. Because of the many possible investments, various pricing services and sources and diverse characteristics of many investment vehicles, independent sources, periodic reviews and testing, exception reporting, and approvals and documentation or pricing changes are necessary with appropriate summary disclosures as to the firm's pricing policy and practices. Independent custodians of client accounts may serve as the primary pricing source.

On May 12, 2011, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) issued new guidance on fair value measurement and disclosure requirements under US generally accepted accounting principles GAAP and International Financial Reporting Standards (IFRS).

Among other things, the update defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Furthermore, when measuring fair value, a reporting entity must take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Additional guidance is provided on valuations techniques such as market approach, cost approach and income approach.

In June 2020, OCIE issued a Risk Alert which listed certain compliance issues found when OCIE performed examinations on registered investment advisers, including conflicts related to valuations. The staff observed private fund advisers that did not value client assets in accordance with their valuation processes or in accordance with disclosures to clients. In some cases, the staff observed that this failure to value a private fund’s holdings in accordance with the disclosed valuation process led to overcharging management fees and carried interest because such fees were based on inappropriately overvalued holdings.

Responsibility

Jai Ramachandran, or the firm's pricing committee, if any, has overall responsibility for the firm's pricing policy, determining pricing sources and pricing practices, including any reviews and re-pricing practices to help ensure fair, accurate and current valuations.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. utilizes, to the fullest extent possible, recognized and independent pricing services and/or qualified custodians for timely valuation information for advisory client securities and portfolios;
- whenever valuation information for specific illiquid, foreign, derivative, private or other investments is not available through pricing services or custodians, Brighton Securities Corp.'s designated officer, trader(s) or portfolio manager(s) will obtain and document price information from at least one independent source, whether it be a broker-dealer, bank, pricing service or other source;
- any securities without market valuation information are to be reviewed and priced by the Jai Ramachandran or pricing committee in good faith to reflect the security's fair and current market value, and supporting documentation maintained;
- Jai Ramachandran will arrange for monthly reviews of valuation information from whatever source to promptly identify any incorrect, stale or mispriced securities;
- any errors in pricing or valuations are to be resolved as promptly as possible, preferably upon a same day or next day basis, with repricing information obtained, reviewed and approved by the Jai Ramachandran or the firm's pricing committee; and
- a summary of the firm's pricing practices should be included in the firm's investment management agreement.

Wrap Fee Adviser

Policy

Brighton Securities has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain managed account programs. Clients of investment advisory accounts described herein are clients of Brighton Securities. Brighton Securities is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). The Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Brighton Securities with respect to the following programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Pathways. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Brighton Securities with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Brighton Securities is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Brighton Securities to offer these programs.

Background

A wrap fee program is defined as any program under which any client is charged a specified fee or fees not based directly upon transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.

Wrap fee programs also typically include custody services as part of the all-inclusive services in the program.

Responsibility

Jai Ramachandran has the responsibility for insuring the firm's policy is followed and that Brighton Securities Corp. does not participate as an adviser/subadviser in any wrap fee programs unless appropriately approved and all regulatory requirements are met.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s designated officer annually monitors the firm's businesses and advisory services, including reviews of the firm's Form ADV and disclosures; and
- Brighton Securities Corp.'s designated officer also monitors the firm's advisory services to ensure that participation in any wrap fee programs as an adviser/subadviser would only be

allowed after appropriate management approvals, disclosures and meeting regulatory requirements.

Wrap Fee Sponsor

Policy

Brighton Securities has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain managed account programs. Clients of investment advisory accounts described herein are clients of Brighton Securities. Brighton Securities is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). The Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Brighton Securities with respect to the following programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Pathways. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Brighton Securities with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Brighton Securities is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Brighton Securities to offer these programs.

Background

A wrap fee program is defined as any program under which any client is charged a specified fee or fees not based directly upon transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.

Wrap fee programs also typically include custody services as part of the all-inclusive services in the program. Assets under the direct management of Brighton Securities are held by independent custodians, including First Clearing, LLC., or others, in the client's name. Brighton Securities does not act as a custodian of client assets.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our wrap fee policy that the firm prohibits sponsoring any wrap fee programs unless appropriately approved and all regulatory requirements are met.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s designated officer monitors the firm's businesses and advisory services, including periodic reviews of the firm's Form ADV and disclosures to supervise any arrangements for sponsoring any wrap fee program.
- Brighton Securities Corp.'s designated officer also monitors the firm's advisory services to ensure that any arrangements to sponsor any wrap fee program would only be allowed after appropriate management approvals, disclosures and meeting regulatory requirements.

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Outside Business Activities

Policy

Brighton Securities Corp.'s policy allows employees to participate in outside business activities so long as the activities are consistent with Brighton Securities Corp.'s fiduciary duty to its clients and regulatory requirements, and the employee provides prior written notice to Brighton Securities Corp. before engaging in such activities.

Prior to beginning such activity, each employee must identify any new outside business activities to the firm's CCO, or other designated officer.

Background

An outside business activity ("OBA") is any business activity outside the scope of a firm where an employee of the firm:

- May be compensated or have the reasonable expectation of compensation;
- Is working with or for a client, regardless of whether compensation is received; or
- Is in a position to receive material non-public information concerning a publicly-traded company.

Brighton Securities Corp.'s policies and procedures covering the outside business activities of employees and others represents an internal control and supervisory review to detect unapproved outside business activities and to prevent possible conflicts of interests and regulatory violations.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our policy on outside business activities, disclosures, and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy on OBAs and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Upon hiring, employees must provide our CCO with a list of outside business activities in which the employee would like to continue;
- Current employees must provide written notice prior to beginning any OBA, and include the following information:
    - The activity's start and end date (if applicable);
    - The name of the entity where the activity is taking place;
    - The position title; and
    - A description of the employee's duties and an estimated hours per week that would be dedicated to the activity.

- Upon receiving a written notice, Jai Ramachandran will evaluate the information and give consideration to whether:
    - The activity will interfere with or compromise the employee's responsibilities to Brighton Securities Corp. and our clients; and
    - The activity will be viewed by our clients or the public as part of Brighton Securities Corp.'s business based on the nature of the activity.
- Our CCO will evaluate each activity and decide on the advisability of imposing specific conditions or limitations or completely prohibiting the activity. These evaluations will be dated and initialed and kept in our records;
- Any employees engaged in approved OBAs must inform our CCO of any changes in, or new conflicts of interest relating to the OBA once the employee becomes aware;
- Annually, our CCO will obtain attestations from employees that they are not engaging in any other outside business activities beyond those that have been disclosed and approved;
- Jai Ramachandran conducts email reviews specifically focused on identifying potential OBAs;
- We maintain a list of our employees' current OBAs, which is updated annually;
- Our CCO, or other designated officer, will review all employees' reports of outside business activities for compliance with the firm's policies, regulatory requirements, and the firm's fiduciary duty to its clients, among other things; and
- Brighton Securities Corp. will retain all documentation of notices, reviews, and evaluations in accordance with our applicable recordkeeping requirements.

Branch Office Supervision

Policy

Brighton Securities Corp. recognizes our fiduciary duty to reasonably supervise our branch office(s). In accordance with our duty, it is our firm's policy that the branch office(s) create and maintain all required records, with Jai Ramachandran conducting periodic reviews of those records to determine whether supervisory systems and compliance procedures are being followed.

All of the firm's branch offices and investment adviser representatives will be appropriately registered with the state securities agencies. No investment advisory activity may occur in any branch office location until such time as the firm receives approval that such location qualifies a branch office. Before the branch officer is registered, a supervisor, who satisfies all examination qualifications and is a registered investment adviser representative, must be named.

In the event of the closing of a branch office, Brighton Securities Corp. will promptly notify the state securities agencies by amending our Forms ADV and BR.

Background

Branch offices can pose unique risks and challenges to investment advisers, particularly in the design and implementation of a compliance program and the supervision of people and processes. Challenges include implementation of policies and procedures, supervision structure, role and empowerment of compliance personnel, accuracy of filings, calculation of fees and overall billing processes, control over advertising materials originating and/or disseminated from branch offices, implementation of a firm's Code of Ethics, asset controls, and provision of investment recommendations.

Branch offices may be subject to unannounced inspections by state securities regulators at any time during normal business hours.

Responsibility

Brighton Securities Corp.'s designated officer, together with our branch officer, have the primary responsibility for the implementation and monitoring of the firm's branch office policy, procedures, and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate.

Third-Party Vendors

Policy

As an SEC-registered Investment Adviser with fiduciary obligations to our clients, Brighton Securities Corp. conducts initial and ongoing due diligence on third-party vendors who are involved in the delivery and/or support of mission-critical products and services to our firm and our clients.

Background

Brighton Securities Corp may rely on third-party vendors for varying services and core applications required to support our critical business processes. Although some day-to-day operational responsibilities can be and are delegated to third-party vendors, our core fiduciary responsibilities cannot be assigned to any third party and run directly from Brighton Securities Corp. to our clients and investors. Our firm will determine and consistently apply appropriate criteria to our selection and ongoing oversight of key vendors, particularly when we share or outsource business process implementation with/to outside entities by sharing sensitive client and organizational information or where we rely on the integrity of data derived from vendor systems and imported into our internal systems and reporting applications.

In OCIE's 2019 Examination Priorities report, OCIE stated that it would continue to prioritize cybersecurity during its examinations, including vendor management practices. See the "Cybersecurity" section of this manual for additional procedures on vendor management.

Responsibility

Jared Kopp has the primary responsibility for the implementation and monitoring of the firm's third-party vendor policy, procedures, and recordkeeping for the firm.

Procedures

Brighton Securities Corp has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Ensure that Jared Kopp maintains the identity and responsibilities of each third-party, including all third-party outsourcing contracts and/or agreements in our files;
- Perform and document annually due diligence reviews of any third-party vendors, including product or service quality, performance of covered activities, and satisfactory resolution ofany problems through formal corrective action;
- Review our agreements with third-party vendors and ensure they specify that the SEC and other regulatory bodies have complete access to their work product, as if the covered activities were actually performed directly by us;
- Review and document all our outsourcing arrangements to determine whether they continueto be appropriate based on their performance; and

- Ensure that any third-party systems or other outsourcing support have mechanisms that can be easily and rapidly updated or amended to reflect new or altered regulatory rules and requirements.

Form CRS

Policy

As a registered investment adviser, Brighton Securities Corp. has a duty to provide an updated version of Form CRS any time when clients: 1) open a new account different from their existing accounts; 2) receive a recommendation to roll over assets from a retirement account; or 3) receive a recommendation for a new investment advisory service that would not be held in an existing account.

Form CRS is also a Part 3 of Form ADV, which Brighton Securities Corp., under Rule 204-5, must deliver alongside the Part 2A brochure to prospective clients. As a matter of policy, Brighton Securities Corp. maintains all drafts of its Form CRS at its principal office in a secure manner and location and for five years.

Background

On June 5, 2019, the SEC adopted new rules requiring all SEC-registered investment advisers with retail clients to create a new Form ADV Part 3, also known as a Client Relationship Summary (Form CRS), with the purpose of further explaining the nature of their services and relationship, their fees and costs, and their standard of conduct and conflicts of interest to prospective clients.

Investment advisers' initial relationship summaries can be filed on or after May 1, 2020 and by no later than June 30, 2020 on IARD either as: 1) an other-than-annual amendment, or 2) part of the initial application or annual updating amendment.

The Form CRS rules take effect on June 30, 2020, and the initial Form CRS must be delivered to each of the investment adviser's existing clients and customers who are retail clients within 30 days of this date.

Fiduciary Obligations

As a part of its Regulation Best Interest and Form CRS rulemaking, the SEC also issued updated interpretations of an investment adviser's fiduciary obligations and the requirement to avoid or at least disclose any conflicts of interest.

The SEC noted that simply saying the adviser "may" have a conflict of interest is not sufficient--the adviser must disclose the specific conflict to ensure that clients can give informed consent--and investment advisers trading for multiple clients at once must have clear policies and procedures to either mitigate or at least disclose whether/how their allocation policies may impact clients.

The updated interpretations are effective on September 10, 2019.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our policies, practices, disclosures, and recordkeeping and to ensure our Form CRS is updated and delivered on a timely basis.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly, and amended or updated, as appropriate, which include the following:

- Updating the relationship summary and filing it in accordance with Form CRS instructions within 30 days whenever any information in the relationship summary becomes materially inaccurate. The filing must include an exhibit highlighting the changes;
- Delivering the current Form CRS to each prospective client either prior to or at the time of entering into an advisory agreement with the client;
- Communicating any changes in the updated relationship summary to retail investors who are existing clients or customers within 60 days after the updates are required to be made and without charge;
- Disclosing specific conflicts of interest to ensure that clients give informed consent;
- *[if firm trades for multiple clients at once]* Mitigating or at the very least disclosing whether and/or how our allocation policies may impact our clients;
- Delivering the amended relationship summaries highlighting the most recent changes or providing an additional disclosure showing revised text or summarizing the material changes as an exhibit to the unmarked amended relationship summary;
- Delivering the most recent relationship summary to a retail investor who is an existing client or customer before or at the time Brighton Securities Corp.: (i) opens a new account that is different from the retail investor's existing account(s); (ii) recommends that the retail investor roll over assets from a retirement account into a new or existing account or investment; or (iii) recommends or provides a new brokerage or investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account;
- Delivering the relationship summary within 30 days upon an investor's request; and
- Conducting quarterly reviews of our Form CRS records to ensure:
    - the most up-to-date version is being used and has also been updated/is in the process of being updated in the Form ADV;
    - evidence of the delivery of both initial and amended summaries to clients; and
    - any changes in the amended summaries are properly disclosed

Jai Ramachandran will initial and date the documents that are reviewed.

Incident Response

Policy

Brighton Securities Corp.'s incident response policy, in conjunction with our firm's Cybersecurity, Identity Theft, and Privacy policies as set forth in this Manual, recognizes the critical importance of safeguarding the confidential and proprietary information of the firm and its employees. Maintaining the security, integrity and accessibility of the data maintained or conveyed through the Firm's operating systems is a fundamental requisite of our business operations and an important component of our fiduciary duty to our clients.

It is Brighton Securities Corp.'s policy to respond promptly and appropriately, based on the particular circumstances, should the firm suspect or detect that unauthorized individuals have gained access to nonpublic information.

When determining the appropriate response, we will consider the degree of risk posed and aggravating factors that may heighten the risk of a data security incident that results in unauthorized access to nonpublic information held by us or a third party service provider. Primary and immediate consideration will be given to evaluating and halting any ongoing attack and to promptly securing firm systems and information.

Each incident will be reviewed to determine if changes are necessary to the existing security structure and the firm’s electronic and procedural safeguards to guard against similar attacks or infiltrations in the future. All reported incidents are logged as well as the remedial actions taken. It is the responsibility of Jai Ramachandran to provide training on any procedural changes that may be required as a result of the investigation of an incident.

Background

In addition to rules and regulations under the Advisers Act that an advisory firm needs to abide by to be considered compliant, there are mandates beyond the Advisers Act that place further significant regulatory obligations on advisory firms. Security laws and regulations that impose data security and privacy requirements on investment advisers include, among others: (i) Gramm-Leach-Bliley Act/Regulation S-P; (ii) Regulation S-AM (Limitation on Affiliate Marketing); (iii) FACT Act – Red Flags Rule; (iv) Regulation S-ID Identity Theft Red Flags Rules; (v) Standards for the Protection of Personal Information of Residents of the Commonwealth of Massachusetts (201 CMR 17.00); (vi) California Financial Information Privacy Act (SB1); and (vii) U.S. Data Breach Disclosure Legislation. Furthermore, according to information posted on the National Conference of State Legislatures (NCSL) website, as of March 2018, all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam have enacted legislation requiring private or governmental entities to notify individuals of security breaches of information involving personally identifiable information.

Responsibility

Brighton Securities Corp.'s incident response policies and procedures have been adopted pursuant to approval by the firm's senior management. Jai Ramachandran is responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Brighton Securities Corp.'s overall incident response goals and objectives. Further, Brighton Securities Corp. has created an incident response team, consisting of the following designated individuals, to address this critical area of oversight and protection:

- CCO
- CEO
- Legal (outside Counsel)
- Head of IT

All suspicious activity recognized or uncovered by personnel should be promptly reported to Jai Ramachandran or the incident response team.

Any questions regarding Brighton Securities Corp.'s incident response policies should be directed to Jai Ramachandran.

Procedure

- In addition to the firm's procedures as set forth in the Cybersecurity, Identity Theft, and Privacy sections of this Manual, Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate.

In the event of a breach:

Compliance/Legal

- Contact Brighton Securities Corp.'s insurance agents and proper authorities in order to mitigate and enact any compensation controls, if needed, such as payouts for damages or providing extra protection services to our clients like free credit monitoring services;
- Provide notice to authorities and law enforcement such as the FBI;
- Contact our IT provider and make sure that they can correctly gain control of the data loss event;
- Notify clients that a breach occurred; and
- Provide training on any procedural changes that may be required as a result of the investigation of an incident.

IT

- Review each incident to determine if changes are necessary to the existing security structure and our electronic and procedural safeguards to guard against similar attacks or infiltrations in the future. All reported incidents must be logged as well as the remedial actions taken;
- Identify what has been taken, determine the damage of that leaked information, and take immediate steps to stop the exfiltration of data;

- Correlate all of the information from the firm's logs and determine what was taken and who took it to provide to authorities;
- Remove all malware, harden and patch systems, and apply any updates;
- Document as much information as possible during the actual breach;
- Review the inventory list and make sure all items are accounted for;
- Evaluate system processes to ensure they have all been restored; and
- Document any issues and difficulties that arose during the restoration process.

Incident Response Team

- Once the investigation is complete, hold an after-action meeting with all incident response team members and discuss what was learned from the breach. Analyze and document everything about the breach. Determine what worked well in your response plan, and where there were some holes;
- Designate members of the incident response team or lead cybersecurity personnel to review the incident, including the response and recovery process. Evaluate what happened, how quickly the response started, and how long it lasted. During the post-incident analysis, review documentation of the incident. During this analysis, create a report to document the findings;
- Draft a list of names and contact information for all of the vendors that are going to take a part in discovering, documenting, and fixing a breach;
- Use the post-incident analysis to evaluate the effectiveness of the current incident response plan. Address question such as:
    - Was the incident found in a reasonable amount of time?
    - Was the system down as long as expected?
    - Were the right personnel available to respond?
    - Did recovery and restoration happen in the time expected?
    - Were backups available and as up to date as possible?
- Gather all of the pertinent personnel to review the incident and collaborate on everyone's view on the success or failure of the response to the incident;
- If flaws are found in the incident response protocols, document potential changes to the plan based on the response to the incident; and
- Evaluate the team's performance, if the plan was clear to every member that plays a role in incident response, and if Brighton Securities Corp. was able to contact everyone necessary during the event.

HR/Marketing

- Determine how to communicate the breach to internal employees, the public, and those directly affected.

Pandemic Response

Policy

As part of its fiduciary duty to its clients and as a matter of best business practices, Brighton Securities Corp. has adopted policies and procedures for pandemic response and for continuing Brighton Securities Corp.'s business in the event of a national pandemic. These policies are designed to allow Brighton Securities Corp. to resume providing service to its clients in as short a period of time as possible.

Background

A pandemic is a global disease outbreak which occurs when a new virus emerges for which there is little or no immunity in the human population and begins to cause serious illness and then spreads easily person-to-person worldwide. A pandemic could have a major effect on the global economy, including travel, trade, tourism, food, consumption and investment and financial markets. Planning is essential to minimize a pandemic's impact. As with any catastrophe, having a contingency plan is essential.

Unlike natural disasters or terrorist events, a pandemic will be widespread, affecting multiple areas of the United States and other countries at the same time. A pandemic will also be an extended event, with multiple waves of outbreaks in the same geographic area.

Responsibility

Senior Management is responsible for maintaining and implementing Brighton Securities Corp.'s Pandemic Response Plan, which should be used in conjunction with our Disaster Recovery and Cybersecurity sections.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts internal reviews to monitor and ensure such policy is observed, implemented properly and amended or updated, as appropriate.

Overall implementation and monitoring of the firm's Pandemic Response Plan is the responsibility of Jai Ramachandran and Joe Sweeney, supported by key personnel whose primary roles and responsibilities have been defined. Where necessary and appropriate, Brighton Securities Corp. may also utilize outsourced service provider(s) to assist in fulfilling one or more of the following functions:

Working from Home

- Organize and identify a central team of people or focal point to serve as a communication source so that our employees and clients can have accurate information during the crisis;
- Ensure that IT provides the correct technology and security measures for employees who are working from home, including:
    - telework arrangements and any weak points (and respective solutions);
    - connectivity issues due to the increased demand of bandwidth;

    - setting up VPNs for employees;
    - determining the costs and effort to set up secure, compatible systems;
    - providing any requisite software if an employee is using a personal computer; and
    - identifying backup systems and testing for e-mails, conference calls, and video conferencing
- Disseminate additional guidance and training regarding use of firm technology, tools and services in a remote work environment;
- Set clear expectations and show examples of what Brighton Securities Corp. expects to be done task-wise, along with deadlines and calendar sharing;
- Create regular meetings for supervisors to discuss concerns and raise questions with compliance staff;
- Provide staff with updated contact information for their assigned points of contact in Compliance, Legal, Operations and other departments;
- Transition to virtual training to continue preparing for upcoming regulatory obligations;
- Set up work-from-home guidelines, such as emails must be responded to within 24 hours, use text for urgent matters, and no calls between certain hours to make sure teammates are not working around the clock;
- Arrange for regular (weekly or more frequent) meetings or conference calls to review the latest information, develop consistent messaging, and make decisions; and
- Brighton Securities Corp. may need to request employees' personal contact information (phone numbers, e-mail addresses, or contact's information of where they may be if they are caring for family members).

Social Distancing

- Employees should avoid close contact with coworkers and clients (maintain a separation of at least 6 feet);
- Avoid shaking hands and always wash hands after contact with others;
- Encourage telephone use, videoconferencing, and the Internet to conduct business as much as possible, even when participants are in the same building;
- Minimize situations where groups of people are crowded together, such as in a meeting;
- If a face-to-face meeting is unavoidable, minimize the meeting time, choose a large meeting room, and sit at least 6 feet from one another;
- Reduce or eliminate unnecessary social interactions--reconsider all situations that permit or require employees, clients, and visitors to enter the workplace; and
- Avoid any unnecessary travel and cancel or postpone nonessential meetings, gatherings, workshops, and training sessions.

Personal Protective Equipment (PPE) and Office Cleanliness

- Stockpile items such as soap, tissue, hand sanitizer, cleaning supplies and recommended personal protective equipment. When stockpiling items, be aware of each product's shelf life and storage conditions (e.g., avoid areas that are damp or have temperature extremes) and incorporate product rotation (e.g., consume oldest supplies first) into your stockpile management program;

- Provide employees and clients in the workplace with easy access to infection control supplies, such as soap, hand sanitizers, personal protective equipment (such as gloves or surgical masks), tissues, and office cleaning supplies;
- Provide training, education, and informational material about employee health and safety, including proper hygiene practices and the use of any personal protective equipment to be used in the workplace;
- Provide clients and the public with tissues and trash receptacles, and with a place to wash or disinfect their hands;
- Regularly clean work surfaces, telephones, computer equipment, and other frequently touched surfaces and office equipment; and
- Discourage employees from using other employees' phones, desks, offices, or other work tools and equipment.

Introduction

Policy

Brighton Securities is a local, independently-owned stock brokerage and financial services firm that was established in 1969. The firm is federally registered with the SEC (Securities and Exchange Commission) as a Registered Investment Adviser.

Our firm has a strong reputation based on the professionalism and high standards of the firm and our employees. The firm's reputation and our advisory client relationships are the firm's most important asset.

As a registered adviser, and as a fiduciary to our advisory clients, our firm has a duty of loyalty and to always act in utmost good faith, place our clients' interests first and foremost and to make full and fair disclosure of all material facts and in particular, information as to any potential and/or actual conflicts of interests.]

Brighton Securities provides non-discretionary and discretionary investment advisory services geared primarily for individuals, trusts, estates and small businesses who wish to have their accounts managed. The Company also offers fee-based financial planning, insurance products, and state and federal income tax preparation for a fee. Brighton Securities works with clients to define financial objectives and to develop strategies for reaching those objectives, some of which may include; investment management, retirement planning, tax planning, estate planning, education funding, risk exposure review, cash flow and budget management and/or other issues specific to the client.

The investment advisory programs offer clients the opportunity to obtain portfolio management services from a select, pre-screened group of investment managers. Pursuant to the programs, investment needs, objectives, and risk tolerance for each client are determined by means of documentation completed by the client with the help of the Company's account executives. The investment managers are selected from a group offered through the Company's clearing relationship with First Clearing, LLC. The client retains the power to appoint and remove the manager, at the client's discretion. The Company may recommend that the client change a manager for any reason. The Company does not assume responsibility for the client's choice of manager or the manager's performance, compliance with applicable laws and regulations, or other matters within the manager's control.

The firm's compensation is derived mainly from a fee, based upon the average market value of the securities in the client's account during the preceding quarter, as determined by a signed client agreement.

Brighton Securities is also a FINRA registered broker-dealer. It is a "full service" broker-dealer engaging in purchases and sales of exchange listed and other publicly traded securities as well as the sale of annuities and other insurance products. Its investment advisory activities are undertaken in conjunction with other financial services offered to clients.

Assets under the direct management of Brighton Securities are held by independent custodians, including First Clearing, LLC, or others, in the client's name. Brighton Securities does not act as a custodian of client assets.

As a SEC registered adviser, Brighton Securities Corp. and our employees are also subject to various requirements under the Advisers Act and rules adopted under the Advisers Act and our Code of Ethics. These requirements include various anti-fraud provisions, which make it unlawful for advisers to engage in any activities which may be fraudulent, deceptive or manipulative.

These antifraud provisions include the SEC Compliance Programs of Investment Companies and Investment Advisers (Compliance Programs Rule) (SEC Rule 206 (4)-7) which requires advisers to adopt a formal compliance program designed to prevent, detect and correct any actual or potential violations by the adviser or its supervised persons of the Advisers Act, and other federal securities laws and rules adopted under the Advisers Act.

Elements of Brighton Securities Corp.'s compliance program include the designation of a Chief Compliance Officer, adoption and annual reviews of these IA Compliance Policies and Procedures, training, and recordkeeping, among other things.

Our IA Policies and Procedures cover Brighton Securities Corp. and each officer, member, or partner, as the case may be, and all employees who are subject to Brighton Securities Corp.'s supervision and control (Supervised Persons).

Our IA Policies and Procedures are designed to meet the requirements of the SEC IA Compliance Programs Rule and to assist the firm and our Supervised Persons in preventing, detecting and correcting violations of law, rules and our policies.

Our IA Policies and Procedures cover many areas of the firm's businesses and compliance requirements. Each section provides the firm's policy on the topic and provides our firm's procedures to ensure that the particular policy is followed.

Brighton Securities Corp.'s Chief Compliance Officer is responsible for administering our IA Policies and Procedures.

Compliance with the firm's IA Policies and Procedures is a requirement and a high priority for the firm and each person. Failure to abide by our policies may expose you and/or the firm to significant consequences which may include disciplinary action, termination, regulatory sanctions, potential monetary sanctions and/or civil and criminal penalties.

The Chief Compliance Officer will assist with any questions about Brighton Securities Corp.'s IA Policies and Procedures, or any related matters. Further, in the event any employee becomes aware of, or suspects, any activity that is questionable, or a violation, or possible violation of law, rules or the firm's policies and procedure, the Chief Compliance Officer is to be notified immediately.

Our IA Policies and Procedures will be updated on a periodic basis to be current with our business practices and regulatory requirements.

Advertising

Policy

Brighton Securities Corp. uses various advertising and marketing materials to obtain new advisory clients and to maintain existing client relationships. Brighton Securities Corp.'s policy requires that any advertising and marketing materials must be truthful and accurate, consistent with applicable rules, and reviewed and approved by a designated officer. Brighton Securities Corp.'s policy prohibits any advertising or marketing materials that may be misleading, fraudulent, deceptive and/or manipulative. Our policy also prohibits the use of testimonials.

Brighton Securities Corp.'s policies and procedures governing the use of social media for business purposes incorporate these same prohibitions. Our firm's comprehensive Social Media policy and procedures are separately set forth in this document; our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s Social Media practices.

Background

An advertisement is generally defined as any written communication, which includes websites and e-mails, directed to more than one person concerning advice or recommendations about the purchase or sale of securities or any other advisory service.

The SEC anti-fraud rules under the Advisers Act prohibit advisers from engaging in advertising practices which are fraudulent, deceptive, or manipulative activities. The manner in which investment advisers portray themselves, services and their investment returns to existing and prospective clients is highly regulated. SEC no-action letters also provide guidelines and prohibitions relating to an adviser's advertising and marketing practices.

Pursuant to the SEC's exam sweep focused on investment advisers' use of social media, the Commission issued a National Examination Risk Alert in January 2012, which identified various factors an adviser should consider in evaluating its policies and procedures governing the use of social media, noting that such practices must comply with various provisions of federal securities laws, including, but not limited to, the antifraud, compliance and recordkeeping provisions.

Radio Show Appearances

Any employee who will sit in as a host or a guest host on a radio show must read both Rule 206(4)-1(a)(2) of the Advisers Act along with the guidelines discussed in the Franklin No-Action Letter. They will be required to sign a statement that they have read and understand both Rule 206(4)-1(a)(2) of the Advisers Act along with the guidelines discussed in the Franklin No-Action Letter as it pertains to what is they are prohibited from discussing on the radio show.

Our CCO will randomly listen to the radio shows and review for appropriate content. If it is found that any employee has made any inappropriate statements, the CCO will meet with that person and review the inappropriate statements. He will then assess his findings to determine corrective steps which need

to be taken. They may include additional education, suspension from appearing on radio shows or possible ban from appearing on radio shows.

Responsibility

Lori Alberts has the responsibility for implementing and monitoring our policy, and for reviewing and approving any advertising and marketing to ensure any materials are consistent with our policy and regulatory requirements. This designated person is also responsible for maintaining, as part of the Brighton Securities Corp.'s books and records, copies of all advertising and marketing materials with a record of reviews and approvals in accordance with applicable recordkeeping requirements.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- all advertisements and promotional materials must be reviewed and approved prior to use by a designated officer, President, the Compliance Officer, or another officer of the firm (other than the individual who prepared such material);
- the initialing and dating of the advertising and marketing materials will document approval;
- each employee is responsible for ensuring that only approved materials are used and that approved materials are not modified without the express written approval of the designated officer;
- the designated officer will conduct semi-annual reviews of materials containing advertising and/or performance reports to ensure that only approved materials are distributed;
- the designated officer must also review other written communications prepared for existing clients or prospective clients including any quarterly letters;
- our firm's policies and procedures regarding the use of social media are consistent with our policies governing advertising and marketing, i.e., prohibiting any communications that may be misleading, fraudulent, deceptive and/or manipulative, or could be construed as a testimonial of our firm or our related persons;
- the designated officer, or a designee, is responsible for maintaining copies of any advertising and marketing materials, including any reviews and approvals, for a total period of five years following the last time any material is disseminated; and
- the designated officer, or a designee, is responsible for maintaining all written communications received or sent relating to the adviser’s performance for any managed accounts or securities recommendations.

Advisory Agreement

Policy

Brighton Securities Corp.'s policy requires a written investment advisory agreement for each client relationship which includes a description of our services, discretionary/non-discretionary authority, advisory fees, important disclosures and other terms of our client relationship. Brighton Securities Corp.'s advisory agreements meet all appropriate regulatory requirements and contain a non-assignment clause and do not contain any “hedge clauses.”

As part of Brighton Securities Corp.'s policy, the firm also obtains important relevant and current information concerning the client's identity, occupation, financial circumstances and investment objectives, among many other things, as part of our advisory and fiduciary responsibilities.

Background

Written advisory agreements form the legal and contractual basis for an advisory relationship with each client and as a matter of industry and business best practices provide protections for both the client and an investment adviser. An advisory agreement is the most appropriate place for an adviser to describe its advisory services, fees, liability, and disclosures for any conflicts of interest, among other things. It is also a best business practice to provide a copy of the advisory agreement to the client and for the agreement to provide for all client financial and personal information to be treated on a confidential basis.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of the firm's advisory agreement policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm’s policy and conducts reviews to monitor and ensure the firm’s policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s advisory agreements and advisory fee schedules, and any changes, for the firm’s services are approved by management.
- The fee schedules are periodically reviewed by Brighton Securities Corp. to be fair, current and competitive.
- A designated officer, or the Compliance Officer, periodically reviews the firm’s disclosure brochure, marketing materials, advisory agreements and other material for accuracy and consistency of disclosures regarding advisory services and fees.
- Written client investment objectives or guidelines are obtained, or recommended as part of a client's advisory agreement.
- Client investment objectives or guidelines are monitored on an on-going and also periodic basis for consistency with client investments/portfolios.

- Any solicitation/referral arrangements and solicitor/referral fees must be in writing, reviewed and approved by the designated officer and/or management, meet regulatory requirements and appropriate records maintained.
- Any additional compensation arrangements are to be monitored by the designated officer, or Compliance Officer, approved and disclosed with appropriate records maintained.

There are numerous forms required to implement an advisory (managed) account. As we currently utilize the Advisory Account offerings through Wells Fargo (via our clearing relationship with First Clearing, LLC.), please refer to the 'Products' tab on the InfoMAX site through SmartStation for a list of the forms required to open and maintain an advisory account. Go to the 'Products' tab and then select 'Advisory.' All contracts and forms must be executed properly and then submitted to a firm Principal for review.

Note: Although some of the advisory contracts utilized by us for the WFA discretionary programs (Allocation Advisors, FundSource, DMA and Masters) may authorize Brighton to act as a discretionary investment advisor, we do not currently exercise that authority. Currently, only WFA acts in that capacity in these programs.

Discretionary authority at Brighton Securities is generally not allowed but in any circumstance must be pre-approved by a Principal of the firm in writing.

Advisory Fees

Policy

Brighton Securities Corp details the terms of our clients' advisory fees and expenses in an advisory agreement and describes it in our Form ADV and other materials provided to the client.

As a matter of policy and practice, Brighton Securities Corp has also adopted and implemented written policies and procedures designed to prevent failing to adhere to the terms of any client agreements and disclosures, or otherwise engage in inappropriate fee billing and expense practices.

Background

Proper fee billing has continued to be a consistent focus for the SEC. On April 12, 2018, the Office of Compliance Inspections and Examinations (OCIE) issued a National Exam Program Risk Alert, providing a list of compliance issues relating to fees and expenses that were most frequently identified in deficiency letters sent to investment advisers.

According to OCIE, the most frequent compliance issues it found related to advisory fees and expenses as of 2018 are:

- Fee-billing based on incorrect account valuations;
- Billing fees in advance or with improper frequency;
- Applying incorrect fee rate;
- Omitting rebates and applying discounts incorrectly;
- Disclosure issues involving advisory fees; and
- Adviser expense misallocations.

Our policy and the procedures set forth below are designed to address these regulatory concerns and reasonably ensure that Brighton Securities Corp.'s fees are accurate.

Responsibility

Our CAO is responsible for the implementation of the firm's Advisory Fees, maintaining relevant records regarding the policies and procedures, and documenting these reviews.

Procedure

Brighton Securities Corp has adopted procedures to implement the policy, and conducts internal reviews to monitor and ensure that the policy is observed, implemented properly, and amended or updated, as appropriate. These include the following:

- Our CAO or designated person will review the process of valuing of assets specified in the client agreement and compare it with the actual method used to ensure they match;

- Our CAO or designated person will review the process of billing advisory fees specified in our advisory contract, Form ADV Part 2, and Form CRS and ensure that the firm is not billingclients in advance or with improper frequency;
- Our CAO or designated person will review the advisory fee rate specified in the client agreement and compare it with the actual rate charged to ensure they match; and
- Our CAO or designated person will review any rebates or discounts specified in the client agreement and ensure the correct ones are given to ensure overcharging does notoccur.

Agency Cross Transactions

Policy

Brighton Securities Corp.'s policy and practice is to NOT engage in any agency cross transactions and our firm's policy is appropriately disclosed in Form ADV Part 1 and Part 2A responses.

Background

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction (SEC Rule 206(3)-2(b)). Agency cross transactions typically may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Agency cross transactions are permitted for advisers only if certain conditions are met under Advisers Act rules including prior written consent, client disclosures regarding trade information and annual disclosures, among other things.

Responsibility

Jai Ramachandran has the overall responsibility for implementing and monitoring our policy of not engaging in any agency cross transactions.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting any agency cross transactions for advisory clients has been communicated to relevant individuals including portfolio managers, traders and others;
- the policy is appropriately disclosed in the firm's Form ADV;
- Jai Ramachandran semi-annually monitors the firm's advisory services and trading practicesto help ensure that no agency cross transactions occur for advisory clients; and
- in the event of any change in the firm's policy, any such change must be approved by management, any agency cross transactions would only be allowed after appropriate authorizations, reviews, approvals, disclosures, reporting and meeting appropriateregulatory requirements and maintaining proper records.

Annual Compliance Reviews

Policy

As a SEC registered adviser, it is Brighton Securities Corp.'s policy to conduct an annual review of the firm's policies and procedures to determine that they are adequate, current and effective in view of the firm's businesses, practices, advisory services, and current regulatory requirements. Our policy includes amending or updating the firm's policies and procedures to reflect any changes in the firm's activities, personnel, or regulatory developments, among other things, either as part of the firm's annual review, or more frequently, as may be appropriate, and to maintain relevant records of such reviews.

Background

In December 2003, the SEC adopted Rule 206(4)-7, *Compliance Programs of Investment Companies and Investment Advisers* (Compliance Program Rule) under the Advisers Act and Investment Company Act, (SEC Release Nos. IA-2204 and IC-26299). The rules were effective and advisers and funds had to be in compliance with the rules by October 5, 2004. The rules require SEC registered advisers and investment companies to adopt and implement written policies and procedures designed to detect and prevent violations of the federal securities laws. The rules are also designed to protect investors by ensuring all funds and advisers have internal programs to enhance compliance with the federal securities laws. Among other things, the rules require that advisers and investment companies annually review their policies and procedures for their adequacy and effectiveness and maintain records of the reviews. A Chief Compliance Officer must also be designated by advisers and investment companies to be responsible for administering the compliance policies, procedures and the firm's annual reviews.

The required reviews are to consider any changes in the adviser's or fund's activities, any compliance matters that have occurred in the past year and any new regulatory requirements or developments, among other things. Appropriate revisions of a firm's or fund's policies or procedures should be made to help ensure that the policies and procedures are adequate and effective. Advisers and funds were to have completed their first annual review within eighteen months of the adoption or approval of their compliance policies and procedures (i.e., no later than April 5, 2006, and annually thereafter).

Responsibility

Jai Ramachandran has the overall responsibility and authority to develop and implement the firm's compliance policies and procedures and to conduct an annual review to determine their adequacy and effectiveness in detecting and preventing violations of the firm's policies, procedures or federal securities laws. Jai Ramachandran also has the responsibility for maintaining relevant records regarding the policies and procedures and documenting these reviews.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- on at least an annual basis, Jai Ramachandran, and such other persons as may be designated, will undertake a complete review of all Brighton Securities Corp.'s written compliance policies and procedures;
- the review will include a review of each policy to determine the following:
    a) adequacy;
    b) effectiveness;
    c) accuracy;
    d) appropriateness for the firm's or fund's current activities
    e) current regulatory requirements;
    f) any prior policy issues, violations or sanctions; and
    g) any changes or updates that may otherwise be required or appropriate.
- the annual review process should also consider and assess the risk areas for the firm and review and update any risk assessments in view of any changes in advisory services, client base and/or regulatory developments;
- Jai Ramachandran, or designee(s), will coordinate the review of each policy with an appropriate person, department manager, management person or officer to ensure that each of the firm's policies and procedures is adequate and appropriate for the business activity covered, e.g., a review of trading policies and procedures with the person responsible for the firm's trading activities;
- Jai Ramachandran, or designee(s), will revise or update any of the firm's policies and/or procedures as necessary or appropriate and obtain the approval of the person, department manager, management person or officer responsible for a particular activity as part of the review;
- Jai Ramachandran will obtain the approval of the firm's compliance policies and procedures from the appropriate senior management person or officer, or chief executive officer;
- the firm's annual reviews will include a consideration of any prior violations or issues under any of the firm's policies or procedures with any revisions or amendments to the policy or procedures designed to address such violations or issues to help avoid similar violations or issues in the future;
- Jai Ramachandran will maintain hardcopy or electronic records of the firm's policies and procedures as in effect at any particular time since October 5, 2004, and any policies in effect prior to that date;
- Jai Ramachandran will also maintain an Annual Compliance Review file for each year which will include and reflect any revisions, changes, updates, and materials supporting such changes and approvals, of any of the firm's policies and/or procedures;
- Jai Ramachandran, or designee(s), will also conduct more frequent reviews of the Brighton Securities Corp.'s policies or procedures, or any specific policy or procedure, in the event of any change in personnel, business activities, regulatory requirements or developments, or other circumstances requiring a revision or update; and

- relevant records of such additional reviews and changes will also be maintained by Jai Ramachandran.

Anti-Money Laundering

Policy

It is the policy of Brighton Securities Corp. to seek to prevent the misuse of the funds it manages, as well as preventing the use of its personnel and facilities for the purpose of money laundering and terrorist financing. Brighton Securities Corp. has adopted and enforces policies, procedures and controls with the objective of detecting and deterring the occurrence of money laundering, terrorist financing and other illegal activity. Anti-money laundering (AML) compliance is the responsibility of every employee. Therefore, any employee detecting any suspicious activity is required to immediately report such activity to the AML Compliance Officer. The employee making such report should not discuss the suspicious activity or the report with the client in question.

Background

On October 26, 2001, the President signed into law the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001 (USA PATRIOT Act). Prior to the passage of the USA PATRIOT Act, regulations applying the anti-money laundering provisions of the Bank Secrecy Act (BSA) were issued only for banks and certain other institutions that offer bank-like services or that regularly deal in cash. The USA PATRIOT Act required the extension of the anti-money laundering requirements to financial institutions, such as registered and unregistered investment companies, that had not previously been subjected to BSA regulations.

In April 2003, the Department of the Treasury proposed new rules that would require SEC registered advisers, and certain unregistered advisers, to adopt an anti-money laundering program. These proposed rules were withdrawn in October 2008 by FinCEN of the Department of the Treasury due to the passage of time and to re-assess financial industry developments.

On August 25, 2015, the Financial Crimes Enforcement Network (FinCEN) issued for public comment a notice of proposed rulemaking (NPRM) that would prescribe minimum standards for anti-money laundering programs to be established by certain investment advisers, file reports of suspicious activity to FinCEN pursuant to the Bank Secrecy Act ("BSA"), and comply with certain other requirements. FinCEN also proposed including certain investment advisers in the general definition of "financial institution" in rules implementing the BSA.

Foreign Sanctions Evaders List. The Treasury Department's Office of Foreign Assets Control created a new list – the Foreign Sanctions Evaders List ("FSE List") in February 2014, identifying non-U.S. persons and entities that have engaged in conduct evading U.S. economic sanctions with respect to Iran or Syria. As OFAC has elected to maintain a separate FSE List rather than incorporate the FSE entries on the SDN List, advisers should screen their counterparties against both lists.

While currently there are no anti-money laundering rules imposed directly on SEC-registered investment advisers, advisers may agree to perform some or all of a broker-dealer's Customer Identification

Program (CIP) obligations subject to certain conditions set forth in a series of no-action letters issued by the SEC's Division of Trading and Markets (the "Division").

On December 12, 2016 the Division once again extended relief that allows broker-dealers to rely on registered investment advisers to satisfy the broker-dealer's CIP obligations for shared customers under certain conditions (the "2016 Letter"). The 2016 Letter represents the eight extension since the Division originally provided relief in a no-action letter issued on February 12, 2004 (the "2004 Letter"). Most notably, the no-action letter issued on January 11, 2011 (the "2011 Letter") imposed new requirements on the adviser that must be set forth in a contract entered into by the adviser and the broker-dealer in addition to retaining the conditions set forth in the 2004 letter. The most recent letter extends the no-action position in the 2011 Letter for an additional two years (i.e., until December 12, 2018). In May 2016, FinCEN issued new rules intended to clarify and strengthen customer due diligence requirements for 'covered financial institutions.' These new rules include Beneficial Ownership Requirements for legal entity customers, which contain a reliance provision similar to one contained in the CIP Rule permitting a covered financial institution to rely on the performance by another financial institution of the rule's requirements subject to certain conditions, including that the other financial institution is subject to an AML Program Rule. Covered financial institutions must comply with these rules by May 11, 2018.

The 2016 Letter extends the no-action position set forth in the previous letter (issued 1/9/2015) until the earlier of: (i) the date upon which an AML Program Rule for investment advisers becomes effective, or (ii) two years from the date of this letter. (See *Securities Industry and Financial Markets Association* SEC No-Action letter dated December 12, 2016.)

Responsibility

Brighton Securities Corp. has designated Lori Alberts as Brighton Securities Corp.'s AML Compliance Officer.

In this capacity, the AML Compliance Officer is responsible for coordinating and monitoring the firm's AML program as well as maintaining the firm's compliance with applicable AML rules and regulations. The AML Compliance Officer will review any reports of suspicious activity which have been observed and reported by employees.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Client Identification Procedures

As part of Brighton Securities Corp.'s AML program, the firm has established procedures to ensure that all clients' identities have been verified before an account is opened.

Before opening an account for an individual client, Brighton Securities Corp. will require satisfactory documentary evidence of a client's name, address, date of birth, social security number or, if applicable, tax identification number. Before opening an account for a corporation or other legal entity, Brighton Securities Corp. will require satisfactory evidence of the entity's name, address and that the acting principal has been duly authorized to open the account. The AML Compliance Officer will retain records of all documentation that has been relied upon for client identification for a period of five years.

Prohibited Clients

Brighton Securities Corp. will not open accounts or accept funds or securities from, or on behalf of, any person or entity whose name appears on either the List of Specially Designated Nationals and Blocked Persons, or the Foreign Sanctions Evaders List maintained by the U.S. Office of Foreign Assets Control, from any Foreign Shell Bank or from any other prohibited persons or entities as may be mandated by applicable law or regulation.

Brighton Securities Corp. will also not accept high-risk clients (with respect to money laundering or terrorist financing) without conducting enhanced, well-documented due diligence regarding such prospective client.

Annual Training and Review

The AML Compliance Officer will conduct annual employee training programs for appropriate personnel regarding the AML program. Such training programs will review applicable laws, regulations and recent trends in money laundering and their relation to Brighton Securities Corp.'s business. Attendance at these programs is mandatory for appropriate personnel, and session and attendance records will be retained for a five-year period.

The AML program will be reviewed annually by the AML Officer, the Chief Compliance Officer or an independent auditor. The review of the AML program will be conducted as part of the firm's Annual Compliance Program Review of the policies and procedures. The AML review will also evaluate Brighton Securities Corp.'s AML program for compliance with current AML laws and regulations.

In addition, Brighton Securities Corp. has contractually agreed to assume the broker-dealer's CIP obligations. As set forth in the agreement between our firms:

1. our firm will update our AML Program as necessary to implement changes in applicable laws and guidance;
2. Brighton Securities Corp. (or our agent) will perform the specified requirements of the broker-dealer's CIP and/or beneficial ownership practices in a manner consistent with Section 326 of the PATRIOT Act and the Beneficial Ownership Requirements, respectively;
3. we will promptly disclose to the broker-dealer potentially suspicious or unusual activity detected as part of the CIP and/or beneficial ownership procedures being performed on the broker's behalf in order to enable that firm to file a Suspicious Activity Report ("SAR"), as appropriate based on the broker-dealer's judgment;

4. we will annually certify to the broker-dealer that the representations made in the contractual agreement are accurate and that our firm is in compliance with its representations; and
5. will promptly provide books and records in connection with our performance of the broker-dealer's CIP and/or beneficial ownership procedural obligations to the SEC, a self-regulatory organization ("SRO") that maintains jurisdiction over the broker, or to authorized law enforcement agencies, either directly through the broker or at the request of (a) the broker-dealer, (b) the SEC, (c) a SRO maintaining jurisdiction over such broker-dealer, or (d) an authorized law enforcement agency.

Best Execution

Policy

As an investment advisory firm, Brighton Securities Corp. has a fiduciary and fundamental duty to seek best execution for client transactions.

Brighton Securities Corp., as a matter of policy and practice, seeks to obtain best execution for client transactions, *i.e.,* seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

Background

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the clients' total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an adviser must consider the full range and quality of a broker-dealer's services, including execution capability, commission rates, and the value of any research, financial responsibility, and responsiveness, among other things.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our best execution policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- as part of Brighton Securities Corp.'s brokerage and best execution practices, Brighton Securities Corp. has adopted and implemented written best execution practices and established a Brokerage Committee (or designated an individual or officer);
- the Brokerage Committee (or designated officer) has responsibility for monitoring our firm's trading practices, gathering relevant information, quarterly reviewing and evaluating the services provided by broker-dealers, the quality of executions, research, commission rates, and overall brokerage relationships, among other things;
- Brighton Securities Corp. may also maintain and update quarterly "Approved Broker-Dealer List" based upon the firm's reviews;
- Brighton Securities Corp. will document consideration of quality and cost of services available from other brokers;
- **[include if the firm maintains soft dollar arrangements]** Disclosure regarding soft dollar practices should include, as applicable:

- Explaining that Brighton Securities Corp. may cause clients to pay higher transaction costs by executing trades at brokers with whom it has soft dollar arrangements;
- Disclosing that soft dollar arrangements benefit Brighton Securities Corp.;
- Explaining that Brighton Securities Corp. has incentive to select/recommend brokers with whom it has soft dollar arrangements;
- If receiving mixed use products, disclose the inherent conflict of interest in making mixed use allocation decisions;
- Explaining the potential incentive to unnecessarily and excessively trade client accounts to generate soft dollar credits to benefit the firm at the client's expense;
- Describing the types of products and services, especially those that are not eligible under Safe Harbor;
- Disclosing if certain clients shoulder more of the cost of research benefiting others;
- Summarizing the process for determining where to direct client transactions in return for soft dollar benefits; and
- Describing procedures for reviewing soft dollar arrangements and guarding against influence of conflicts.

- **[include if the firm maintains soft dollar arrangements]** In administering mixed use allocations, Brighton Securities Corp. will make a reasonable allocation of the cost of the product according to its use and keep adequate books and records;
- Brighton Securities Corp. also conducts annual reviews of the firm's brokerage and best execution policies and documents these reviews, and discloses a summary of brokerage and best execution practices in response to Item 12 in Part 2A of Form ADV: *Firm Brochure*; and
- a Best Execution file is maintained for the information obtained and used in Brighton Securities Corp.'s periodic best execution reviews and analysis and to document the firm's best execution practices.

If the firm is a 'Large Trader' pursuant to SEC Rule 13h-1 (the Large Trader Rule), the firm's Best Execution/Trading practices should include the following:

- providing the firm's LTID (large trader identification number) to **all** registered broker-dealers effecting transactions on behalf of the firm.

Books and Records

Policy

As a registered investment adviser, Brighton Securities Corp. is required, and as a matter of policy, maintains various books and records on a current and accurate basis which are subject to periodic regulatory examination. Our firm's policy is to maintain firm and client files and records in an appropriate, current, accurate and well-organized manner in various areas of the firm depending on the nature of the records.

Brighton Securities Corp.'s policy is to maintain required firm and client records and files in an appropriate office of Brighton Securities Corp. for the at least first two years and in a readily accessible facility and location for up to an additional three years for a total of not less than five years from the end of the applicable fiscal year. Certain records for the firm's performance, advertising and corporate existence are kept for longer periods. (Certain states may require longer record retention.)

Background

Registered investment advisers, as regulated entities, are required to maintain specified books and records. There are generally two groups of books and records to be maintained. The first group is financial records for an adviser as an on-going business such as financial journals, balance sheets, bills, etc. The second general group of records is client related files as a fiduciary to the firm's advisory clients and these include agreements, statements, correspondence and advertising, and trade records, among many others.

Responsibility

Jai Ramachandran has the overall responsibility for the implementation and monitoring of our books and records policy, practices, disclosures and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Brighton Securities Corp.'s filing systems for the books, records and files, whether stored in files or electronic media, are designed to meet the firm's policy, business needs and regulatory requirements as follows:

- arranging for easy location, access and retrieval;
- having available the means to provide legible, true and complete copies;
- for records stored on electronic media, back-up files are made and such records stored separately;

- reasonably safeguarding all files, including electronic media, from loss, alteration or destruction (see back-up procedures in Disaster Recovery Policy);
- limiting access by authorized persons to Brighton Securities Corp.'s records (seeadditional Cybersecurity and Privacy procedures related to passwords and safeguarding practices);
- ensuring that any non-electronic original records that are electronically reproduced andstored are accurate reproductions;
- identifying the different types of data stored electronically and the appropriate controls for each type of data;
- checking for and implementing any software patches or hardware updates in our electronic media, followed by reviews to ensure that the patches and updates did not unintentionally change, weaken, or otherwise modify the security configuration;
- maintaining client and firm records for five years from the end of the fiscal year duringwhich the last entry was made with longer retention periods for advertising, performance, Code of Ethics and firm corporate/organization documents; and
- annual reviews will be conducted by the designated officer, individual(s) or department managers to monitor Brighton Securities Corp.'s recordkeeping systems, controls, and firm and client files.

Code of Ethics

Policy

Brighton Securities Corp., as a matter of policy and practice, and consistent with industry best practices and SEC requirements (SEC Rule 204A-1 under the Advisers Act and Rule 17j-1 under the Investment Company Act, which is applicable if the firm acts as investment adviser to a registered investment company), has adopted a written Code of Ethics covering all supervised persons. Our firm's Code of Ethics requires high standards of business conduct, compliance with federal securities laws, reporting and recordkeeping of personal securities transactions and holdings, reviews and sanctions. The firm's current Code of Ethics, and as amended, while maintained as a separate document, is incorporated by reference and made a part of these Policies and Procedures.

Background

In July 2004, the SEC adopted an important rule (Rule 204A-1) similar to Rule 17j-1 under the Investment Company Act, requiring SEC advisers to adopt a code of ethics. The new rule was designed to prevent fraud by reinforcing fiduciary principles that govern the conduct of advisory firms and their personnel.

The Code of Ethics rule had an effective date of August 31, 2004 and a compliance date of February 1, 2005. Among other things, the Code of Ethics rule requires the following:

- setting a high ethical standard of business conduct reflecting an adviser's fiduciary obligations;
- compliance with federal securities laws;
- access persons to periodically report personal securities transactions and holdings, with limited exceptions;
- prior approval for any IPO or private placement investments by access persons;
- reporting of violations;
- delivery and acknowledgement of the Code of Ethics by each supervised person;
- reviews and sanctions;
- recordkeeping; and
- summary Form ADV disclosure.

An investment adviser's Code of Ethics and related policies and procedures represent a strong internal control with supervisory reviews to detect and prevent possible insider trading, conflicts of interest and potential regulatory violations.

Responsibility

Jai Ramachandran has the primary responsibility for the preparation, distribution, administration, periodically reviews, and monitoring our Code of Ethics, practices, disclosures, sanctions and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy on personal securities transactions and our Code of Ethics and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended, as appropriate, which include the following:

- formal adoption of the firm's Code of Ethics by management;
- the Chief Compliance Officer distributes the current Code of Ethics annually to all supervised persons and to all new supervised persons upon hire;
- each supervised person must acknowledge receipt of the firm's Code of Ethics initially upon hire and annually and return a signed acknowledgement/certification form to the Chief Compliance Officer;
- the Chief Compliance Officer, with other designated officer(s), conduct a review of the firm's Code of Ethics at least annually and update the Code of Ethics as may be appropriate;
- the Chief Compliance Officer obtains and reviews access persons' personal transactions/holdings reports quarterly;
- the Chief Compliance Officer, or his/her designee, retains and conducts a review at least annually of relevant Code of Ethics records as required, including but not limited to, Codes of Ethics, as amended from time to time, acknowledgement/certification forms, records identifying individuals deemed to be access persons of the firm, initial and annual holdings reports, reports of personal securities transactions, violations and sanctions, among other documentation;
- the firm provides initial and annual education about the Code of Ethics, and each person's responsibilities and reporting requirements, under the Code of Ethics;
- the firm's Form ADV is reviewed annually and amended, when necessary, by the Chief Compliance Officer to appropriately disclose a summary of the firm's Code of Ethics which includes an offer to deliver a copy of the Code upon request by an existing or prospective advisory client; and
- the Chief Compliance Officer is responsible for receiving and responding to any client requests for the firm's Code of Ethics and maintaining required records.

Complaints

Policy

As a registered adviser, and as a fiduciary to our advisory clients, our firm has adopted this policy, which requires a prompt, thorough and fair review of any advisory client complaint, and a prompt and fair resolution which is documented with appropriate supervisory review.

Background

Based on an adviser's fiduciary duty to its clients and as a good business practice of maintaining strong and long term client relationships, any advisory client complaints of whatever nature and size should be handled in a prompt, thorough and professional manner. Regulatory agencies may also require or request information about the receipt, review and disposition of any written client complaints.

Responsibility

Brighton Securities Corp.'s designated officer has the primary responsibility for the implementation and monitoring of the firm's complaint policy, practices and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Brighton Securities Corp. maintains a Complaint File for any written complaints received from any advisory clients;
- any person receiving any written client complaint is to forward the client complaint to Brighton Securities Corp.'s designated officer;
- if appropriate, the designated officer will promptly send the client a letter acknowledging receipt of the client's complaint letter indicating the matter is under review and a response will be provided promptly;
- the designated officer will forward the client complaint letter to the appropriate person or department, depending on the nature of the complaint, for research, review and information to respond to the client complaint;
- the designated officer will then either review and approve or draft a letter to the client responding to the client's complaint and providing background information and a resolution of the client's complaint. Any appropriate supervisory review or approval will be done and noted; and
- the designated officer will maintain records and supporting information for each written client complaint in the firm's complaint file.

Corporate Records

Policy

As a registered investment adviser and legal entity, Brighton Securities Corp. has a duty to maintain accurate and current "Organization Documents." As a matter of policy, Brighton Securities Corp. maintains all Organization Documents and related records at its principal office. All Organization Documents are maintained in a well-organized and current manner and reflect current directors, officers and members or partners, as appropriate. Our Organization Documents will be maintained for the life of the firm in a secure manner and location and for an additional three years after the termination of the firm.

Background

Organization Documents, depending on the legal form of an adviser, may include the following, among others:

- Articles of Incorporation, By-laws, etc. (for corporations)
- Agreements and/or Articles of Organization (for limited liability companies)
- Partnership Agreements and/or Articles (for partnerships and limited liability partnerships)
- Charters
- Minute Books
- Stock certificate books/ledgers
- Organization resolutions
- Any changes or amendments of the Organization Documents

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our Organization Documents policy, practices, and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s designated officer will maintain the Organization Documents in Brighton Securities Corp.'s principal office in a secure location; and
- Organization Documents will be maintained on a current and accurate basis and reviewed annually and updated by the designated officer so as to remain current and accurate with Brighton Securities Corp.'s regulatory filings and disclosures, among other things.

Custody

Policy

As a matter of policy and practice, Brighton Securities Corp. does maintain custody of client funds, securities or assets. Our policy is to ensure that we maintain client funds and securities with qualified custodians. We believe that the custody rules for Advisers are vital for the protection of clients and for the health of the industry. Our procedures are well fitted to firms of our size and help make us more transparent.

Background

In a major revamping and updating of the SEC Custody Rule (Rule 206(4)-2), the SEC adopted final rule amendments released on December 30, 2009, imposing more rigorous requirements for SEC advisers maintaining custody or deemed to have custody of client assets.

In the National Exam Program Risk Alert, *Significant Deficiencies Involving Adviser Custody and Safety of Client Assets*, issued by OCIE on March 4, 2013, SEC staff grouped custody-related deficiencies into four categories: (i) failure by advisers to recognize they have custody; (ii) failure to comply with the rule's "surprise exam" requirement; (iii) failures to comply with the "qualified custodian" requirements; and (iv) failures to comply with the audit approach for pooled investment vehicles. The Alert, which can be accessed here, includes detailed examples of the deficiencies observed.

Staff of the Division of Investment Management issued *Inadvertent Custody: Advisory Contract Versus Custodial Contract Authority* (IM Guidance Update No. 2017-01) in February 2017, and has determined that an investment adviser may inadvertently have custody of client funds or securities because of provisions in a separate custodial agreement entered into between its advisory client and a qualified custodian. The staff notes that depending on the wording or rights conferred by these custodial agreements, an adviser may have custody, and may also be subject to the surprise examination requirement, even though it did not otherwise intend to have such access. The Guidance, which can be accessed here, includes examples of agreements that would give an adviser inadvertent custody.

The custody rule under the Investment Advisers Act of 1940 defines custody as "holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them." The custody definition includes three examples to clarify what constitutes custody for advisers as follows:

1. possession of client funds or securities (but not of checks drawn by clients and made payable to third parties) unless you receive them inadvertently and you return them to the sender promptly but in any case within three business days of receiving them;
2. any arrangement (including a general power of attorney) under which you are authorized or permitted to withdraw client funds or securities maintained with a custodian upon your instruction to the custodian; and
3. any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or a

trustee of a trust) that gives you or your supervised person legal ownership of or access to client funds or securities.

> **NOTE:** If a related person of the adviser is appointed as trustee as a result of a family or personal relationship with the grantor or beneficiary of the trust, and not as a result of employment with the adviser, the role of the supervised person as trustee will not be imputed to the adviser; thus the adviser will not be deemed to have custody of such client's assets.

Use of Qualified Custodians. The custody rule requires advisers with custody to maintain client funds and securities with "qualified custodians," which include U.S. banks and insured savings associations; registered broker-dealers; futures commission merchants registered under the U.S. Commodity Exchange Act (but only with respect to clients' funds and security futures, or other securities incidental to futures transactions); and certain foreign custodians.

> *Exceptions*. (1) Shares of mutual funds may be held with the fund's transfer agent in lieu of a qualified custodian. (2) Certain privately offered securities provided such securities meet specified conditions.

Use of Affiliated Custodians. However, when the adviser or its related person serves as qualified custodian for client assets in connection with advisory services provided by the adviser ("affiliated custodian"), the adviser is required to undergo a surprise annual audit ***and*** annually obtain, or receive from the related person, an internal control report regarding the affiliated custodian's controls applicable to custody of client assets. An independent public accountant registered with and subject to regular inspection by the PCAOB must issue the report.

Exceptions.

- A limited exception from the surprise examination requirement is available when the adviser is deemed to have custody as a result of a related person having custody. (1) An adviser that can evidence that it is operationally independent from a related person that serves as a qualified custodian for client assets would not have to obtain a surprise examination of client assets held by the related person. The rule sets forth the conditions that must be met.
- A limited exception to obtaining an internal control report from a related person is available when the related person is deemed to have custody of client assets but does not act as qualified custodian to such assets. For example, an adviser to a private fund the general partner ("GP") of which is a related person of the adviser would not need to obtain an internal control report from (i) the GP if the GP is not serving as the qualified custodian and (ii) the prime broker that is serving as the qualified custodian is not a related person of the adviser.
- A limited exception from the surprise examination requirement is available when the adviser has authority under Standing Letters of Authority (SLOA) under certain conditions as outlined in the IAA No-Action Letter, dated February 21, 2017.

Account Statements to Clients. Advisers must also have a reasonable belief after "due inquiry" that the qualified custodians provide at least quarterly account statements directly to the adviser's clients.

If the adviser elects also to send account statements to its advisory clients in addition to those sent by the qualified custodian(s), the adviser must include a legend in its account statements urging clients to compare the account statements they receive from the custodian with those received from the adviser.

Notice to Clients. Advisers that open an account(s) with a qualified custodian on the client's behalf, either (i) as a separate account under the client's name or (ii) in accounts under the adviser's name as agent or trustee (provided such account contains only clients' funds and securities), must promptly notify the client in writing, detailing the qualified custodian's name, address and the manner in which the client's funds or securities are maintained.

> *Exceptions.* Investment-related limited partnerships, limited liability companies or other pooled investment vehicles (collectively 'pooled investment vehicles') that are annually audited with copies of the audited financials delivered to all investors within specified timeframes (you may access more detailed information pertaining to pooled investment vehicles).

Surprise Annual Audit. Advisers deemed to have custody of clients' funds or securities are required to obtain a surprise annual examination of client assets by an independent public accountant, except as provided below.

The independent accountant must file its certificate on Form ADV-E with the SEC within 120 days of the commencement of the examination. Any material discrepancies found by the accountant must be reported to the SEC within one day. Effective January 1, 2011, investment adviser firms submit Form ADV-E filings electronically via the IARD while the reporting public accountants utilize a separate Form ADV-E Surprise Examination Filing Website.

> *Exceptions*.
>
> (1) Advisers deemed to have custody ***solely*** as a result of their ability to directly debit advisory fees from clients' accounts.
>
> (2) Investment-related limited partnerships, limited liability companies or other pooled investment vehicles (collectively "pooled investment vehicles") that are annually audited with copies of the audited financials delivered to all investors within specified timeframes.
>
> (3) Advisers that have in place an SLOA that is structured such that the adviser does not have discretion as to the payee and that the following conditions are met:
>
> - The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.

- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

(See IAA No-Action Letter February 21, 2017 - https://www.sec.gov/divisions/investment/noaction/2017/investment-adviser-association-022117-206-4.htm)

Form ADV Disclosures: Although advisers that deduct fees directly from client accounts are deemed to have custody and must comply with the applicable rule requirements, advisers that have custody ***solely*** because they deduct advisory fees may continue to answer "No" to the custody questions in Item 9 of Form ADV Part 1. In the IAA No-Action Letter (February 21, 2017) the SEC advised firms that beginning with the next annual updating amendment after October 1, 2017, an investment adviser should include client assets that are subject to a SLOA that result in custody in its response to Item 9 of Form ADV.

Form ADV Part 1. Except as provided below, advisers are required to promptly amend their responses to most subsections of Item 9 (and related Schedule D disclosures) when previously reported information becomes inaccurate. Advisers need only update their responses to the following when filing their annual updating amendment: (i) the approximate amount of funds and securities and (ii) total number of clients for which you and/or your related persons have custody; (iii) the date a surprise exam commenced; and (iv) the number of persons acting as qualified custodians for your clients.

Form ADV Part 2. Advisers must disclose whether they require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance in response to Item 18.A. of Part 2A of Form ADV and if so, must include a balance sheet for its most recent fiscal year. An adviser that has not completed its first fiscal year must include a balance sheet dated not more than 90 days prior to the filing date of the Firm Brochure. The balance sheet must be prepared in accordance with GAAP, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

In addition, an adviser having discretionary authority or custody of client assets, or who solicits or requires the aforementioned prepayment of fees, is required to disclose any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients.

Exceptions. An adviser that is also (i) a qualified custodian as defined in SEC Rule 206(4)-2 or a similar state rule; or (ii) an insurance company, is **not** required to respond to Item 18.A.

MUTUAL FUND EXEMPTION. Advisers are exempt from all provisions of the custody rule with respect to clients that are registered investment companies. These accounts are subject to the requirements of section 17(f) of the Investment Company Act and custody rules adopted thereunder.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our policies, practices, disclosures and recordkeeping to ensure we are not deemed a custodian.

In the event any employee of Brighton Securities Corp. receives funds, securities, or other assets from a client, such employee must immediately notify the Compliance Officer and arrange to return such funds, securities or other assets to the client within three business days of receiving them.

Procedure

IMPORTANT NOTE: This disclosure is drafted to reflect that the firm is not deemed to have custody. The final procedure in this section addresses industry best practices if the firm directly debits fees from advisory accounts. Advisers should carefully read and customize these procedures to ensure they accurately reflect the firm's practices.

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews to monitor and ensure the firm's policy is observed, properly implemented and amended or updated, as appropriate which include the following:

- Brighton Securities Corp. will conduct a review of a random sample of client accounts to verify quarterly that securities and funds of advisory clients are maintained with an unaffiliated qualified custodian or, in the case of accounts holding shares of open-end mutual funds, the fund's transfer agent and held in the client's name or under Brighton Securities Corp. as agent or trustee for the clients;
- if Brighton Securities Corp. receives inadvertently from a client any funds or securities, these assets shall be returned to the client promptly, *i.e.*, within three business days of receipt;
- no employee or supervised person of Brighton Securities Corp. shall knowingly accept actual possession of any client funds or securities. Persons receiving a request from a client to deposit assets with a qualified custodian may assist the client to complete necessary forms and/or mailings, but shall not take physical possession of the funds or securities;
- to avoid being deemed to have custody, Brighton Securities Corp.'s procedures prohibit the following practices:

- any employee, officer, and/or the firm from directly deducting advisory fees from a client's account;*
- any employee, officer, and/or the firm from having signatory power over any client's checking account;
- any employee, officer, and/or the firm from managing a client's portfolio by directly accessing online accounts using the client's personal username and password without restrictions;
- any employee, officer, and/or the firm from having the power to unilaterally wire funds from a client's account;
- any employee, officer, and/or the firm from holding any client's securities or funds in Brighton Securities Corp.'s name at any financial institution;
- any employee, officer, and/or the firm from physically holding cash or securities of any client;
- any employee, officer, and/or the firm from having general power of attorney over a client's account;
- any employee, officer, and/or the firm from holding client assets through an affiliate of Brighton Securities Corp. where the firm, its employees or officers have access to advisory client assets;
- any employee, officer, and/or the firm from receiving the proceeds from the sale of client securities or interest or dividend payments made on a client's securities or check payable to the firm except for advisory fees;
- any employee, officer and/or the firm from acting as a trustee or executor for any advisory client trust or estate;
- any employee, officer and/or the firm from acting as general partner and investment adviser to any investment partnership; and
- the firm, or any "related person" acting as a qualified custodian for any advisory client assets.

***DIRECTLY DEDUCTING ADVISORY FEES.** Typically advisers do obtain client authority to directly debit advisory fees from clients' accounts; in which case, the adviser will be deemed to have custody even though Form ADV Part 1 Item 9 may still be checked "No" (provided that is the sole basis upon which the adviser is deemed to have custody). As a matter of best practice, advisers that directly debit fees should treat the firm as having custody and tailor the firm's policy and procedures applicable to direct debiting of advisory fees accordingly. Consider the following as recommended procedures:

As an adviser with authority to directly debit advisory fees from client accounts, Brighton Securities Corp. may adopt the following additional procedures:

- conduct quarterly testing of a sample of client fee calculations to verify accuracy;
- conduct overall testing of the reasonableness of fees in comparison to aggregate assets under management; and
- segregate duties among those employees responsible for:
    - processing billing invoices or listings of fees due from clients that are used by custodians to deduct advisory fees from clients' accounts;
    - reviewing such invoices/fee listings for accuracy; and/or

- reconciling those invoices/fee listings with deposits of advisory fees by the custodians into our firm's bank account to confirm accurate fee amounts were deducted.

Cybersecurity

Policy

Brighton Securities Corp.'s cybersecurity policy, in conjunction with our Firm's Identity Theft and Privacy policies as set forth in this Manual, recognizes the critical importance of safeguarding clients' personal information as well as the confidential and proprietary information of the firm and its employees. Maintaining the security, integrity and accessibility of the data maintained or conveyed through the Firm's operating systems is a fundamental requisite of our business operations and an important component of our fiduciary duty to our clients. While recognizing that the very nature of cybercrime is constantly evolving, Brighton Securities Corp. conducts periodic vulnerability assessments based on our firm's use of technology, third-party vendor relationships, reported changes in cybercrime methodologies, and in response to any attempted cyber incident, among other circumstances.

Protecting all the assets of our clients and safeguarding the proprietary and confidential information of the firm and its employees is a fundamental responsibility of every Brighton Securities Corp. employee, and repeated or serious violations of these policies may result in disciplinary action, including, for example, restricted permissions or prohibitions limiting remote access, restrictions on the use of mobile devices, and/or termination.

Background

In addition to rules and regulations under the Advisers Act that an advisory firm needs to abide by to be considered compliant, there are mandates beyond the Advisers Act that place further significant regulatory obligations on advisory firms. Security laws and regulations that impose data security and privacy requirements on investment advisers include, among others: (i) Gramm-Leach-Bliley Act/Regulation S-P; (ii) Regulation S-AM (Limitation on Affiliate Marketing); (iii) FACT Act – Red Flags Rule; (iv) Regulation S-ID Identity Theft Red Flags Rules; (v) Standards for the Protection of Personal Information of Residents of the Commonwealth of Massachusetts (201 CMR 17.00); (vi) California Financial Information Privacy Act (SB1); and (vii) U.S. Data Breach Disclosure Legislation. Furthermore, according to information posted on the National Conference of State Legislatures (NCSL) website, as of March 2018, all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam have enacted legislation requiring private or governmental entities to notify individuals of security breaches of information involving personally identifiable information.

On March 26, 2014, the SEC sponsored a Cybersecurity Roundtable to develop a better understanding of the growing cybersecurity risks and to facilitate discussions about the ways in which regulators and the industry can work together to address them, according to Commissioner Luis Aguilar, in a speech he presented on April 2, 2014 to the Mutual Fund Directors Forum.

On April 15, 2014, OCIE staff issued an NEP Risk Alert, *OCIE Cybersecurity Initiative*, "to provide additional information concerning its initiative to assess cybersecurity preparedness in the securities industry." Pursuant to its examination of 49 registered investment advisers and 57 registered broker-

dealers, OCIE issued a Risk Alert, *Cybersecurity Examination Sweep Summary*, on February 3, 2015 outlining its observations.

Significantly, the Alert notes, "The examinations did not include reviews of technical sufficiency of the firms' programs."

Staff of the Division of Investment Management issued *Cybersecurity Guidance* (IM Guidance Update No. 2015-02) on April 28, 2015, highlighting best practices for firms to consider implementing when developing or assessing their cybersecurity program. Importantly, the guidance also warns that cybersecurity breaches and deficiencies in cybersecurity programs could cause advisers and funds to violate securities laws, citing as an example, cyber breaches by insiders could constitute fraud.

OCIE's Risk Alert, 2015 *Cybersecurity Examination Initiative*, was published on September 15, 2015, to announce a second round of cybersecurity sweep examinations (the "2015 Initiative"). This second round of examinations is being launched to (i) build upon previous guidance provided by the Commission and (ii) further assess cybersecurity preparedness in the securities industry. Noting that some public reports have identified a weakness in basic controls as a factor in certain cybersecurity breaches, examiners will focus on firms' cybersecurity-related controls and conduct testing of such controls to assess their effectiveness.

Staff of the Division of Investment Management issued *Business Continuity Planning for Registered Investment Companies* (IM Guidance Update No. 2016-04) on June 28, 2016. The guidance emphasized the importance of implementing business continuity plans ("BCPs") for the firm and also for the firm to understand the business continuity and disaster recovery protocols of critical fund service providers, including third-party providers. In determining whether a service provider is critical, the firm may wish to consider day- to-day operational reliance on the service provider and the existence of backup processes or multiple providers.

On August 7, 2017, OCIE staff issued an NEP Risk Alert, *Observations from Cybersecurity Examinations*, as a follow-up to the 2014 Cybersecurity Initiative. In this Cybersecurity 2 Initiative, 75 firms, including broker-dealers, investment advisers, and investment companies were examined and "involved more validation and testing of procedures and controls surrounding cybersecurity preparedness than was previously performed" during the original Cybersecurity 1 Initiative. The staff outlined their observations, noting that while they have observed increased cybersecurity preparedness since the Cybersecurity 1 Initiative, there were also areas observed where compliance and oversight could be improved.

January 2020, OCIE released its 2020 Examination Priorities, in which it stated that it will continue to prioritize information security in each of its five examination programs. Examinations will focus on, among other things, proper configuration of network storage devices, information security governance generally, and retail trading information security. OCIE will continue to focus its examinations on assessing the protection of clients' personal financial information. Particular focus areas will include: (1) governance and risk management; (2) access controls; (3) data loss prevention; (4) vendor management; (5) training; and (6) incident response and resiliency.

Responsibility

Brighton Securities Corp.'s cybersecurity policies and procedures have been adopted pursuant to approval by the firm's senior management. Jai Ramachandran is responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Brighton Securities Corp.'s overall cybersecurity goals and objectives while at a minimum ensuring compliance with applicable federal and state laws and regulations. Jai Ramachandran may recommend to the firm's principal(s) any disciplinary or other action as appropriate. Jai Ramachandran is also responsible for distributing these policies and procedures to employees and conducting appropriate employee training to ensure employee adherence to these policies and procedures.

Any questions regarding Brighton Securities Corp.'s cybersecurity policies should be directed to Jai Ramachandran.

Procedure

In addition to the firm's procedures as set forth in the Identity Theft and Privacy sections of this manual, Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. has designated Joe Sweeney as the firm's Chief Information Security Officer (CISO) with responsibility for overseeing our firm's cybersecurity practices;
- Brighton Securities Corp.'s cybersecurity policies and procedures have been communicated toall employees of the firm;
- Brighton Securities Corp. maintains cybersecurity organizational charts and/or identifies and describes cybersecurity roles and responsibilities for the firms' employees;
- Brighton Securities Corp. restricts employees' access to those networks resources necessary for their business functions, and maintains documentation reflecting changes in employees' access rights, including management approval, when necessary;
- Joe Sweeney conducts periodic risk assessments of critical systems at least annually to identify cybersecurity threats, vulnerabilities, and potential business consequences;
- Joe Sweeney conducts penetration tests and vulnerability scans on systems that Brighton Securities Corp. considers critical, and fully remediates the high risk observations are discovered from these tests and scans;
- Joe Sweeney utilizes some form of system, utility, or tool—such as authentication protocols, secure access control measures, and encryption of all transmitted files--to prevent, detect, and monitor data loss as it relates to personally identifiable information;
- Joe Sweeney or other designated person(s) is responsible for Brighton Securities Corp.'s patch management practices, including monitoring and prompt installation of critical patches, and the creation and retention of appropriate documentation of such revisions;

- Brighton Securities Corp. provides training to employees regarding information security risks and responsibilities; such training is provided to all new employees as part of their onboarding process and is provided to all employees no less than annually; additional training and/or written guidance also may be provided to employees in response to relevant cyber-attacks;
- Joe Sweeney maintains records documenting such training and ad hoc employee guidance and/or system notifications;
- Brighton Securities Corp. has adopted procedures to promptly eliminate access to all firm networks, devices and resources as part of its HR procedures in the event an employee resigns or is terminated, such employee is required to immediately return all firm-related equipment and information to Jai Ramachandran;
- Brighton Securities Corp. has adopted procedures governing the use of mobile devices for firm business purposes, including required and enforced restrictions and controls for mobile devices that connect to the firms' systems, such as passwords and software that encrypts communications;
- Brighton Securities Corp. prohibits employees from installing software on company owned equipment without first obtaining written approval from Joe Sweeney or other designated person(s);
- Joe Sweeney or other designated person(s) conducts periodic monitoring of the firm's networks to detect potential cybersecurity events;
- Joe Sweeney or other designated person(s) oversee the selection and retention of third-party service providers, taking reasonable steps to select those capable of maintaining appropriate safeguards for the data at issue and require service providers by contract to implement and maintain appropriate safeguards;
- Brighton Securities Corp. conducts initial and ongoing due diligence processes on third-party service providers, including review of applicable business continuity and disaster recovery plans for critical providers. Joe Sweeney, in conducting oversight, may seek service provider presentations, onsite visits, questionnaires, certifications, independent control reports, and summaries of programs and testing. Oversight may also include the review of a service provider's financial condition and resources, insurance arrangements, and any indemnification provisions covering the service provider and its activities;
- Brighton Securities Corp. maintains records of any due diligence reviews, including a complete inventory of data and information, along with classifications of the risks, vulnerabilities, data, business consequences, and information of third party service providers conducted by Joe Sweeney or other designated person(s);
- Joe Sweeney or other designated person(s) requires third-party service providers having access to the firm's networks to periodically provide logs of such activities;
- Joe Sweeney examines critical service providers' backup processes and redundancies, robustness of the provider's contingency plans, including reliance on other critical service providers, and how they intend to maintain operations during a significant business disruption;
- If a critical service provider experiences a significant disruption, Joe Sweeney will monitor and determine any potential impacts it may have on fund operations and investors and create communication protocols and steps that may be necessary to successfully navigate such events;

- Joe Sweeney will create external communications plans addressing ongoing discussions with the affected service provider, providing timely communications that report progress and next steps, which may include posting updates to websites or portals to facilitate accessibility and broad dissemination of information;
- Joe Sweeney will also create backup procedures that address steps to be taken to navigate through a service provider disruption;
- to best protect our clients and the firm, all suspicious activity recognized or uncovered by personnel should be promptly reported to Joe Sweeney and/or other designated persons;
- an employee must immediately notify his or her supervisor and/or Joe Sweeney to report a lost or stolen laptop, mobile device and/or flash drive; and
- Brighton Securities Corp. maintains a written cybersecurity incident response policy.

Digital Assets

Policy

Brighton Securities Corp., as a matter of policy and practice, does not invest in digital assets on behalf of clients. Brighton Securities Corp. reviews all firm accounts on an annual basis to ensure that there are no regulatory assets invested in digital assets. Brighton Securities Corp.'s policy of not holding digital assets is disclosed to clients.

If a client chooses to withdraw funds from their account to invest in digital assets, Brighton Securities Corp. will provide a disclosure stating that Brighton Securities Corp. does not recommend this course of action, and obtain the client’s signature.

Directed Brokerage

Policy

Brighton Securities Corp. may accept client instructions for directing the client's brokerage transactions to a particular broker-dealer. Any client instructions to Brighton Securities Corp. are to be in writing with appropriate disclosures that for any directed brokerage arrangements Brighton Securities Corp. will not negotiate commissions, may not obtain volume discounts or aggregate directed transactions, and that commission charges will vary among clients and best execution may not be obtained.

Background

Clients may direct advisers to use a particular broker-dealer under various circumstances, including where a client has a pre-existing relationship with the broker or participates in a commission recapture program, among other situations. Advisers may also elect not to exercise brokerage discretion and, therefore, require clients to direct brokerage. Advisers should recommend to clients the use of broker-dealers providing reasonable, competitive and quality brokerage services and advise clients if a client's directed broker does not provide competitive and quality services.

Pursuant to the SEC's adoption of *Amendments to Form ADV* (Release No. IA-3060), advisers that routinely recommend, request or require clients to direct brokerage are required to disclosetheir practices in response to Item 12 of the new Form ADV Part 2. Such disclosures should include:

- a description of the firm's practices; and
- disclose that not all advisers require clients to direct brokerage.

If the adviser recommends or requires clients to direct brokerage to an affiliated broker, or to a broker with whom the adviser has another economic relationship that creates a material conflict of interest, the adviser must also:

- describe the relationship and identify the resultant conflicts of interest; and
- inform clients that by directing brokerage, the firm may be unable to achieve most favorable execution of client transactions, which may cost clients more money.

Advisers that permit clients to direct brokerage must describe the firm's practices and, if applicable, disclose that the firm may be unable to achieve most favorable execution of client transactions, which may cost clients more money. For example, clients may pay higher brokerage commissions because the firm is unable to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Advisers selecting or recommending the use of a broker-dealer in return for client referrals from the broker or other third party must describe their practices, including:

- the resultant conflicts of interest;

- disclosure that the adviser has an incentive to select or recommend the broker based on its interest in receiving client referrals rather than on clients' interest in receiving most favorable execution; and
- an explanation of the firm's procedures during the last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our directed brokerage policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures used to implement the firm's policy and quarterly conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- any client directed brokerage instructions and arrangements are to be in writing and must be reviewed by the Compliance Officer;
- Brighton Securities Corp. provides appropriate disclosures in response to Item 12 of Part 2A of Form ADV: *Firm Brochure* and the firm's advisory agreement;
- any client brokerage instructions are maintained in the client document file; and
- any relationships and conflicts of interest relating to arrangements in which brokers refer clients to the firm will be disclosed to clients.

Disaster Recovery

Policy

As part of its fiduciary duty to its clients and as a matter of best business practices, Brighton Securities Corp. has adopted policies and procedures for disaster recovery and for continuing Brighton Securities Corp.'s business in the event of an emergency or a disaster. These policies are designed to allow Brighton Securities Corp. to resume providing service to its clients in as short a period of time as possible. These policies are, to the extent practicable, designed to address those specific types of disasters that Brighton Securities Corp. might reasonably face given its business and location.

Background

Since the terrorist activities of 9/11/2001 and various catastrophic natural disasters, up to and including Hurricanes Katrina and Sandy, all advisory firms need to establish written disaster recovery and business continuity plans for the firm's business. This will allow advisers to meet their responsibilities to clients as a fiduciary in managing client assets, among other things. It also allows a firm to meet its regulatory requirements in the event of any kind of an emergency or disaster, such as a bombing, fire, flood, earthquake, power failure, the loss of a key principal, or any other event that may disable the firm, key personnel, or prevent access to our office(s).

In response to the substantial and wide-spread damage caused by Hurricane Sandy in October 2012, the SEC, FINRA and CFTC communicated with a number of leading market participants to ascertain the storm's impact on various aspects of their operations. Following the issuance of a joint advisory by the SEC, CFTC and FINRA on August 16, 2013, the SEC's Office of Compliance Inspections and Examinations (OCIE) issued a Risk Alert focused specifically on business continuity and disaster recovery planning by investment advisers. While both the joint advisory and the Risk Alert identify the same six key areas, the SEC's alert provides more detailed guidance including (i) general observations and notable practices, (ii) weakness noted, and (iii) possible future considerations. Advisers should consider the following areas in their review of business continuity and disaster recovery planning ("BCP") practices: (1) preparation for widespread disruption; (2) planning for alternative locations; (3) preparedness of key vendors; (4) telecommunications services and technology; (5) communications plans; (6) regulatory and compliance considerations; and (7) BCP review and testing.

Staff of the Division of Investment Management issued Business Continuity Planning for Registered Investment Companies (IM Guidance Update No. 2016-04) on June 28, 2016. The guidance emphasized the importance of implementing business continuity plans (“BCPs”) for the firm and also for the firm to understand the business continuity and disaster recovery protocols of critical fund service providers, including third-party providers. In determining whether a service provider is critical, the firm may wish to consider day- to-day operational reliance on the service provider and the existence of backup processes or multiple providers.

Responsibility

Jai Ramachandran and Joe Sweeney is responsible for maintaining and implementing Brighton Securities Corp.'s Disaster Recovery and Business Continuity Plan.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts internal reviews to monitor and ensure such policy is observed, implemented properly and amended or updated, as appropriate.

Basic elements considered while developing the Disaster Recovery plan included:

- financial assessments and operations;
- means of communication between and among managers, employees and investors;
- the physical location of the parties;
- the ability to evaluate the impact of an event on Brighton Securities Corp.;
- regulatory and reporting obligations; and
- mechanisms to ensure the safety of assets and keep them preserved until they can be redeemed to ensure the orderly liquidation of the assets in the event that Brighton Securities Corp.'s business cannot continue.

Overall implementation and monitoring of the firm's BCP is the responsibility of Jai Ramachandran and Joe Sweeney, supported by key personnel whose primary BCP roles and responsibilities have been defined. Where necessary and appropriate, Brighton Securities Corp. may also utilize outsourced service provider(s) to assist in fulfilling one or more of the following functions:

Telecommunications Services and Technology

- maintain an inventory of office equipment, including hardware and software, as well as key vendors;
- documentation of computer/server/network back-up procedures, i.e., frequency, procedure, person(s) responsible, etc., and the designated location(s) and retrieval procedures for the back-up information;
- identification and listing of key or mission critical people in the event of an emergency or disaster, maintained and kept current on an ongoing basis, including their names, addresses, e-mail, fax, cell phone and other information; developing a communication plan to contact essential management, staff and essential service providers (i.e., senior management, portfolio managers, risk managers, brokers and trading, vendors and disaster recovery specialists) and distributing this information to personnel as needed;
- evaluation of, and, as appropriate, provisions for offsite technology available to key or mission critical people to facilitate their working from remote locations;
- review of current communications service providers to assess the need for multiple communications carriers to maintain fax, voicemail, landline and VoIP services, particularly for mission critical staff with actionable redundancies being put in place in 2019; and
- designing and arranging for continuance of trading, reporting and other essential systems within a reasonable time period.

Communications

- proactively communicate with clients (either directly or via an e-mail blast) prior to a major storm to determine whether they have any transactions (e.g., cash raised, funds transferred, wire instructions executed, etc.) they will need executed if an extended outage occurs;
- communicating the status of Brighton Securities Corp.'s operations to clients through (i) recorded messages on the firm's main phone line; (ii) notifications posted on the firm's website; (iii) via e-mail blasts that include instructions for contacting the firm and employees who are working remotely; and/or (iv) through the use of third-party vendors in the event of a protracted disruption;
- providing trading counterparties and key vendors with contact information; and

Alternative Locations

- establishment of a back-up facility in a separate geographic area with the ability to continue to conduct business;
- determine the accessibility of such location(s) for mission critical staff and their ability to travel to such locations, including lodging requirements, if any;
- assessment of operational and logistical requirements (e.g., backup generator capacity, furniture, office equipment and supplies, etc.); and
- availability of current BCP, contact lists and other necessary documents, procedures and manuals—ideally in paper form – in the event that electronic files cannot be accessed.

Preparedness of Key Vendors

- obtain and/or critically review key vendors' Statement on Standards for Attestation Engagements No. 16 reports ("SSAE 16 reports"), BCPs and disaster recovery plans. Jai Ramachandran and Joe Sweeney, in conducting oversight, may seek service provider presentations, onsite visits, questionnaires, certifications, independent control reports, and summaries of programs and testing. Oversight may also include the review of a service provider's financial condition and resources, insurance arrangements, and any indemnification provisions covering the service provider and its activities;
- assessment of back-up systems for key vendors and mission critical service providers, including consideration of their geographic location(s) and whether, based on risk, the need exists for multiple back-up servers to be located in other regions, the robustness of the provider's contingency plans, including reliance on other critical service providers, and how they intend to maintain operations during a significant business disruption;

- Jai Ramachandran and Joe Sweeney will create backup procedures that address steps to be taken to navigate through a service provider disruption;

- consideration of the impact of business interruptions encountered by third parties and identifying ways to minimize the impact. This includes the development of contingency plans for responding to the failure of a third-party administrator, credit provider, or other mission-critical parties that would affect the market, credit, or liquidity risk of Brighton Securities Corp.;

- Jai Ramachandran and Joe Sweeney will create external communications plans addressing ongoing discussions with the affected service provider, providing timely communications that report progress and next steps, which may include posting updates to websites or portals to facilitate accessibility and broad dissemination of information;

- if a critical service provider experiences a significant disruption, Jai Ramachandran and Joe Sweeney will monitor and determine any potential impacts it may have on fund operations and investors and create communication protocols and steps that may be necessary to successfully navigate such events;

- require key vendors to conduct annual BCP testing and provide a report of results to Brighton Securities Corp.; and

- Jai Ramachandran and Joe Sweeney and/or other designated person(s) prepares an annual BCP presentation to be presented to the fund's boards of directors (which can be given separately or as part of a periodic presentation or annual update to the board), reporting any business continuity outages and results of any tests, along with updates on progress, resumption, recovery, and remediation efforts during and after any outages.

Regulatory and Compliance Obligations

- update BCP pursuant to any applicable new regulatory requirements;
- assess upcoming regulatory obligations, particularly in advance of anticipated major storms, etc.; and
- ensure that key staff members separately retain login data required to access regulatory reporting systems (e.g., user name and passwords for EDGAR, the IARD and CRD systems).

BCP Review and Testing

- conduct BCP testing and training for mission critical systems and all personnel quarterly;
- conduct annually testing of the disaster recovery system(s) and operational functionality from remote location(s); and
- review of Brighton Securities Corp.'s Disaster Recovery Plan periodically, and at least annually, by Jai Ramachandran and Joe Sweeney or other applicable employee(s).

Key Personnel

While outside service providers may provide templates for Business Continuity and Disaster Recovery Plans, Jai Ramachandran and Joe Sweeney has also worked with personnel responsible for information technology, accounting, trading and operations to develop a plan that is specifically drafted for Brighton Securities Corp. This plan includes contingencies in the event of the death or incapacity of key principals. The plan addresses any "Key Man" provisions that exist in partnership arrangements, as well as policies and procedures to promptly disclose such an event.

Threat Awareness

Jai Ramachandran and Joe Sweeney will continue to be aware of resources available from federal and local governments to gather information about threat dissemination services that are targeted to the financial services industry and that provide threats to both physical and cyber security. To the extent that federal, state and local governments offer threat alert services among other resources, Jai Ramachandran and Joe Sweeney will investigate subscribing to these services as part of the firm's disaster recovery planning. Examples of such resources include:

- **DisasterAssistance.gov** which provides news, information and resources to help businesses, individuals and families prepare for, respond to and recover from disasters. Resources include the latest information on (i) declared disasters such as wildfires, hurricanes, floods and earthquakes; (ii) guidance pertaining to evacuations; accessing shelter, food, water and medical services; and (iii) assistance locating loved ones and pets.
- **Financial Services Information Sharing and Analysis Center,** , an industry forum for collaboration on critical security threats facing the global financial services sector. Members worldwide receive timely notification and information designed to help protect criticalsystems and assets from physical and cyber security threats.

Disclosure Brochures

Policy

Brighton Securities Corp., as a matter of policy, complies with relevant regulatory requirements and maintains required disclosure brochures on a current and accurate basis. Our firm's Form ADV Part 2 provides information about the firm's advisory services, business practices, professionals, policies and any actual and potential conflicts of interest, among other things.

Our firm's Form ADV Part 3 (Form CRS) provides information to retail investors to assist them in deciding whether to establish an investment advisory relationship, engage our firm and our financial professionals, or to terminate or switch a relationship or specific service.

Background

In July 2010, the SEC unanimously approved and adopted *Amendments to Form ADV* (Release No. IA-3060, File No. S7-10-00, publicly available July 28,2010), significantly changing the form and content of disclosures that registered investment advisers are generally required to provide to clients and prospective clients. The new Part 2 is comprised of three parts:

- Part 2A, *Firm Brochure*;
- Part 2A Appendix 1, *Wrap Fee Program Brochure* (only required to be filed by investment advisers who sponsor wrap programs; refer to the section below for more detailed information); and
- Part 2B, *Brochure Supplement*.

An adviser's Form ADV Part 2 is a narrative disclosure document, written in plain English. Investment advisers are required to respond to each of the required items in a consistent, uniform manner that will facilitate clients' and potential clients' ability to evaluate and compare firms. Each brochure must follow the prescribed format, including a table of contents that lists the eighteen separate items for SEC-registered advisers (nineteen for state-registered advisers), using the headings provided in the current 'form'. All advisers are required to respond to each item, even if it is inapplicable to the adviser's business; however, if required disclosure is provided elsewhere in the brochure, the adviser can direct the reader to that item rather than duplicate disclosure.

On June 5, 2019, the SEC adopted new rules requiring all SEC-registered investment advisers with retail clients to create a new Form ADV Part 3, also known as a Client Relationship Summary (Form CRS), with the purpose of further explaining the nature of their services and relationship, their fees and costs, and their standard of conduct and conflicts of interest to prospective clients.

Effective June 30, 2020, investment advisers are required to prepare and deliver a Form CRS that provides, in a concise plain English format, information about their investment-related services and fees. Form CRS is intended to be a primary document that retail investors will use to decide whether an investment advisory relationship is best after considering services, fees, and other factors and after comparison shopping among advisory and brokerage firms. The requirement to prepare and file Form

CRS applies to SEC-registered firms that offer services to "retail investors," which is defined as "a natural person who seeks or receives services primarily for personal, family, or household purposes."

As a registered investment adviser, Brighton Securities Corp. has a duty to comply with the disclosure brochure delivery requirements of Rule 204-3 under the Advisers Act, or similar state regulations.

Responsibility

Jai Ramachandran has the responsibility for maintaining Brighton Securities Corp.'s required Brochures on a current and accurate basis, making appropriate amendments and filings, ensuring initial delivery of the applicable Brochure(s) to new clients, annual delivery of the Brochures or a Summary of Material Changes, and maintaining all appropriate files.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's disclosure policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

1. Initial Delivery

- a representative of Brighton Securities Corp. will provide a copy of the *Firm Brochure* (and/or *Wrap Fee Program Brochure*, if applicable), to each prospective client either prior to or at the time of entering into an advisory agreement with a client;
- deliver to each client or prospective client a current Brochure Supplement for a supervised person before or at the time that supervised person begins to provide advisory services to the client. (See the Regulatory Reference section for updated information regarding the SEC's extension of the compliance date for delivery of Part 2B of Form ADV, the *Firm Brochure*, to clients of SEC-registered firms.); and
- the Compliance Officer will maintain dated copies of all Brighton Securities Corp.'s Brochure(s) so as to be able to identify which Brochures were in use at any time.

2. Annual Delivery

- deliver to each client, annually within 120 days of the firm's fiscal year end and without charge, if there are material changes since the firm's last Annual Updating Amendment ("AUA"), either (i) a current copy of the Firm Brochure (and/or Wrap Fee Program Brochure, if applicable), or (ii) a summary of material changes and an offer to provide clients with a copy of the firm's current Brochure(s) without charge. The summary of material changes will include, as applicable, the following contact information by which a client may request a copy of the Brochure(s):
    - the firm's website;
    - an e-mail address;
    - a phone number; and
    - the website address for the IAPD, through which the client may obtain information about the firm.

3. Review and Amendment

- the designated officer will annually review the firm's required Brochure(s) to ensure they are maintained on a current and accurate basis, and properly reflect and are consistent with the firm's current services, business practices, fees, investment professionals, affiliations and conflicts of interest, among other things;
- when changes or updates to the Brochure(s) are necessary or appropriate, the designated officer will make any and all amendments timely and promptly, deliver either the revised Brochure(s) or a summary of material changes to clients, and maintain records of the amended filings and subsequent delivery to clients as required; and
- if the amendment adds disclosure of an event or materially revises information already disclosed, in response to Item 9 of Part 2A or Item 3 of Part 2B (Disciplinary Information), respectively, the designated officer will promptly deliver, (i) the amended Firm Brochure and/or Brochure Supplement(s), as applicable, along with a statement describing the material facts relating to the change of disciplinary information, or (ii) a statement describing the material facts relating to the change in disciplinary information.

Form ADV Part 3 (Form CRS)

Initial and Interim Delivery

- Updating the relationship summary and filing it in accordance with Form CRS instructions within 30 days whenever any information in the relationship summary becomes materially inaccurate. The filing must include an exhibit highlighting the changes;
- Creating and maintaining a list of all retail investors to whom we must deliver our Form CRS;
- If Form CRS is delivered electronically, it will be presented prominently and will be easily accessible by the recipient;
- Posting current Form CRS prominently on our public website(s), if any. Note: the mere posting of Form CRS on the website will not satisfy our delivery obligation;
- Delivering the most recent relationship summary within 30 days to a retail investor who is an existing client or customer before or at the time Brighton Securities Corp.: (i) opens a new account that is different from the retail investor's existing account(s); (ii) recommends that the retail investor roll over assets from a retirement account into a new or existing account or investment; or (iii) recommends or provides a new brokerage or investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account;
- Delivering the current Form CRS to each prospective client either prior to or at the time of entering into an advisory agreement with the client;
- Communicating any changes in the updated relationship summary to retail investors who are existing clients or customers within 60 days after the updates are required to be made and without charge;
- Delivering the relationship summary within 30 days upon an investor's request; and
- Conducting periodic reviews of our Form CRS to ensure the most up-to-date version is being used. Jai Ramachandran will initial and date the documents that are reviewed.

Review and Amendment

- Annually, Jai Ramachandran will review the firm's Form CRS to ensure it is maintained on a current and accurate basis, and properly reflects and is consistent with the firm's current services, business practices, fees, investment professionals, affiliations, and conflicts of interest, as well as with disclosures made in our Form ADV Part 1 and Part 2, advisory contracts, and marketing materials and communication; and
- Jai Ramachandran will make any necessary and appropriate changes in a timely manner, deliver the revised Form CRS along with an exhibit highlighting changes made, and maintain records of the amended filings and subsequent delivery to clients as required.

E-Mail and Other Electronic Communications

Policy

Brighton Securities Corp.'s policy provides that e-mail, instant messaging, social networks and other electronic communications are treated as written communications and that such communications must always be of a professional nature. Our policy covers electronic communications for the firm, to or from our clients, any personal e-mail communications within the firm and social networking sites. Personal use of the firm's e-mail and any other electronic systems is strongly discouraged. Also, all firm and client related electronic communications must be on the firm's systems, and use of personal e-mail addresses, personal social networks and other personal electronic communications for firm or client communications is prohibited.

To the extent that an employee utilizes a social networking site for business purposes, all communications are to be fundamentally regarded as advertising (i.e., testimonials are prohibited as are any untrue statements of material fact; information provided must not be false or misleading, etc.) and specific securities recommendations are expressly prohibited. Our firm's Social Media policy and procedures are now separately set forth in this document; our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s Social Media practices.

Background

As a result of recent financial industry issues and several regulatory actions against major firms involving very significant fines, financial industry regulators, e.g., SEC and FINRA are focusing attention on advisers and broker-dealer policies and practices on the use of e-mail, other electronic communications and retention practices.

The Books and Records rule (Rule 204-2(a)(7)) provides that specific written communications must be kept including those relating to a) investment recommendations or advice given or proposed; b) receipt or delivery of funds or securities; and c) placing and execution of orders for the purchase or sale of securities.

All electronic communications are viewed as written communications, and the SEC has publicly indicated its expectation that firms retain all electronic communications for the required record retention periods. If a method of communication lacks a retention method, then it must be prohibited from use by the firm. Further, SEC regulators also will request and expect all electronic communications of supervised persons to be monitored and maintained for the same required periods. E-mails consisting of spam or viruses are not required to be maintained.

NOTE: Advisers should review and update e-mail communications policies and procedures to recognize the regulatory challenges and related issues of social networking sites used by the firm and/or employees for business and personal uses. While these sites offer advantages such as research and marketing, they also present regulatory concerns of confidentiality, security risks, surveillance and recordkeeping.

In January 2012, the SEC issued a National Examination Risk Alert concerning investment advisers' use of social media noting that a firm's use of such technology(ies) must comply with various provisions of federal securities laws, including, but not limited to, anti-fraud, recordkeeping and compliance provisions.

For state registered advisers, the state's books and records requirements generally follow the SEC rule requirements; therefore, state registered advisers are well advised to follow the SEC's interpretations and guidance regarding an e-mail policy and related practices.

Importantly, if the advisory firm is a manager to a hedge fund or private fund, the firm's policy should expressly prohibit the use of social media sites for business purposes as any such communication related to such fund could violate the prohibition against advertising to the general public. Discussing such an investment vehicle in a blog or on a social networking site may risk ruining the security's private placement.

On December 14, 2018, OCIE issued a Risk Alert of its examination initiative of registered investment advisers for the purposes of reminding advisers of their obligations when their personnel use electronic messaging and to help advisers improve their systems, policies, and procedures by sharing the staff’s observations from these examinations. The examinations focused on whether and to what extent advisers complied with the Books and Records Rule and adopted and implemented policies and procedures as required by the Compliance Rule.

Responsibility

Each employee has an initial responsibility to be familiar with and follow the firm's e-mail policy with respect to their individual e-mail communications. Jai Ramachandran has the overall responsibility for making sure all employees are familiar with the firm's e-mail policy, implementing and monitoring our e-mail policy, practices and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure that the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- our firm's e-mail and electronic communications policy has been communicated to all persons within the firm and any changes in our policy will be promptly communicated;
- obtaining attestations from personnel at the commencement of employment and regularly thereafter that employees (i) have received a copy of our policy, (ii) have complied with all such requirements, and (iii) commit to do so in the future;
- e-mails and any other electronic communications relating to the firm's advisory services and client relationships will be maintained and monitored by Jai Ramachandran on an on-going or quarterly basis through appropriate software programming or sampling of e-mail, as the firm deems most appropriate based on the size and nature of our firm and our business;

- only those forms of electronic communication that our firm determines can be used in compliance with the books and records requirements of the Advisers Act are permitted;
- electronic communications records will be maintained and arranged for easy access and retrieval so as to provide true and complete copies with appropriate backup and separate storage for the required periods;
- Jai Ramachandran may conduct quarterly Internet searches to monitor the activities of employees to determine if such persons are engaged in activities not previously disclosed to and/or approved by the firm;
- electronic communications will be maintained in electronic media, with printed copies if appropriate, for a period of two years on-site at our offices and at an off-site location for an additional three years;
- specifically prohibiting business use of apps and other technologies that allows an employee to send messages or otherwise communicate anonymously, allowing for automatic destruction of messages, or prohibiting third-party viewing or back-up; and
- including a statement in our policies and procedures informing employees that violations may result in discipline or dismissal.

ERISA

Policy

As a matter of policy and practice, Brighton Securities Corp. does not act as an investment manager for advisory clients which are governed by the Employment Retirement Income Security Act (ERISA).

Background

ERISA imposes duties on investment advisers that may exceed the scope of an adviser's duties to its other clients. For example, ERISA specifically prohibits certain types of transactions with ERISA plan clients that are permissible (with appropriate disclosure) for other types of clients. Under Department of Labor (DOL) guidelines, when the authority to manage plan assets has been delegated to an investment manager, the manager has the authority and responsibility to vote proxies, unless a named fiduciary has retained or designated another fiduciary with authority to vote proxies. In instances where an investment manager's client agreement is silent on proxy voting authority, the investment manager would still have proxy voting authority. (Plan document provisions supersede any contractual attempt to disclaim proxy authority. In the event that plan documents are silent and an adviser's agreement disclaims proxy voting, the responsibility for proxy voting rests with the plan fiduciary(s). In certain instances, the Internal Revenue Code may impose requirements on non-ERISA retirement accounts that may mirror ERISA requirements.

In March 2006, the DOL issued guidance for employers, including advisers, to file annual reports (LM-10) to disclose financial dealings, including gifts and entertainment, with representatives of a union subject to a $250 de minimis.

Union officers and employees have a comparable reporting obligation (Form LM-30) to report any financial dealings with employers, including the receipt of any gifts or entertainment above the de minimis amount.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our ERISA policy that the firm does not act as investment manager for any clients subject to ERISA.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews to monitor and ensure the firm's policy is observed, properly implemented and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting any client relationships with any prospective client that is governed by ERISA has been communicated to relevant individuals including management, marketing/sales and portfolio managers, among others;
- Jai Ramachandran monitors quarterly the firm's advisory services, existing and newclient relationships to help ensure that no client relationships are established with ERISA plans; and

- in the event of any change in the firm's policy, any such change must be approved by management, and any client relationships with any entity or plan subject to ERISA would only be allowed after appropriate reviews and approvals, meeting strict regulatory requirements and maintaining appropriate bonding and proper records.

Identity Theft

Policy

As neither a "financial institution" nor "creditor" offering or maintaining one or more "covered accounts," Brighton Securities Corp. is not required to adopt a written identity theft prevention program; however, Brighton Securities Corp. will periodically assess the authority accepted with respect its advisory clients as well as any other accounts and relationships to determine whether the firm will be required to adopt an Identity Theft Prevention Program as required under Regulation S-ID. If it is determined at any time in the future that the firm has one or more covered accounts, Brighton Securities Corp. will adopt and implement a written identity theft prevention program.

Background

The Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC") jointly issued Regulation S-ID (the "Identity Theft Red Flags Rules") which became effective on May 20, 2013. The final rules require each SEC and/or CFTC-regulated entity that meets the definition of a "financial institution" or a "creditor" that offers a "covered account" (as those terms are defined under the Fair Credit Reporting Act) to develop and implement by November 20, 2013, a written identity theft prevention program designed to detect, prevent and mitigate identity theft in connection with certain existing accounts and the opening of new accounts. The firm must also periodically update its identity theft prevention program and provide staff training in accordance with the Commissions' identity theft rules.

A firm is a "*financial institution*" if it (i) holds a "*transaction account*" (ii) for a "*consumer*."

> What is a "*transaction account*"? Under the Red Flag Rules, a "transaction account" is an account on which the "…account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone transfers, or other similar items for the purpose of making payments or transfers to third parties or others."
>
> Who is a "*consumer*"? An individual. Institutions are excluded from the definition of "consumer." Individuals who invest in a private fund may be considered "consumers" in this context.

For investment advisers, this typically includes advisers that have custody of client accounts or that assist clients in sending funds to third parties (through standing letters of authorization, etc.). This will also include advisers to private funds if the adviser has the ability to direct redemptions, distributions, etc., to third parties. This does not include advisers whose ability to direct funds is limited to directly debiting advisory fees from client accounts.

For purposes of the Rule, a *creditor* is defined as a person that regularly extends, renews or continues credit, or makes those arrangements, or that regularly and in the course of ordinary business, advances

funds to or on behalf of a person, based on an obligation of the person to repay the funds or repayable from specific property pledged by or on behalf of the person.

"Covered Account" Determination. Advisers that may qualify as financial institutions and that have natural persons as clients or investors in funds that they manage would have obligations under the Red Flags Rules if they maintain "covered accounts" (i.e., accounts primarily for personal, family or household purposes that permit multiple payments or transactions or accounts for which there is a reasonably foreseeable risk of identity theft).

Ascertaining whether the Identity Theft Red Flags Rules apply is a two-step process:

1. determine if the firm is a *financial institution* or *creditor*. If it is, it must then:
2. determine whether it offers or maintains one or more covered accounts.

If the answer to both questions is 'yes' the firm must adopt a written Identity Theft Prevention Program ("Program"). If the answer to only the first question is 'yes', the firm is not required to adopt a Program; however, it will need to periodically reassess that decision to account for changes in its business model, types of client accounts and services, or identity theft experience.

Notably, the final rules require that a firm's board of directors, an appropriate committee of the board of directors, or if the firm does not have a board, a designated senior management employee (i) provide initial approval of the Program and (ii) maintain responsibility for the ongoing oversight, development, implementation, and administration of the Program.

Responsibility

Responsibility for conducting periodic assessments of clients' accounts to determine whether Brighton Securities Corp. offers or maintains covered accounts shall rest with the CCO.

Procedure

Brighton Securities Corp. has conducted an initial review and assessment regarding, among other things, the firm's practices for opening accounts, methods of accessing accounts and its previous experience with identify theft, and has determined that it is neither a "financial institution" nor a "creditor" holding or maintaining a "covered account" under Regulation S-ID.

As neither a "financial institution" nor "creditor" offering or maintaining one or more "covered accounts," Brighton Securities Corp. is not required to adopt a written identity theft prevention program; however, Brighton Securities Corp. will assess yearly the authority accepted with respect to its advisory clients as well as any other accounts and relationships to determine whether the firm is required to adopt an Identity Theft Prevention Program as required under Regulation S-ID. If it is determined at any time in the future that the firm has one or more covered accounts, Brighton Securities Corp. will adopt and implement a written identity theft prevention program.

Brighton Securities Corp. will maintain a record of its quarterly assessments under Regulation S-ID, in the form of a memo-to-file or other format, for regulatory review purposes.

Insider Trading

Policy

Brighton Securities Corp.'s policy prohibits any employee from acting upon, misusing or disclosing any material non-public information, known as inside information. Any instances or questions regarding possible inside information must be immediately brought to the attention of the designated officer, Legal/Compliance Officer or senior management, and any violations of the firm's policy will result in disciplinary action and/or termination.

Background

Various federal and state securities laws and the Advisers Act (Section 204A) require every investment adviser to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such adviser's business, to prevent the misuse of material, non-public information in violation of the Advisers Act or other securities laws by the investment adviser or any person associated with the investment adviser.

In August 2011, the State of Massachusetts became the first state to regulate the use of investment consultants by investment advisers when it adopted a rule requiring an adviser to first obtain a written certification that discloses all confidentiality restrictions that the consultant has that are relevant to its work for the adviser. The consultant must sign and date the attestation that acknowledged that the consultant will not provide the adviser with any material non-public information.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of the firm's Insider Trading Policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's insider trading policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- the Insider Trading Policy is distributed to all employees, and new employees upon hire, and requires a written acknowledgement by each employee;
- access persons (supervised persons) must disclose personal securities accounts, initial/annual securities holdings and report at least quarterly any reportable transactions in their employee and employee-related personal accounts;
- employees must report to a designated person or Compliance Officer all business, financial or personal relationships that may result in access to material, non-public information;
- a designated officer or Compliance Officer reviews all reportable personal investment activity for employee and employee-related accounts;

- a designated officer or Compliance Officer provides guidance to employees on any possible insider trading situation or question;
- Brighton Securities Corp.'s Insider Trading Policy is reviewed and evaluated annually and updated as may be appropriate; and
- a designated officer or Compliance Officer prepares a written report to management and/or legal counsel of any possible violation of the firm's Insider Trading Policy for implementing corrective and/or disciplinary action.

Use of Expert Networks: Although the following requirements are specifically required by investment advisers registered with the Massachusetts Securities Division, all firms that utilize outside investment consultants and expert networks should consider implementing similar procedures as a best practice:

- prior to retaining an investment consultant directly or through an expert networking firm, obtain written certification from the consultant that includes:
    - disclosure of all confidentiality restrictions that the consultant has or reasonably expects to have that are relevant to the potential consultation;
    - an affirmative statement that the consultant will not provide any confidential information to Brighton Securities Corp.;
    - a statement that the information contained in the certification is accurate as of the date of the initial, and any subsequent consultation(s); and
    - must be dated and signed by the consultant.

Note: Many SEC advisers now include the firm's Insider Trading Policy as part of the firm's Code of Ethics pursuant to Rule 204A-1 of the Advisers Act. This is an acceptable and now common practice so advisers need not have a separate Insider Trading Policy or separate procedures for prohibiting and detecting insider trading information if adequately covered in the firm's Code of Ethics.

Investment Processes

Policy

As a registered adviser, and as a fiduciary to our advisory clients, Brighton Securities Corp. is required, and as a matter of policy, obtains background information as to each client's financial circumstances, investment objectives, investment restrictions and risk tolerance, among many other things, and provides its advisory services consistent with the client's objectives, etc., based on the information provided by each client.

Background

The U.S. Supreme Court has held that Section 206 (Prohibited Activities) of the Investment Advisers Act imposes a fiduciary duty on investment advisers by operation of law (SEC v. Capital Gains Research Bureau, Inc., 1963).

Also, the SEC has indicated that an adviser has a duty, among other things, to ensure that its investment advice is suitable to the client's objectives, needs and circumstances, (SEC No-Action Letter, In re *John G. Kinnard and Co.*, publicly available 11/30/1973).

Every fiduciary has the duty and a responsibility to act in the utmost good faith and in the best interests of the client and to always place the client's interests first and foremost.

As part of this duty, a fiduciary and an adviser with such duties, must eliminate conflicts of interest, whether actual or potential, or make full and fair disclosure of all material facts of any conflicts so a client, or prospective client, may make an informed decision in each particular circumstance.

Responsibility

The firm's investment professionals responsible for the particular client relationship have the primary responsibility for determining and knowing each client's circumstances and managing the client's portfolio consistent with the client's objectives. Brighton Securities Corp.'s designated officer has the overall responsibility for the implementation and monitoring of our investment processes policy, practices, disclosures and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. obtains substantial background information about each client's financial circumstances, investment objectives, and risk tolerance, among other things, through an in-depth interview and information gathering process which includes client profile or relationship forms.

- Advisory clients may also have and provide written investment policy statements or written investment guidelines that the firm reviews, approves, and monitors as part of the firm's investment services, subject to any written revisions or updates received from a client.
- Brighton Securities Corp. provides the firm's applicable Form ADV Part 2 (i.e., *Firm Brochure* and/or *Wrap Fee Program Brochure*) to all prospective clients, disclosing the firm's advisory services, fees, conflicts of interest and portfolio/supervisory reviews and investment reports provided by the firm to clients.
- Reporting typically includes; monthly statements, cash flow summary, quarterly reports, transaction summary and year-end and tax reporting. These reports are provided to clients by the custodian of their assets, not by Brighton Securities. As noted previously, First Clearing, LLC. provides custody services to the Company's clients. Investment professionals may also schedule client meetings on a periodic basis, or request basis, to review a client's portfolio, performance, market conditions, financial circumstances, and investment objectives, among other things, to confirm the firm's investment decisions and services are consistent with the client's objectives and goals. Documentation of such reviews should be made in the client file.
- Client relationships and/or portfolios may be reviewed on a more formal basis on a quarterly or other periodic basis by designated supervisors or management personnel.

Brighton Securities has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain managed account programs. Clients of investment advisory accounts described herein are clients of Brighton Securities. Brighton Securities is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). The Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Brighton Securities with respect to the following programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Pathways. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Brighton Securities with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Brighton Securities is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Brighton Securities to offer these programs.
Financial Planning Services are conducted for either an hourly or annual fee by Financial Advisors that are also independently credentialed as Certified Financial Planners or CFA, or industry equivalent, or must earn such credentials within two years of becoming a Financial Advisor of the firm. Services provided include initial consultation, follow-up consultations either quarterly, semi-annually or annually; and extensive advice for each client's situation. Areas of emphasis include investment planning, tax management, estate planning, retirement planning and client risk tolerances.

There are numerous forms required to implement an advisory (managed) account. As we currently utilize the Advisory Account offerings through Wells Fargo (via our clearing relationship with First Clearing, LLC.), please refer to the 'Products' tab on the InfoMAX site through SmartStation for a list of the forms required to open and maintain an advisory account. Go to the 'Products' tab and then select 'Advisory.'

Discretionary Authority for Trading

Non-discretionary account offerings (e.g., Asset Advisor, CustomChoice) which may be offered as client directed programs providing a range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. Clients have the option of accepting these recommendations or selecting different investments for there account.

Discretionary account programs (e.g., Masters, DMA, FundSource, Allocation Advisors, etc.) require a contract which includes a limited power of attorney that provides with limited transaction privileges. The limited power of attorney is included in the qualified custodian's account paperwork.

Distribution of assets to any but the registered account holder(s) must be received in writing and executed by the registered account holder(s).

Clients may have the opportunity to impose reasonable restrictions on the securities purchased or the way the account is managed. The restrictions may be imposed in order to gain a tax advantage or some other personal objective. Any restrictions may adversely affect the risk-reward level of a portfolio. We will honor the restrictions absent extraordinary circumstances. Clients who impose restrictions with respect to certain assets in a managed account may cause a portion of the portfolio to be placed outside the manager's discretion, expertise and judgment as to the wisdom of purchasing, holding or selling particular securities. The decision by a client to retain certain assets may have an adverse impact on the amount of risk assumed by the client and may hinder the investment manager's ability to manage the portfolio properly according to the stated objectives of the client.
Note well: Although some of the advisory contracts utilized by us for the WFA discretionary programs (Allocation Advisors, FundSource, DMA and Masters) may authorize Brighton to act as a discretionary investment advisor, we do not currently exercise that authority. Currently, only WFA acts in that capacity in these programs.
Discretionary authority at Brighton Securities is generally not allowed but in any circumstance must be pre-approved by a Principal of the firm in writing.

Mutual Fund Share Class Selection

Policy

As a matter of policy and as a fiduciary to our clients, Brighton Securities Corp. acts in the best interests of clients when recommending investments, including shares of mutual funds. Absent compelling reasons to the contrary and in keeping with each client's best interests, Brighton Securities Corp. will generally seek to recommend the lowest overall cost share class of mutual funds available to clients under the circumstances and to disclose all conflicts of interest arising in the selection of mutual fund share classes.

Background

Section 206 of the Investment Advisers Act of 1940 imposes a fiduciary duty on investment advisers to act in their clients' best interests, including an affirmative duty to disclose all conflicts of interest. A conflict of interest arises when an adviser receives compensation (either directly or indirectly through an affiliated broker-dealer) for selecting a more expensive mutual fund share class for a client when a less expensive share class for the same fund is available and appropriate. That conflict of interest must be disclosed.

The Commission has long been focused on the conflicts of interest associated with mutual fund share class selection. Differing share classes facilitate many functions and relationships. However, investment advisers must be mindful of their duties when recommending and selecting share classes for their clients and disclose their conflicts of interest related thereto.

Even absent a pecuniary conflict of interest that may incentivize advisers or representatives to recommend a higher cost share class, advisers have the duty to seek best execution of securities transactions for clients. In a mutual fund transaction, the price for open-end mutual fund shares is not set by the market, but determined by the fund at the end of each business day based on the fund's net asset value. Trades are executed by the mutual fund itself, and the transactions can be entered by a broker, an adviser, or directly through the fund. Unlike equity transactions, mutual fund trades are not subject to market fluctuations throughout the day, so brokers cannot add value by working the trade. Other typical "best execution" factors, such as the value of research provided, commission rates, and the broker's execution capability and responsiveness, are not as pertinent in an open-end mutual fund transaction. Therefore, SEC Staff generally take the position that the best interests of clients are not served when advisers cause clients to purchase a more expensive share class when a less expensive class is available.

Responsibility

Jai Ramachandran has the responsibility for implementing and monitoring our policy, including employee training. The investment committee and its designees are responsible for the initial selection, periodic review and documentation of mutual fund shares selected for clients.

Procedures

Brighton Securities Corp. has implemented the following procedures for selecting and reviewing the appropriate mutual fund share classes:

- Prior to making an initial investment in a mutual fund, the firm's investment committee or selected designees will review all available share classes and related expense ratios to determine which class meets the firm's duty of best execution, taking into account cost, client's time horizons, restrictions and preferences. Documentation of selection decisions will be created for any shares chosen that do not represent the lowest cost share class;
- Any clients who were erroneously invested in higher cost share classes will be reimbursed or otherwise made whole;
- Communication and training will be provided to the firm's investment professionals and trader(s) and staff on the application of these criteria and review process;
- Brighton Securities Corp. will allocate investment opportunities fairly among client accounts and document the allocations for our records;
- On a (quarterly/annual basis), our investment committee or a designee will review invoices to ensure our clients are accurately billed. Documentation of this review will be kept in our files; and
- For conflicts that cannot be avoided, we will provide full and fair disclosure about the conflict and let the client decide whether to do business on those terms.

[Optional, for firms that receive 12b-1 fees]

- Clearly disclose to clients that recommendations to purchase mutual fund share classes with 12b-1 fees can result in the receipt of payments by our firm, our investment advisory representatives, or an affiliated broker-dealer; and
- Specifically state on our Form ADV Part 2A and Part 3 that:
    - Brighton Securities Corp. [or our affiliate(s)] receives 12b-1 fees from [insert relevant source of payment]; and
    - These payments present a conflict of interest between our firm and our clients' best interests.

Our investment committee or selected designees will conduct quarterly reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections. These reviews will take into account whether a client's situation has changed, and/or whether new share class options are available, with the goal of evaluating whether the client now qualifies for, or has access to, a lower-cost share class.

Performance

Policy

Brighton Securities Corp., as a matter of policy and practice, does not prepare or distribute any performance history or record relating to the investment performance of the firm or advisory clients.

Background

An investment adviser's performance information is included as part of a firm's advertising practices which are regulated by the SEC under Section 206 of the Advisers Act, which prohibits advisers from engaging in fraudulent, deceptive, or manipulative activities. The manner in which investment advisers portray themselves and their investment returns to existing and prospective clients is highly regulated. These standards include how performance is presented. SEC Rule 206(4)-1 proscribes various advertising practices of investment advisers as fraudulent, deceptive or manipulative and various SEC no-action letters provide guidelines for performance information.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our performance policy that the firm does not prepare or distribute any performance history for the firm or advisory clients.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting the preparation and distribution of performance information has been communicated to relevant individuals including management, marketing/sales, and portfolio managers, among others;
- Jai Ramachandran monitors the firm's advisory services, marketing/sales materials and other materials quarterly to help ensure that no performance information is prepared and distributed as advertising or marketing materials to any prospective client or others; and
- in the event of any change in the firm's policy, any such change must be approved by management, and any performance information would only be allowed after appropriate reviews and approvals, disclosures, meeting strict regulatory requirements and maintaining proper records.

Political Contributions

Policy

It is Brighton Securities Corp.'s policy to permit the firm, and its covered associates, to make political contributions to elected officials, candidates and others, consistent with this policy and regulatory requirements.

Brighton Securities Corp. recognizes that it is never appropriate to make or solicit political contributions, or provide gifts or entertainment for the purpose of improperly influencing the actions of public officials. Accordingly, our firm's policy is to restrict certain political contributions made to government officials and candidates of state and state political subdivisions who can influence or have the authority for hiring an investment adviser.

The firm also maintains appropriate records for all political contributions made by the firm and/or its covered associates. Our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s 'Pay-to-Play' practices.

Background

On June 22, 2011, the SEC adopted amendments to rule 206(4)-5, adding provisions extending the scope of the rule, making it applicable to (i) exempt reporting advisers, defined as an investment adviser that is exempt from registration because it is an adviser solely to one or more venture capital funds, or because it is an adviser solely to private funds and has assets under management in the United States of less than $150 million; and foreign private advisers, as defined under rule 202(a)(30)-1.

The amendments also permit an adviser to pay a registered municipal advisor to act as a placement agent to solicit government entities on its behalf provided that the municipal advisor is subject to a pay-to-play rule adopted by the Municipal Securities Rulemaking Board (MSRB) that is at least as stringent as the investment adviser pay-to-play rule.

In addition, the SEC extended the compliance date applicable to third-party solicitor provisions from September 13, 2011 to June 13, 2012 to "provide time for the MSRB and FINRA to adopt pay-to-play rules if they choose to do so." The extension will also give third-party solicitors additional time to come into compliance with the applicable rules.

In July 2010, the SEC adopted "Pay-to-Play" rules; including the new anti-fraud Political Contributions by Certain Investment Advisers Rule (Rule 206(4)-5) under the Advisers Act (SEC Release No. IA-3043). The SEC had previously proposed a similar pay-to-play rule in 1999 which was not adopted. The political contribution rule was re-proposed in 2009 and adopted July 1, 2010.

The Political Contributions rule addresses certain pay-to-play practices such as making or soliciting campaign contributions or payments to certain government officials to influence the awarding of investment contracts for managing public pension plan assets and other state governmental investments.

The new rule applies to SEC registered advisers as well as advisers exempt from registration with the SEC pursuant to reliance on the private adviser exemption as provided in Section 203(b)(3) of the Advisers Act (hereafter, the "adviser"), which manage or seek to manage private investment funds in which government and governmental plans invest.

The Political Contribution Rule and amendments to Rule 204-2 are effective September 13, 2010, and the compliance date is March 14, 2011; although the Rule provides an extended date for compliance with certain of its provisions as detailed below.

By March 14, 2011, advisers with clients who are government entities must comply with the amendments to Rule 204-2, including:

- maintaining required records of all individuals who are Covered Associates under the Rule;
- maintaining required records of political contributions made by the firm or its Covered Associates on and after that date; and
- maintaining required records identifying all government entities to which the adviser provides advisory services on and after that date

Notes: The Rule's prohibition on providing advisory services for compensation to a government entity within two years of a contribution will not apply to, and the Rule's prohibition on soliciting or coordinating contributions will not be triggered by contributions made before March 13, 2011 (i.e., six months after the effective date of the Rule).

Additionally, advisers that pay regulated persons to solicit government entities for advisory services on their behalf must maintain a list of those persons. As noted above, this compliance date has been extended by the SEC to June 13, 2012.

UPDATE: The SEC adopted a final rule, effective June 11, 2012, extending the date by which advisers must comply with the ban on third-party solicitation under rule 206(4)-5 of the Adviser Act, the 'Pay-to-Play' rule. The compliance date has been extended until nine months after the compliance date of a final rule to be adopted by the SEC pursuant to which municipal advisor firms must register under the Securities Exchange Act of 1934. This extension is intended to ensure an orderly transition for advisers and third-party solicitors as well as to provide additional time for them to adopt or adjust compliance policies and procedures after the transition.

The SEC will issue the new compliance date for the ban on third-party solicitation once the final rule is adopted. (SEC Release No. IA-3418; File No. S7-18-09, dated June 8, 2012)

SEC Sets Compliance Date for Ban on Third-Party Solicitation

On June 25, 2015, the SEC published *Political Contributions by Certain Investment Advisers: Ban on Third-Party Solicitation;* Notice of Compliance Date (Release No. IA-4129; File No. S7-18-09) announcing the compliance date for the ban on third-party solicitation is July 31, 2015.

Concurrently, staff of the Division of Investment Management added Question I.4 to guidance provided in *Staff Responses to Questions About the Pay to Play Rule* to clarify the current impact of establishing the compliance date. Rule 206(4)-5 prohibits an investment adviser subject to the rule, and its covered associates, from providing or agreeing to provide, directly or indirectly, payment to any third party for a solicitation of advisory business from any government entity on behalf of such adviser, unless such third party is a "regulated person," defined as (i) an SEC-registered investment adviser, (ii) a registered broker or dealer subject to pay-to-play rules adopted by a registered national securities association, or (iii) a registered municipal advisor that is subject to pay-to-play rules adopted by the MSRB. The Commission must find, by order, that the rules applicable to broker-dealers and municipal advisors (i) impose substantially equivalent or more stringent restrictions than rule 206(4)-5 imposes on investment advisers, and (ii) are consistent with the objectives of rule 206(4)-5. As noted in Question I.4, however, neither FINRA nor the MSRB have yet adopted pay to play rules.

Accordingly, until the later of (i) the effective date of such a FINRA pay to play rule or (ii) the effective date of such an MSRB pay to play rule, the Division would not recommend enforcement action to the Commission against an investment adviser or its covered associates under rule 206(4)-5(a)(2)(i) for the payment to any person to solicit a government entity for investment advisory services.

Likewise, advisers to registered investment companies that are "covered investment pools" must comply with the Rule requirements pertaining to such covered pools within one year after the effective date. During that interim time, contributions made by the adviser or its Covered Associates to government entity clients that have selected the adviser's registered investment company as an option of the plan or program will not trigger the prohibitions of the Rule.

Responsibility

Our firm's designated officer has the responsibility for the implementation and monitoring of our firm's political contribution policy, practices, disclosures and recordkeeping.

Procedure

- Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:
- the Compliance Officer, or other designated officer, determines who is deemed to be a "Covered Associate" of the firm and promptly advises those individuals of their status as such; maintains records including the names, titles, and business and residence addresses of all covered associates;
- the Compliance Officer, or other designated officer, obtains appropriate information from new employees (or employees promoted or otherwise transferred into positions) deemed to be covered associates, regarding any political contributions made within the preceding two years (from the date s/he becomes a covered associate) if such person will be soliciting municipal business; such review may include an online search of the individual's contribution history as part of the firm's general background check;

- political contributions made by covered associates must not exceed the rule's *de minimis* amount;
- prior to accepting a new advisory client that is a government entity, Jai Ramachandran, or other designated officer will conduct a review of political contributions made by covered associates to ensure that any such contribution(s) did not exceed the rule's permissible *de minimis* amount;
- the Compliance Officer, or other designated officer, quarterly monitors and maintains records identifying all government entities to which Brighton Securities Corp. provides advisory services, if any;
- the Compliance Officer, or other designated officer, monitors and maintains records detailing political contributions made by the firm and/or its covered associates;
- such records will be maintained in chronological order and will detail:
    i. the name and title of the contributor;
    ii. the name and title (including any city/county/state or other political subdivision) of each recipient of a contribution or payment;
    iii. the amount and date of each contribution or payment; and
    iv. whether any such contribution was the subject of the exception for certain returned contributions.
- the Compliance Officer, or other designated officer, will maintain appropriate records following the departure of a covered associate who made a political contribution triggering the two-year 'time out' period;
- the Compliance Officer, or other designated officer, maintains records reflecting approval of political contributions made by the firm and/or its covered associates;
- prior to engaging a third party solicitor to solicit advisory business from a government entity, the Compliance Officer, or other designated officer, will determine that such solicitor is (1) a "regulated person" as defined under this Rule and (2) determined that such individual has not made certain political contributions or otherwise engaged in conduct that would disqualify the solicitor from meeting the definition of "regulated person";
- at least annually, the Compliance Officer, or other designated officer, will require covered associates and any third party solicitors to confirm that such person(s) have reported any and all political contributions, and continue to meet the definition of "regulated person";
- the Compliance Officer, or other designated officer, maintains records of each regulated person to whom the firm provides or agrees to provide (either directly or indirectly) payment to solicit a government entity for advisory services on its behalf; and
- the Compliance Officer, or other designated officer, will monitor states' registration and/or reporting requirements pursuant to the firm's use of any "placement agents" (including employees of the firm and/or its affiliates) for the solicitation of or arrangements for providing advisory services to any government entity or public pension plan.

Principal Trading

Policy

Brighton Securities Corp.'s policy and practice is to NOT engage in any principal transactions and our firm's policy is appropriately disclosed in Part 1A and Part 2A of Form ADV.

Background

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. As a fiduciary and under the anti-fraud section of the Advisers Act, principal transactions by advisers are prohibited unless the adviser 1) discloses its principal capacity in writing to the client in the transaction and 2) obtains the client's consent to each principal transaction before the settlement of the transaction.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our principal trading policy and disclosures that the firm/affiliated firm does not engage in any principal transactions with advisory clients.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly, and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting any principal trades with advisory clients has been communicated to relevant individuals, including management, traders and portfolio managers, among others;
- the firm's policy is appropriately disclosed in the firm's Form ADV, Parts 1A and 2A;
- Jai Ramachandran semi-annually monitors the firm's advisory services and trading practicesto help ensure no principal trades occur for advisory clients; and
- in the event of any change in the firm's policy, any such change must be approved by management, and any principal transactions would only be allowed after appropriate reviews and approvals, disclosures, meeting strict regulatory requirements and maintaining proper records.

Privacy

Policy

As a registered investment adviser, Brighton Securities Corp. must comply with SEC Regulation S-P, which requires registered advisers to adopt policies and procedures to protect the "non-public personal information" of natural person consumers and customers and to disclose to such persons policies and procedures for protecting that information.

Further, and as a SEC registered advisory firm, our firm must comply with SEC Regulation S-AM, to the extent that the firm has affiliated entities with which it may share and use consumer information received from affiliates.

Currently, all 50 states have data breach laws which require private entities or government agencies to notify individuals who have been impacted by security breaches that may compromise their personally identifiable information (“PII”). Brighton Securities Corp. will follow industry and business best practices when it comes to notifying our clients on data breaches, and will also periodically review our state’s requirements.

Background

Regulation S-P / Privacy Rule

The purpose of these regulatory requirements and privacy policies and procedures is to provide administrative, technical and physical safeguards which assist employees in maintaining the confidentiality of non-public personal information ("NPI") collected from the consumers and customers of an investment adviser. All NPI, whether relating to an adviser's current or former clients, is subject to these privacy policies and procedures. Any doubts about the confidentiality of client information must be resolved in favor of confidentiality.

For these purposes, NPI includes non-public "personally identifiable financial information" plus any list, description or grouping of customers that is derived from non-public personally identifiable financial information. Such information may include personal financial and account information, information relating to services performed for or transactions entered into on behalf of clients, advice provided by the firm to clients, and data or analyses derived from such NPI.

Regulation S-P implements the GLB Act's requirements with respect to privacy of consumer nonpublic personal information for registered investment advisers, investment companies, and broker-dealers (each, a "financial institution"). Among other provisions, financial institutions are required to provide an ***initial*** notice to each customer that sets forth the financial institution's policies and practices with respect to the collection, disclosure and protection of customers' nonpublic personal information to both affiliated and nonaffiliated third parties. Thereafter, as long as the customer relationship continues to exist, the financial institution is required to provide an annual privacy disclosure to its customers

describing the financial institution's privacy policies and practices unless it meets the requirements for the annual delivery exception as set forth below.

Significantly, on December 4, 2015, the President signed the *Fixing America's Surface Transportation Act* (the "FAST Act") into law. Among other provisions, the FAST Act includes an amendment of the consumer privacy provisions within the GLB Act. The amendment, which went into effect immediately, now provides an exception to the ***annual*** privacy notice distribution requirement if the financial institution meets the following two criteria: (i) the financial institution does not share nonpublic personal information with nonaffiliated third parties (other than as permitted under certain enumerated exceptions) and (ii) the financial institution's policies and practices regarding disclosure of nonpublic personal information have not changed since the last distribution of its policies and practices to its customers.

Regulation S-AM

SEC Regulation S-AM, effective September 10, 2009, with a postponed compliance date from January 1, 2010 to June 1, 2010, requires SEC investment advisers, and other SEC regulated entities, to the extent relevant, to implement limitations on the firm's use of certain consumer information received from an affiliated entity to solicit that consumer for marketing purposes. Regulation S-AM provides for notice and opt-out procedures, among other things. The compliance date was extended to allow registered firms to establish systems to meet the new regulatory requirements.

Responsibility

Jai Ramachandran is responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Brighton Securities Corp.'s client privacy goals and objectives while at a minimum ensuring compliance with applicable federal and state laws and regulations. Jai Ramachandran may recommend to the firm's principal(s) any disciplinary or other action as appropriate. Jai Ramachandran is also responsible for distributing these policies and procedures to employees and conducting appropriate employee training to ensure employee adherence to these policies and procedures.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Non-Disclosure of Client Information

- Brighton Securities Corp. maintains safeguards to comply with federal and state standards to guard each client's non-public personal information ("NPI"). Brighton Securities Corp. does not share any NPI with any nonaffiliated third parties, except in the following circumstances:
- as necessary to provide the service that the client has requested or authorized, or to maintain and service the client's account;

- as required by regulatory authorities or law enforcement officials who have jurisdiction over Brighton Securities Corp., or as otherwise required by any applicable law;
- to protect the confidentiality or security of the financial institution's records against fraud and for institutional risk control purposes; and
- to provide information to the firm's attorneys, accountants and auditors or others determining compliance with industry standards.

Employees are prohibited, either during or after termination of their employment, from disclosing NPI to any person or entity outside Brighton Securities Corp., including family members, except under the circumstances described above. An employee is permitted to disclose NPI only to such other employees who need to have access to such information to deliver our services to the client.

Safeguarding and Disposal of Client Information

Brighton Securities Corp. restricts access to NPI to those employees who need to know such information to provide services to our clients.

Any employee who is authorized to have access to NPI is required to keep such information in a secure compartment or receptacle daily. All electronic or computer files containing such information shall be password secured and firewall protected from access by unauthorized persons. Any conversations involving NPI, if appropriate at all, must be conducted by employees in private, and care must be taken to avoid any unauthorized persons overhearing or intercepting such conversations.

Safeguarding standards encompass all aspects of the Brighton Securities Corp. that affect security. This includes not just computer security standards but also such areas as physical security and personnel procedures. Examples of important safeguarding standards that Brighton Securities Corp. may adopt include:

- access controls on customer information systems, including controls to authenticate and permit access only to authorized individuals and controls to prevent employees from providing customer information to unauthorized individuals who may seek to obtain this information through fraudulent means (*e.g.*, requiring employee use of user ID numbers and passwords, etc.);
- access restrictions at physical locations containing customer information, such as buildings, computer facilities, and records storage facilities to permit access only to authorized individuals (*e.g.*, intruder detection devices, use of fire and burglar resistant storage devices);
- encryption of electronic customer information, including while in transit or in storage on networks or systems to which unauthorized individuals may have access;
- ensuring measures are put in place for the ability to access client information from any third-parties, including CRM systems, in order to review, delete, or perform security assessments, as necessary;
- procedures designed to ensure that customer information system modifications are consistent with the firm's information security program (*e.g.*, independent approval and periodic audits of system modifications);

- dual control procedures, segregation of duties, and employee background checks foremployees with responsibilities for or access to customer information (*e.g.*, require data entry to be reviewed for accuracy by personnel not involved in its preparation; adjustments and correction of master records should be reviewed and approved by personnel other than those approving routine transactions, etc.);
- monitoring systems and procedures to detect actual and attempted attacks on or intrusions into customer information systems (*e.g.*, data should be auditable for detection of loss and accidental and intentional manipulation);
- response programs that specify actions to be taken when the firm suspects or detects that unauthorized individuals have gained access to customer information systems, including appropriate reports to regulatory and law enforcement agencies;
- measures to protect against destruction, loss, or damage of customer information due to potential environmental hazards, such as fire and water damage or technological failures (*e.g.*, use of fire resistant storage facilities and vaults; backup and store off site key data to ensure proper recovery); and
- information systems security should incorporate system audits and monitoring, security of physical facilities and personnel, the use of commercial or in-house services (such as networking services), and contingency planning.

Any employee who is authorized to possess "consumer report information" for a business purpose is required to take reasonable measures to protect against unauthorized access to or use of the information in connection with its disposal. There are several components to establishing 'reasonable' measures that are appropriate for the firm:

- assessing the sensitivity of the consumer report information we collect;
- the nature of our advisory services and the size of our operation;
- evaluating the costs and benefits of different disposal methods; and
- researching relevant technological changes and capabilities.

Some methods of disposal to ensure that the information cannot practicably be read or reconstructed that Brighton Securities Corp. may adopt include:

- procedures requiring the burning, pulverizing, or shredding or papers containing consumer report information;
- procedures to ensure the destruction or erasure of electronic media; and
- after conducting due diligence, contracting with a service provider engaged in the business of record destruction, to provide such services in a manner consistent with the disposal rule.

Privacy Notices

Initial Privacy Notice Delivery

- Brighton Securities Corp. will provide each natural person client with initial notice of the firm's current policy when the client relationship is established. Brighton Securities Corp. shall also provide each such client with a new notice of the firm's current privacy policies at least annually.

- If Brighton Securities Corp. shares non-public personal information ("NPI") relating to a non-California consumer with a nonaffiliated company under circumstances not covered by an exception under Regulation S-P, the firm will deliver to each affected consumer an opportunity to ***opt out*** of such information sharing.
- If Brighton Securities Corp. shares NPI relating to a California consumer with a nonaffiliated company under circumstances not covered by an exception under SB1, the firm will deliverto each affected consumer an opportunity to ***opt in*** regarding such information sharing.

Annual Privacy Notice Delivery

- If Brighton Securities Corp. shares non-public personal information ("NPI") relating to a non-California consumer with a nonaffiliated company under circumstances not covered by an exception under Regulation S-P, the firm will annually deliver to each affected consumer an opportunity to ***opt out*** of such information sharing.
- If Brighton Securities Corp. shares NPI relating to a California consumer with a nonaffiliated company under circumstances not covered by an exception under SB1, the firm will annually deliver to each affected consumer an opportunity to ***opt in*** regarding such information sharing.

Annual Privacy Notice Exception

Brighton Securities Corp. will not have to deliver an annual privacy notice provided it (1) only shares NPI with nonaffiliated third-parties in a manner that does not require an opt-out right be provided to customers (e.g., if the institution discloses NPI to a service provider or for fraud detection and prevention purposes) and (2) has not changed its policies and practices with respect to disclosing NPI since it last provided a privacy notice to its customers.

If, at any time, Brighton Securities Corp. adopts material changes to its privacy policies, the firm shall provide each such client with a revised notice reflecting the new privacy policies. The Compliance Officer is responsible for ensuring that required notices are distributed to the Brighton Securities Corp.'s consumers and customers.

Data Breaches and Compromise of PII

Brighton Securities Corp. will follow industry and business best practices when it comes to notifying our clients on data breaches, including:

- Immediate written notification to the client and appropriate state governmental agencies within 45 days of the breach;
- When a data security incident involves a client’s Social Security number, driver’s license number, or state identification card number, our firm is required (state requirements may vary) to provide an offer for a complimentary credit monitoring for at least 18 months; and
- Brighton Securities Corp. will provide instructions to affected clients on how to sign up for complimentary credit monitoring services and will not require impacted clients to waive their private right of action as a condition of the offer of such services.

Proxy Voting

Policy

Brighton Securities Corp., as a matter of policy and practice, has no authority to vote proxies on behalf of advisory clients. The firm may offer assistance as to proxy matters upon a client's request, but the client always retains the proxy voting responsibility. Brighton Securities Corp.'s policy of having no proxy voting responsibility is disclosed to clients.

Background

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised.

Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser's interests and those of its clients; (b) to disclose to clients how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our proxy policy and to ensure that the firm does not accept or exercise any proxy voting authority on behalf of clients without an appropriate review and change of the firm's policy with appropriate regulatory requirements being met and records maintained.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. discloses its proxy voting policy of not having proxy voting authority in its Firm Brochure (and Wrap Fee Program Brochure, if applicable) or other client information;
- Brighton Securities Corp.'s advisory agreements provide that the firm has no proxy voting responsibilities and that the advisory clients expressly retain such voting authority;
- Brighton Securities Corp.'s new client information materials may also indicate that advisory clients retain proxy voting authority;

- Jai Ramachandran reviews the nature and extent of advisory services provided by the firm and monitors such services annually to determine and confirm that client proxies are not being voted by the firm or anyone within the firm.

Registration

Policy

As an SEC-registered investment adviser, Brighton Securities Corp. maintains and renews its adviser registration on an annual basis through the Investment Adviser Registration Depository (IARD), for the firm, state notice filings, as appropriate, and licensing of its investment adviser representatives (IARs).

Brighton Securities Corp.'s policy is to monitor and maintain all appropriate firm notice filings and IAR registrations that may be required for providing advisory services to our clients in any location. Brighton Securities Corp. monitors the state residences of our advisory clients, and will not provide advisory services unless appropriately registered as required, or a de minimis or other exemption exists.

Background

In accordance with the Advisers Act, and unless otherwise exempt from registration requirements, investment adviser firms are required to be registered either with the Securities and Exchange Commission (SEC) or with the state(s) in which the firm maintains a place of business and/or is otherwise required to register in accordance with each individual state(s) regulations and de minimis requirements. The registered investment adviser is required to maintain such registrations on an annual basis through the timely payment of renewal fees and filing of the firm's Annual Updating Amendment.

Individuals providing advisory services on behalf of the firm are also required to maintain appropriate registration(s) in accordance with each state(s) regulations unless otherwise exempt from such registration requirements. The definition of investment adviser representative may vary on a state-by-state basis. Supervised persons providing advice on behalf of SEC-registered advisers are governed by the federal definition of investment adviser representative to determine whether or not state IAR registration is required. The investment adviser representative registration(s) must also be renewed on an annual basis through the IARD and the timely payment of renewal fees.

On February 15, 2012, the SEC adopted amendments to Rule 205-3 increasing the dollar thresholds used to determine whether an advisory client is a 'qualified client.' In addition to its primary application for ascertaining whether the adviser may charge a performance-based fee, the definition of a 'qualified client' is an important component of the federal definition of investment adviser representative.

Section 418 of the Dodd-Frank Act and Rule 205-3 require the SEC to adjust the dollar amounts in these tests for inflation, rounding to the nearest $100,000, beginning July 21, 2011 and every five years thereafter. Accordingly, on June 14, 2016, the Commission issued an order approving an inflation adjustment for the dollar amount test in Rule 205-3.

Beginning in November 2011, FINRA implemented an annual Entitlement User Accounts Certification Process which requires the firm's designated Super Account Administrator (SAA) to review and update as necessary each user at their organization who is authorized to access specific applications on the IARD and/or CRD systems. If the SAA fails to complete the Certification Process within the proscribed 30 days, neither the SAA nor the firm's Accounts Administrators will be able to create, edit and clone user accounts for the firm until such time as the SAA complete the Certification Process.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our registration policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- The Chief Compliance Officer, or other designated officer, monitors the state residences of our advisory clients, and the firm and/or its IARs will not provide advisory services unless appropriately notice filed or licensed as required, or a de minimis or other exemption exists.

- Brighton Securities Corp.'s Chief Compliance Officer, or other designated officer, monitors the firm's and IAR registration requirements and reporting obligations on an on-going and quarterly basis to ensure timely filing of registrations and revised disclosures in accordance with applicable regulatory requirements;

- IARs are required to promptly notify Brighton Securities Corp.'s Chief Compliance Officer, or other designated officer, reporting any changes to their legal name, residence and/or other business activities, among other information reported on Form U4;

    - upon receipt of such information and where applicable, the Chief Compliance Officer, or other designated officer, shall promptly file an amendment to that individual's Form U4;

- Notice filings and IAR licensing filings are made on a timely basis and appropriate files and copies of all filings are maintained by the Chief Compliance Officer or other designated officer.

- Brighton Securities Corp. makes the annual filing of Form ADV within 90 days of the end of the firm's fiscal year (Annual Updating Amendment) to update all disclosures, including certain information required to be updated only on an annual basis;

- The firm's designated SAA will promptly respond to and complete FINRA's annual Entitlement User Accounts Certification Process to ensure that the firm maintains necessary and appropriate access to these systems. On at least an annual basis, the SAA will conduct a full review of individuals authorized as Users on the firm's IARD/CRD system, including an assessment of each User's current authorization(s). The SAA will terminate or modify such authorizations based on each individual's need to access such applications.

Brighton Securities Corp.'s Chief Compliance Officer, or other designated officer, is responsible for overseeing the IARD/CRD Annual Renewal Program, including:

- conducting a review of the current notice filings/registrations for the firm and its IARs prior to FINRA's publication of the current year's Preliminary Renewal Statement (typically published in early November);
- adding any necessary notice filings/registrations and/or withdrawing unnecessary notice filings/registrations on the IARD/CRD systems prior to the issuance of the Preliminary Renewal Statement to facilitate renewals and avoid payment of unnecessary registration fees;
- ensuring that payment of the firm's Preliminary Renewal Statement is made in a timely manner to avoid(1) termination of required notice filings and IAR registrations, and (2) violations of regulatory requirements; and
- obtains and reviews the firm's Final Renewal Statement (published by FINRA on the first business day of the new year), and ensures prompt payment of any additional registration fees or obtains a refund for terminated registrations, if applicable

Regulatory Reporting

Policy

As a registered investment adviser with the SEC, or appropriate state(s), Brighton Securities Corp.'s policy is to maintain the firm's regulatory reporting requirements on an effective and good standing basis at all times. Brighton Securities Corp. also monitors, on an on-going and periodic basis, any regulatory filings or other matters that may require amendment or additional filings with the SEC and/or any states for the firm and its associated persons.

Any regulatory filings for the firm are to be made promptly and accurately. Our firm's regulatory filings may include Form ADV, Form PF, Schedules 13D, 13G, Form 13F, Form 13H, FBAR, FATCA, AIFMD, TIC Form SLT and/or TIC B Forms filings, among others that may be appropriate.

Background

Form ADV serves as an adviser's registration and disclosure brochures. Form ADV, therefore, provides information to the public and to regulators regarding an investment adviser. Regulations require that material changes to Form ADV be updated promptly and that Form ADV be updated annually.

On June 5, 2019, the SEC adopted new rules requiring all SEC-registered investment advisers with retail clients to create a new Form ADV Part 3, also known as a Client Relationship Summary (Form CRS), with the purpose of further explaining the nature of their services and relationship, their fees and costs, and their standard of conduct and conflicts of interest to prospective clients.

Pursuant to rules adopted by the SEC implementing Sections 404 and 406 of the Dodd-Frank Act, SEC-registered investment advisers with at least $150 million in private fund assets under management are required to periodically file Form PF.

Schedules 13D, 13G, and Form 13F filings are required under the Securities Exchange Acts related to client holdings in equity securities. Form 13H filings are required under the Exchange Act for firms designated as large traders. Form D filings under Regulation D of the Securities Act of 1933 allow issuers of private securities to make offerings, e.g., hedge and private equity fund offerings to investors without registration under the 1933 Act. The SEC has proposed amendments to Form D pursuant to rules adopted (i) permitting general solicitation and general advertising in Rule 506 offerings and (ii) 'Bad Actor' provisions that disqualify securities offerings involving certain "felons" and other 'bad actors' from relying on Rule 506 where an issuer or certain other 'covered persons' have had a disqualifying event.

U. S. Department of the Treasury TIC Form SLT is filed with the Federal Reserve Bank of New York to report certain foreign-resident holdings of long-term U.S. securities and/or U.S.-resident holdings of long-term foreign securities; TIC B Forms require reporting of cross-border claims on and liabilities to foreign residents by various 'financial institutions' which include investment advisers and managers, hedge funds, private equity funds, pension funds and mutual funds, among many others. FBAR filings are required for every U.S. person who has a financial interest in, or signature or other authority over,

any foreign financial accounts, including bank, securities, or other types of financial accounts in a foreign country, must report that relationship each calendar year by filing an FBAR with Treasury on or before June 30 of the succeeding year, if the aggregate value of these financial accounts exceeds $10,000 at any time during the calendar year.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our regulatory reporting policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. makes the annual filing of Form ADV within 90 days of the end of the firm's fiscal year (Annual Updating Amendment) to update all disclosures, including certain information required to be updated only on an annual basis;
- Brighton Securities Corp. promptly updates our Disclosure Document and certain information in Form ADV, Part 1, Part 2, and Part 3, as appropriate, when material changes occur and/or pursuant to any revisions to applicable reporting requirements;
- all employees should report to the Chief Compliance Officer or other designated officerany information in Form ADV that such employee believes to be materially inaccurate or omits material information; and
- as applicable, Jai Ramachandran will review Schedules 13D, 13G, and Form 13F, 13H and D, FBAR, TIC Forms (e.g., Forms B, C and SLT, as applicable) and Form PF filing requirementsamong others and make such filings and keep appropriate records as required.

Senior Investors

Policy

As a registered investment adviser, Brighton Securities Corp., as a part of its fiduciary duty to its clients and as a matter of best business practices, has adopted a policy in regard to senior investors. This policy, designed to offer extra protection to senior investors who plan to purchase complex, non-traditional securities, includes annual investment adviser trainings, creating detailed disclosures, annual reviews of senior accounts, and maintaining vigilance over suspected diminished capacity and senior abuse.

Background

Senior investors, comprised of investors aged 62 and older, are a fast-growing demographic which has previously made economic gains through strong performances of both the housing and stock markets. Due to the economic downturn from 2007-2010, interest rates on savings accounts, certificates of deposit, and bonds have dropped dramatically. Many senior investors have experienced a significant reduction in the income streams which they tend to rely on upon retirement. As such, more complex, and potentially unsuitable, securities may be recommended to senior investors without providing proper and understandable disclosures regarding the terms and related risks of these recommended securities.

Beginning in 2006, regulators have made collaborative efforts aimed at protecting senior investors by providing educational programs and conducting examinations focused on senior issues. In 2018, the SEC issued their 2018 National Exam Program Examination Priorities, in which they continue to prioritize the financial exploitation of senior investors. The SEC plans on focusing on several areas, including: the clear and proper disclosures provided to the investors in regards to the calculation of fees, expenses, and other charges; investment recommendations; and internal controls.

Realizing that senior financial abuse is an escalating problem, lawmakers in Congress passed bipartisan legislation aimed at curbing it and protecting potential victims, known as the Senior Safe Act, on May 24, 2018. The Act, should a firm choose to administer it, will grant immunity to individuals and their firms from any civil or administrative proceedings that may arise from disclosing any suspected exploitation of a senior citizen to a regulatory agency.

In order for immunity to be granted, the firm must administer the entire Senior Safe Act program. The firm, or a third party selected by the firm, must provide training to each officer or employee who: a) served as a supervisor or in a compliance or legal function; b) may come into contact with a senior client as a regular part of the professional duties of the individual; or c) may review or approve the financial documents, records, or transactions of a senior client in connection with providing financial services to that client. This training should occur as soon as reasonably practicable and no later than one year after any relevant individual becomes employed with the firm. An employee who received training and served as a supervisor or in a compliance or legal function will not be held liable for disclosing suspected exploitation as long as the disclosure was made in good faith and with reasonable care. Similarly, the firm will also not be held liable if the employee meets the Senior Safe Act's requirements.

The procedures below will also address industry best practices regarding the Senior Safe Act.

In January 2020, OCIE issued its 2020 Examination Priorities, in which OCIE has stated it will once again emphasize the protection of retail investors, particularly seniors and those saving for retirement. OCIE plans to prioritize the examinations of investment advisers, broker-dealers, and dually registered firms, focusing on recommendations and advice made by entities and individuals targeting retirement communities.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our policy on senior investors. Jai Ramachandran will also identify by name and title those employees who are authorized to place a temporary hold on an account on behalf of the firm if financial exploitation is suspected. In addition, any associated persons should be alert to signs of diminished capacity and/or senior abuse when dealing with senior clients.

Procedures

Brighton Securities Corp. has adopted procedures to implement our policy and reviews to monitor and ensure the policy is observed, implemented properly, and amended or updated, as appropriate, which may be summarized as follows:

- define the criteria, such as age, retirement status, or other factors in order to determine which clients our firm counts as seniors;
- include directions for escalation for associated persons and other employees that make clear what steps should be taken and who they should notify;
- incorporate annual training plans specific to senior investors and senior issues which address topics such as senior investors being fully informed of the features of any security they are purchasing, including the potential return and associated risks, changes in investment needs as investors age, and general training to educate investment advisers on sensitive matters relating to senior investors;
- require Jai Ramachandran to review and pre-approve all seminar and marketing materials directed towards senior investors;
- adopt a disclosure form—which describes the features of a particular product, such as mortality and expense fees, surrender fees and period, the liquidity needs of the investor, account benefits and general information regarding the security—and require a customer signature;
- require the senior client to confirm any changes in beneficiaries, powers of attorney, or trustees in-person with an associated person of the firm--document the meeting in writing along with the client's signature;
- maintain an up-to-date list of all senior investors and the amount of the firm's regulatory assets under management in these accounts;

- at least quarterly, associated persons will communicate with all senior clients via phone ormail and make any necessary account updates;
- facilitate the transition of a senior client from actively employed to a retired status by communicating with the client to setup an updated investment profile;
- conduct an annual review of any activity in all senior investor accounts and maintain a log of such reviews, including the dates and scope of the reviews, the client names, and any findings;
- encourage senior clients to have a trusted contact person present during all meetings and phone calls and make reasonable efforts to obtain the name and contact information of the trusted contact person when opening and updating account information;
- [optional] Brighton Securities Corp. may communicate with the trusted contact regarding the client's health status, potential financial exploitation, and to confirm the identity of a legal guardian, executor, trustee, or holder of a power of attorney;
- upon the death of a senior client, Brighton Securities Corp. will work with the beneficiaries, trustee, or executor on the next steps to take, which could include transitioning the current account to a new account, liquidating the current account, or transferring assets to the appropriate parties; and
- associated persons should immediately report any concerns of diminished capacity and senior abuse to Jai Ramachandran, who will work with senior management in addressing concerns.This could include contacting the trusted contact person or placing a temporary hold on a disbursement of funds or securities if it is reasonably believed that financial exploitation has occurred, is occurring, or has or will be attempted.

Our firm, seeking immunity from suit under the Senior Safe Act (S.2155 Section 303), will also:

- implement a training program that will instruct employees on how to identify andreport suspected exploitation internally, and, as appropriate, to government officials or law enforcement
- The training will include
    - common signs that indicate financial exploitation of a senior client,
    - discuss the need to protect the privacy and respect the integrity of each individual customer of the firm, and
    - appropriateness to the job responsibilities of the individuals attending the training
- maintain records of each individual employed by the firm who has completed thetraining.

Social Media

Policy

It is Brighton Securities Corp.'s policy to monitor employee use of social media, networking and similar communications. Employees should take note that their social media and networking use will be monitored. There should be no expectation of privacy in the use of the Firm's Internet, e-mails, any use of blogs, instant messages, company-owned cellular phones and text messages on company-owned equipment under this policy. Every message leaves an electronic trail that's both traceable to a specific individual and accessible by Brighton Securities Corp. even if it is deleted. Blogging or other forms of social media or technology include but are not limited to: video or wiki postings, sites such as LinkedIn, Facebook and Twitter, chat rooms, pod casts, virtual worlds, personal blogs, microblogs or other similar forms of online journals, diaries or personal newsletters.

General Provisions

Unless specific to job scope requirements, employees are not authorized to and therefore may not speak on behalf of Brighton Securities Corp. through social media or otherwise. Employees may not publicly discuss clients, investment strategies or recommendations, investment performance, other products or services offered by our Firm (or affiliates, if applicable), employees or any work-related matters, whether confidential or not, outside company-authorized communications. Employees are required to protect the privacy of Brighton Securities Corp., its clients and employees, and are prohibited from disclosing personal employee and non-employee information and any other proprietary and non-public information to which employees have access. Such information includes but is not limited to customer information, trade secrets, financial information and strategic business plans.

Personal Blogs and Social Networking Sites. Bloggers and commenters are personally responsible for their commentary on blogs and social media sites. Bloggers and commenters can be held personally liable for commentary that is considered defamatory, obscene, proprietary or libelous by any offended party, not just Brighton Securities Corp.

It is Brighton Securities Corp.'s policy that no employee may use employer-owned equipment, including computers, company-licensed software or other electronic equipment, nor facilities or company time, to conduct personal blogging or social networking activities. Employees cannot use blogs or social media sites to harass, threaten, discriminate or disparage against employees or anyone associated with or doing business with Brighton Securities Corp.

Employees may not post on personal blogs or other sites the name, trademark or logo of Brighton Securities Corp. or any business with a connection to Brighton Securities Corp. Employees cannot post company-privileged information, including copyrighted or trademarked information or company-issued documents. Employees cannot post on personal blogs or social networking sites photographs of other employees, clients, vendors or suppliers, nor can employees post photographs of persons engaged in company business or at company events.

Employees cannot post on personal blogs and social media sites any advertisements or photographs of company products, nor sell company products and services. Employees cannot link from a personal blog or social networking site to Brighton Securities Corp.'s internal or external website.

Text Messaging Policy. Text messaging is enabled on company-issued Blackberry devices or similar "smartphones" for your traveling and/or communications convenience. All text messages will be captured and are subject to supervisory reviews.

[ALTERNATIVE DISCLOSURE IF TEXT MESSAGING CANNOT BE CAPTURED: **Text Messaging Policy.** Text messaging is enabled on company-issued Blackberry devices or similar "smartphones" for your traveling and/or communications convenience. However, as Brighton Securities Corp. is unable to capture such communications, no Brighton Securities Corp. business may be conducted via text messaging.***]***

Internet Monitoring. Employees are cautioned that they should have no expectation of privacy while using company equipment or facilities for any purpose, including authorized blogging. Employees are cautioned that they should have no expectation of privacy while using the Internet. Your postings can be reviewed by anyone, including Brighton Securities Corp. Brighton Securities Corp. reserves the right to monitor comments or discussions about the company, its employees, clients and the industry, including products and competitors, posted on the Internet by anyone, including employees and non-employees. Brighton Securities Corp. uses blog-search tools and software, and/or may engage outside service providers to periodically monitor forums such as blogs and other types of personal journals, diaries, personal and business discussion forums, and social networking sites.

Although these social media policies and procedures are based on current financial industry best practices, it is extremely important to recognize that there is a growing body of states laws that either prohibit or severely restrict an employer's ability to access or request access to employees' personal media accounts. In addition, federal legislation has been proposed in the House and Senate that would similarly prohibit employers from requiring or requesting such access from an employee or applicant for employment.

Accordingly, firms should carefully review their social media policies with legal counsel to ensure that such policies do not violate applicable state laws.

Brighton Securities Corp.'s Social Media policy, however, will not be construed or applied to limit employees' rights under the under the National Labor Relations Act ("NLRA") or applicable law.

Background

Social media and/or methods of publishing opinions or commentary electronically is a fast growing phenomenon which takes many forms, including internet forums, blogs and microblogs, online profiles, wikis, podcasts, picture and video posts, virtual worlds, e-mail, instant messaging, text messaging, music and other file-sharing, to name just a few. Examples of social media applications include, among others, LinkedIn, Facebook, MySpace, YouTube, Twitter, Yelp, Flickr, Second Life, Yahoo groups, Wordpress, and

ZoomInfo. The proliferation of such electronic communications presents new and ever changing regulatory risks for our firm.

As a registered investment adviser, use of social media by our Firm and/or related persons of the Firm must comply with applicable provisions of the federal securities laws, including, but not limited to the following laws and regulations under the Advisers Act, as well as additional rules and regulations identified below:

Anti-Fraud Provisions: Sections 206(1), 206(2), and 206(4), and Rule 206(4)-1 thereunder;

Advertising: Rule 206(4)-1;

Compliance/Supervision: Rule 206(4)-7;

Privacy: Regulation S-P; and

Recordkeeping: Rule 204(2).

For example, business or client related comments or posts made through social media may breach applicable privacy laws or be considered "Advertising" under applicable regulations triggering content restrictions and special disclosure and recordkeeping requirements. Employees should be aware that the use of social media for personal purposes may also have implications for our Firm, particularly where the employee is identified as an officer, employee or representative of the firm. Accordingly, Brighton Securities Corp. seeks to adopt reasonable policies and procedures to safeguard the Firm and our clients.

On March 28, 2014 the staff of the SEC's Division of Investment Management published *Guidance on the Testimonial Rule and Social Media*. Recognizing that consumers are increasingly reliant on third-party recommendations, the SEC has issued this guidance "to clarify application of the testimonial rule as it relates to the dissemination of genuine third-party commentary that could be useful to consumers."

In summary and consistent with previously issued guidance, an investment adviser's or investment advisory representative's (IAR's) publication of ALL of the testimonials about the firm or its representatives from an independent social media site on the adviser's or IAR's own social media site or website would not implicate the concern underlying the testimonial rule – provided such advertisement complies with Rule 206(4)-1(a)(5) under the Advisers Act, i.e., it does not contain any untrue statement of a material fact, or is otherwise false or misleading.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our firm's Social Media policy, practices, and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement Brighton Securities Corp.'s policy, and conducts internal reviews to monitor and ensure that the policy is observed, implemented properly, and amended or updated, as appropriate. These include the following:

- Brighton Securities Corp.'s e-mail and electronic communications policy has been communicated to all persons within the Firm and any changes in our policy will be promptly communicated;
- obtaining attestations from personnel at the commencement of employment and regularly thereafter that employees (i) have received a copy of our policy, (ii) have complied with all such requirements, and (iii) commit to do so in the future;
- unless otherwise prohibited by federal or state laws, Brighton Securities Corp. will request or require employees provide the Jai Ramachandran with access to any approved social networking accounts. Furthermore, static content posted on social networking sites must be preapproved by Jai Ramachandran;
- e-mails and any other electronic communications relating to Brighton Securities Corp.'s advisory services and client relationships will be maintained on an on-going basis and arranged for easy access and retrieval so as to provide true and complete copies with appropriate backup and separate storage for the required periods;
- establishing a reporting program or other confidential means by which employees can report concerns about a colleague's electronic messaging, website, or use of social media for business communications;
- the Chief Compliance Officer will monitor a random sampling of employee electronic communications, surveil social media use by employees and maintain documentary evidence of such surveillance in an applicable location quarterly;
- every social media post about our firm must be evaluated and approved by Jai Ramachandran, including tracking the lifecycle of each social media message, including the exact date and time it was created or deleted, and ensuring that a post meets regulatory standards;
- Brighton Securities Corp. will record the precise actions taken when a message is flagged during a review;
- Brighton Securities Corp. reserves the right to use content management tools to monitor, review or block content on company blogs that violate company blogging rules and guidelines;
- our advisors will receive ongoing training on these rapidly changing platforms, with emphasis placed on:
    - personal versus business communication;
    - the consequences for violating the written rules;
    - which social media posts need to be approved prior to posting;
    - which posts need reviewing after being posted; and
    - how to manage third-party social media accounts

- Brighton Securities Corp. requires employees to report any violation, or possible or perceived violation, to their supervisor, manager or the HR or Compliance department. Violations include discussions of Brighton Securities Corp., its clients and/or employees, any discussion of proprietary information (including trade secrets, or copyrighted or trademarked material) and any unlawful activity related to blogging or social networking; and
- Brighton Securities Corp. investigates and responds to all reports of violations of the social media policy and other related policies. Violation of the company's social media policy may result in disciplinary action up to and including immediate termination. Any disciplinary action or termination will be determined based on the nature and factors of any blog or social networking post, or any unauthorized communication. Brighton Securities Corp. reserves the right to take legal action where necessary against employees who engage in prohibited or unlawful conduct. If you have any questions about this policy or a specific posting on the web, please contact the Compliance Department or Human Resources.

Soft Dollars

Policy

Brighton Securities Corp., as a matter of policy and practice, does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

Background

Soft dollars generally refers to arrangements whereby a discretionary investment adviser is allowed to pay for and receive research, research-related or execution services from a broker-dealer or third-party provider, in addition to the execution of transactions, in exchange for the brokerage commissions from transactions for client accounts.

Section 28(e) of the Securities Exchange Act of 1934 allows and provides a safe harbor for discretionary investment advisers to pay an increased commission, above what another broker-dealer would charge for executing a transaction, for research and brokerage services, provided the adviser has made a good faith determination that the value of the research and brokerage services qualifies as reasonable in relation to the amount of commissions paid. Further, under SEC guidelines, the determination as to whether a product or service is research or other brokerage services, and eligible for the Section 28(e) safe harbor, is whether it provides lawful and appropriate assistance to the investment manager in performance of its investment decision-making responsibilities.

In Interpretative Release *Commission Guidance Regarding Client Commission Practices Under Section 28(e)*, dated July 24, 2006, the SEC revised and clarified "brokerage and research services" in view of evolving technologies and industry practices. The Release updated prior Section 28(e) guidance and revised definitions including eligible and non-eligible research products and services for the Section 28(2) safe harbor. The SEC Release was effective July 24, 2006.

In 2008, the SEC proposed guidance about the responsibilities of boards of directors of investment companies regarding portfolio trading practices including soft dollars and best execution practices. (See Release Nos. 34-58264, IC-28345, and IA-2763, July 20, 2008).

On July 30, 2013, staff of the SEC's Division of Trading and Markets issued a no action letter confirming that commissions from certain fixed-income trades conducted on an agency basis can qualify for the Section 28(e) safe harbor, and that commissions from these fixed-income trades may be used to purchase third-party research, provided that (i) all applicable conditions of the Section 28(e) safe harbor are met and (ii) the institutional asset managers are otherwise complying with federal securities laws. (See *Carolina Capital Markets, Inc.*, SEC No-Action letter, available July 30, 2013)

Pursuant to the SEC's adoption of Amendments to Form ADV (Release No. IA-3060), advisers are required to disclose their practices regarding their use of soft dollars in response to Item 12 of the new Form ADV Part 2. Such disclosures should describe the adviser's practices, including:

- whether the firm's practices will cause the client to pay-up (i.e., client accounts will pay more than the lowest available commission rate in exchange for the adviser receiving soft dollar products or services);
- the types of products and services received by the adviser or its related persons using client brokerage commissions ***within the adviser's last fiscal year***;
- procedures used ***during its last fiscal year*** to direct client transactions to certain brokers in return for soft dollar benefits; and
- identify potential conflicts of interest and how the adviser will address them (note that advisers must provide more explicit details for any products or services received that **do not** qualify under Section 28(e)).

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our soft dollar policy that the firm does not utilize any research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting utilizing any research, and research-related products or services has been communicated to relevant individuals including management, traders and portfolio managers, among others;
- Brighton Securities Corp.'s policy is appropriately disclosed in the firm's Part 2A of Form ADV: *Firm Brochure*;
- Jai Ramachandran semi-annually monitors the firm's business relationships and advisory services to ensure no research services or products are being obtained on a soft dollar basis; and
- in the event of any change in the firm's policy, any such change must be approved by management, and any soft dollar arrangements would only be allowed after appropriate reviews and approvals, disclosures, meeting regulatory requirements and maintaining proper records.

Solicitor Arrangements

Policy

Brighton Securities, as a matter of policy and practice, may compensate persons, i.e., individuals or entities, for the referral of advisory Clients to the firm provided appropriate disclosures and regulatory requirements are met. If a client is introduced to Brighton Securities by either an unaffiliated or an affiliated solicitor, Brighton Securities may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Brighton Securities investment management fee. If the client is introduced to Brighton Securities by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Brighton Securities written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement. The compensation will be based upon a percentage of AUM until the account is closed. Any such fee shall not result in any additional charge to the client.

Background

Under the SEC Cash Solicitation Rule, (Rule 206(4)-3) and comparable rules adopted by most states, investment advisers may compensate persons who solicit advisory clients for a firm if appropriate agreements exist, specific disclosures are made, and other conditions met under the rules. Under the SEC rule, a solicitor is defined as "any person who, directly or indirectly, solicits any client for, or refers any client to, an investment adviser.

The definition of client includes any prospective client.

If Brighton Securities were to compensate any person for the referral of any Investor to one othe the advisors' Clients, then it would comply with all requirements of Rule 206(4)-3 of the Advisers's Act. Rule 206(4)-3 require that Brighton:

- Enter into an agreement with the solicitor
- Determine that the solicitor is not disqualified for any reason specified under Rule 206(4)-3 and
- Receive from the prospective Investor an acknowledgment, in writing, that he/she received Brighton's ADV park 2A and received the Solicitor's Disclosure Statements disclosing that the solicitors is being paid by Brighton.

Responsibility

Jai Ramachandran has the responsibility for monitoring our firm's policy of not compensating any persons for referring clients or prospective clients to the firm unless appropriate agreements, records, disclosures and other regulatory requirements are met.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Jai Ramachandran is responsible for reviewing and approving any potential solicitor arrangements.
- Jai Ramachandran will ensure that all arrangements are memorialized by a written contract, and that the solicitor will provide the Client with a Solicitor's Written Disclosure Statement as well as a copy of the Investment Adviser's Form ADV Part 2.

Supervision and Internal Controls

Policy

Brighton Securities Corp. has adopted these written policies and procedures which are designed to set standards and internal controls for the firm, its employees, and its businesses and are also reasonably designed to prevent, detect, and correct any violations of regulatory requirements and the firm's policies and procedures. Every employee and manager is required to be responsible for and monitor those individuals and departments he or she supervises to detect, prevent and report any activities inconsistent with the firm's procedures, policies, high professional standards, or legal/regulatory requirements.

Consistent with our firm's overriding commitment as fiduciaries to our clients, we rely on all employees to abide by our firm's policies and procedures; and, equally importantly, to internally report instances in which it is believed that one or more of those policies and/or practices is being violated. It is the expressed policy of this firm that no employee will suffer adverse consequences for any report made in good faith.

Any unlawful or unethical activities are strictly prohibited. All firm personnel are expected to conduct business legally and ethically, regardless of where in the world such business is transacted. ***[Include the following if your firm's policies and procedures address Anti-Corruption practices:*** Our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s Anti-Corruption practices***.]***

Background

The SEC adopted the anti-fraud rule titled Compliance Procedures and Practices (Rule 206(4)-7) under the Advisers Act requiring more formal compliance programs for all SEC registered advisers. The rule became effective February 5, 2004 and SEC advisers had until October 5, 2004 (compliance date) to be in compliance with the rule.

Rule 206(4)-7 makes it unlawful for a SEC adviser to provide investment advice to clients unless the adviser:

- adopts and implements written policies and procedures reasonably designed to prevent violations by the firm and its supervised persons;
- reviews, at least annually, the adequacy and effectiveness of the policies and procedures;
- designates a chief compliance officer who is responsible for administering the policies and procedures; and
- maintains records of the policies and procedures and annual reviews.

Under Section 203(e)(6), the SEC is authorized to take action against an adviser or any associated person who has failed to supervise reasonably in an effort designed to prevent violations of the securities laws, rules and regulations. This section also provides that no person will be deemed to have failed to supervise reasonably provided:

1. there are established procedures and a system which would reasonably be expected to prevent any violations; and
2. and such person has reasonably discharged his duties and obligations under the firm's procedures and system without reasonable cause to believe that the procedures and system were not being complied with.

Furthermore, on May 25, 2011, the SEC adopted final rules implementing the whistleblower provisions of the Dodd-Frank Act, which offer monetary incentives to persons who provide the SEC with information leading to a successful enforcement action. While the rules incentive rather than require prospective whistleblowers to use the internal company compliance program, the regulations clarify that the SEC, when considering the amount of an award, will consider to what extent (if any) the whistleblower participated in the internal compliance processes of the firm.

Firms that engage in business activities outside of the United States may be subject to additional laws and regulations, including among others, the U.S. Foreign Corrupt Practices Act of 1977 as amended (the "FCPA") and the U.K. Bribery Act 2010 (the "Bribery Act"). Both these laws make it illegal for U.S. citizens and companies, including their employees, directors, stockholders, agents and anyone acting on their behalf (regardless of whether they are U.S. citizens or companies), to bribe non-U.S. government officials. The Bribery Act is more expansive in that it criminalizes commercial bribery and public corruption, as well as the receipt of improper payments.

Responsibility

Every employee has a responsibility for knowing and following the firm's policies and procedures. Every person in a supervisory role is also responsible for those individuals under his/her supervision. The President, or a similarly designated officer, has overall supervisory responsibility for the firm.

Recognizing our shared commitment to our clients, all employees are required to conduct themselves with the utmost loyalty and integrity in their dealings with our clients, customers, stakeholders and one another. Improper conduct on the part of any employee puts the firm and company personnel at risk. Therefore, while managers and senior management ultimately have supervisory responsibility and authority, these individuals cannot stop or remedy misconduct unless they know about it. Accordingly, all employees are not only expected to, but are required to report their concerns about potentially illegal conduct as well as violations of our company's policies.

Jai Ramachandran, as the Chief Compliance Officer, has the overall responsibility for administering, monitoring and testing compliance with Brighton Securities Corp.'s policies and procedures. [Consider including the following if accurate and applicable: The Chief Compliance Officer serves the firm in an advisory rather than a supervisory capacity. Consequently, the Chief Compliance Officer does not assume supervisory authority or responsibility within the firm's administrative structure for particular business activities or situations. All power to affect employee conduct, including the ability to hire, reward or punish rests with the firm's principal(s), as appropriate]. Possible violations of these policies or procedures will be documented and reported to the appropriate department manager for remedial action. Repeated violations, or violations that the Compliance Officer deems to be of serious nature, will

be reported by the Compliance Officer directly to the President, or a similarly designated officer, and/or the Board of Directors for remedial action.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews of internal controls to monitor and ensure the firm's supervision policy is observed, implemented properly and amended or updated, as appropriate which including the following:

- designation of a Chief Compliance Officer as responsible for implementing and monitoring the firm's compliance policies and procedures;
- an Annual Compliance Meeting and on-going and targeted compliance training;
- prior to hiring any employee, we will undertake the following steps:
    - conduct a background screening of potential new employees;
    - hold an initial training about the firm's compliance policies;
    - conduct an initial check of the CRD/IARD systems for the potential new employee's filings;
    - conduct internet and social media searches; and
    - request potential new hires to provide our firm with copies of their Form U5s, as applicable, and self-attestation regarding disciplinary histories and/or events and recent bankruptcies
- for existing employees, we will undertake the following steps:
    - annually, request employees to complete a self-attestation regarding disciplinary histories and/or events and recent bankruptcies;
    - annually, review Brighton Securities Corp.'s disclosures regarding disciplinary histories and events relating to our supervised persons to ensure that the information remains accurate, fully disclosed and up-to-date;
    - for any new disciplinary events, we will ensure that timely updates, including any accompanying conflicts of interest, are made and filed to all relevant disclosure items and disseminated to all existing clients if such information is deemed to be relevant and material;
    - establish enhanced oversight measures for any employees with prior disciplinary events depending on their job function, including limiting of physical and/or electronic access to portfolio management, custodial and trading platforms, enhanced cash flow monitoring of relevant accounts, enhanced review of accounts, account types recommended and services provided by these employees, enhanced communications review (e.g. e-mail communications and client-facing materials and documents), end-of-day trade blotter reviews, expedited escalation and enhanced review and investigation of any complaints made against these employees; and

- any employees working remotely will be subject to the firm’s branch office supervision policies and procedures. Any remote employees with disciplinary histories will be subject to enhanced supervision procedures, including more frequent visitations, unannounced visitations, robust communications monitoring, books and recordsreview and monitoring, additional training and self-attestations and based on the employee’s job function.

- adoption of these written policies and procedures with statements of policy, designated persons responsible for the policy and procedures designed to implement and monitor the firm's policy;
- the annual review of the firm's policies and procedures by the Compliance Officer and senior management;
- annually reviews of employees' activities, e.g., outside business activities, personal trading, etc., are conducted;
- annual written representations by employees as to understanding and abiding by the firm's policies;
- to facilitate internal reporting by firm employees, the firm has established several alternative methods to allow employees to report their concerns, including drop boxes, a toll-free number, and open channels of communications to the firm's compliance staff;

- on an annual basis, Brighton Securities Corp. reviews employee confidentiality and severance agreements to ensure that they are not prohibitive or retaliatory against a current or former employee reporting concerns to the SEC;

- internal reports will be handled promptly and discretely, with the overall intent to maintain the anonymity of the individual making the report. When appropriate, investigations of such reports may be conducted by independent personnel; and
- supervisory reviews and sanctions for violations of the firm's policies orregulatory requirements.

[Include the following sub-section if your firm's business activities make it subject to the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act]

Anti-Corruption Procedure

Brighton Securities Corp. has adopted written policies and procedures relative to any of our off-shore business undertakings. These policies and procedures have been developed proportionate to the firm's risk and are designed to deter and detect foreign bribery. They are applicable to all officers, directors, and employees, as well as other entities over which our firm has control, with respect to foreign business activities we conduct. Our policies include the following:

- our firm's policies regarding gifts, entertainment, charitable contributions and solicitation activities are contained herein and are generally applicable to any of our businessactivities, except with respect to any interaction with a foreign government official;
- because of regulatory implications, our firm policy prohibits providing anything of value to a foreign government official without first obtaining approval from a designated officer of the firm;

- our firm's policy prohibits facilitation payments;
- we will conduct risk-based due diligence prior to the engagement of third-parties such as joint-venture partners, consultants, representatives, contractors, agents and other intermediaries, and any other individuals/entities representing our firm;
- we will provide such third-parties with our firm's anti-corruption/anti-bribery policies and obtain their written commitment to abide by such policies;
- we have a financial/accounting system that ensures the maintenance of accurate records and accounts;
- our HR policies ensure that no employee will suffer any adverse consequences for refusing to pay bribes—even if that may result in the loss of business;
- we provide appropriate anti-corruption compliance training for the firm's officers, directors and those employees having possible exposure to corruption; additionally, new employees will undergo appropriate training upon joining the company when such training is relevant to the individual's job function;
- Brighton Securities Corp.'s CCO or other designated officer should be contacted directly with any questions concerning the firm's practices (particularly when there is an urgent need for advice on difficult situations in foreign jurisdictions);
- we require annual written certification by each officer, director or employee of his/her commitment to abide by the firm's anti-corruption policy;
- we require mandatory reporting to Brighton Securities Corp.'s CCO or other designated officer of any incident or perceived incident of bribery; consistent with our firm's Whistleblower reporting procedures, such reports will be investigated and handled promptly and discretely; and
- violations of the firm's policies may result in disciplinary actions up to and including termination of employment.

Trading

Policy

As an adviser and a fiduciary to our clients, our clients' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the client's favor.

Our firm has adopted the following policies and practices to meet the firm's fiduciary responsibilities and to ensure our trading practices are fair to all clients and that no client or account is advantaged or disadvantaged over any other.

Also, Brighton Securities Corp.'s trading practices are generally disclosed in response to Item 12 in Part 2A of Form ADV, which is provided to prospective clients and annually delivered to current clients.

Background

As a fiduciary, many conflicts of interest may arise in the trading activities on behalf of our clients, our firm and our employees, and must be disclosed and resolved in the interests of the clients. These conflicts must also be disclosed in Form ADV Part 3 (Form CRS). In addition, securities laws, insider trading prohibitions and the Advisers Act, and rules thereunder, prohibit certain types of trading activities.

Indicative of heightened regulatory concerns, the SEC's Office of Compliance Inspections and Examinations (OCIE) issued a Risk Alert on February 27, 2012, focused on an adviser's practices and controls designed to prevent unauthorized trading and other trade-related unauthorized activities. (See Strengthening Practices for Preventing and Detecting Unauthorized Trading and Similar Activities, publicly available February 27, 2012)

In December 2018, OCIE issued its 2019 Examination Priorities, in which OCIE listed plans to review firms' practices for executing investment transactions on behalf of clients, fairly allocating investment opportunities among clients, ensuring consistency of investments with the objectives obtained from clients, disclosing critical information to clients, and complying with other legal restrictions. OCIE will also examine investment adviser portfolio recommendations to assess, among other things, whether investment or trading strategies of advisers are: (1) suitable for and in the best interests of investors based on their investment objectives and risk tolerance; (2) contrary to, or have drifted from, disclosures to investors; (3) venturing into new, risky investments or products without adequate risk disclosure; and (4) appropriately monitored for attendant risks.

In June 2020, OCIE issued a Risk Alert which listed certain compliance issues found when OCIE performed examinations on registered investment advisers, including conflicts related to the allocation of investments. The staff observed private fund advisers that did not provide adequate disclosure about conflicts relating to allocations of investments among clients, including preferentially allocating limited investment opportunities to new clients, higher fee-paying clients, or proprietary accounts, and also

advisers allocating securities at different prices or in apparently inequitable amounts among clients (1) without providing adequate disclosure about the allocation process or (2) in a manner inconsistent with the allocation process disclosed to investors.

Aggregation

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients.

Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

In the event transactions for an adviser, its employees or principals (“proprietary accounts”) are aggregated with client transactions, conflicts arise and special policies and procedures must be adopted to disclose and address these conflicts.

Allocation

As a matter of policy, an adviser's allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. Adequate disclosure must also be provided in the event of any conflicts arising.

Brighton Securities Corp.'s policy prohibits any allocation of trades in a manner that Brighton Securities Corp.'s proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts.

Brighton Securities Corp. has adopted a clear written policy for the fair and equitable allocation of transactions, (e.g., pro-rata allocation, rotational allocation, or other means) which is disclosed in Brighton Securities Corp.'s Form ADV Part 2A.

IPOs

Initial public offerings (“IPOs”) or new issues are offerings of securities which frequently are of limited size and limited availability. These offerings may trade at a premium above the initial offering price.

In the event Brighton Securities Corp. participates in any new issues, Brighton Securities Corp.'s policy and practice is to allocate new issues shares fairly and equitably among our advisory clients according to a specific and consistent basis so as not to advantage any firm, personal or related account and so as not to favor or disfavor any client, or group of clients, over any other.

Trade Errors

As a fiduciary, Brighton Securities Corp. has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions, due to Brighton Securities Corp.'s actions, or inaction, or actions of others, Brighton Securities Corp.'s

policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Brighton Securities Corp. in any way.

If the error is the responsibility of Brighton Securities Corp., any client transaction will be corrected and Brighton Securities Corp. will be responsible for any client loss resulting from an inaccurate or erroneous order.

Brighton Securities Corp.'s policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

Large Trader Reporting

Large traders (defined as a person whose transactions in NMS securities in aggregate equal to or exceed two million shares or $20 million during any calendar day, or 20 million shares or $200 million during any calendar month) will be required to identify themselves to the SEC through the filing of Form 13H on the EDGAR system.

Brighton Securities Corp.'s policy and practice is to monitor the volume of trading conducted to determine if and when we become subject to filing Form 13H.

Upon the determination that Brighton Securities Corp. is a large trader subject to the large trading reporting requirements, the firm will submit its initial Form 13H filing (i.e., within 10 days of first effecting transactions in an aggregate amount equal to or greater than the identifying activity level) and disclose our status as a large trader to registered broker-dealers effecting transactions on our behalf.

Once designated as a large trader, Brighton Securities Corp. will effect the annual filing of Form 13H within 45 days of our fiscal year end and ensure that any amendments to Form 13H are timely filed.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our trading policies and practices, disclosures and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's trading policies are observed, implemented properly and amended or updated, which include the following:

- trading reviews, reconciliations of any and all securities transactions for advisory clients;
- monitoring the volume of the firm's transactions in NMS securities to determine if and when the firm is subject to large trader reporting obligations;
- (where possible,) instituting a segregation of trading-related roles and functions to ensure a functional process of checks and balances;

- providing adequate disclosure about conflicts relating to allocations of investments among clients;
- establishing threshold reporting levels that require the trader to report to a member of senior management whenever a position loses value beyond a defined limit or begins to lose value in an unanticipated manner;
- (Monthly/Quarterly) monitoring our representatives' trading activity to thresholds in our compensation structure to detect practices that may be motivated by a desire to move up in the compensation structure and, thereby, receive a higher payout percentage. If suspicious activity is detected, Jai Ramachandran will place the representative under heightened supervision, and may enforce disciplinary action, such as termination, regulatory sanctions, potential monetary sanctions and/or civil and criminal penalties;
- Brighton Securities Corp. will conduct quarterly supervisory reviews of the firm's trading practices;
- monitoring defined criteria that will trigger additional or heightened scrutiny of trading activity, including but not limited to, (i) unusual or high volume of trade error account activity; (ii) frequency of risk limit breaches; (iii) frequent requests for trade limit increases for the same counterparty; (iv) concentration of profitable or unprofitable trades, or patterns of trades and offsetting trades with the same counterparty; (v) reasons for and patterns in remote access trading accounts;
- annually conducts reviews of the firm's Form ADV, advisory agreements, and other materials for appropriate disclosures of the firm's trading practices and any conflicts of interests; and
- designation of a Brokerage Committee, or other designated person, to review and monitor the firm's trading practices.

If the firm is a 'Large Trader' pursuant to SEC Rule 13h-1 (the Large Trader Rule), the firm's trading practices should include the following:

- providing the firm's LTID (large trader identification number) to all registered broker-dealers executing trades on its behalf;
- maintaining an accurate and current list of its approved registered broker-dealers which details regarding notification of the firm's LTID; and
- ensuring timely filing of the annual update to Form 13H as well as quarterly updates when necessary, to correct information previously disclosed that has become inaccurate.

Valuation of Securities

Policy

As a registered adviser and as a fiduciary to our advisory clients, Brighton Securities Corp., has adopted this policy which requires that all client portfolios and investments reflect current, fair and accurate market valuations. Any pricing errors, adjustments or corrections are to be verified, preferably through independent sources or services, and reviewed and approved by the firm's designated person(s) or pricing committee.

Background

As a fiduciary, our firm must always place our client's interests first and foremost and this includes pricing processes, which ensure fair, accurate and current valuations of client securities of whatever nature. Proper valuations are necessary for accurate performance calculations and fee billing purposes, among others. Because of the many possible investments, various pricing services and sources and diverse characteristics of many investment vehicles, independent sources, periodic reviews and testing, exception reporting, and approvals and documentation or pricing changes are necessary with appropriate summary disclosures as to the firm's pricing policy and practices. Independent custodians of client accounts may serve as the primary pricing source.

On May 12, 2011, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) issued new guidance on fair value measurement and disclosure requirements under US generally accepted accounting principles GAAP and International Financial Reporting Standards (IFRS).

Among other things, the update defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Furthermore, when measuring fair value, a reporting entity must take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Additional guidance is provided on valuations techniques such as market approach, cost approach and income approach.

In June 2020, OCIE issued a Risk Alert which listed certain compliance issues found when OCIE performed examinations on registered investment advisers, including conflicts related to valuations. The staff observed private fund advisers that did not value client assets in accordance with their valuation processes or in accordance with disclosures to clients. In some cases, the staff observed that this failure to value a private fund’s holdings in accordance with the disclosed valuation process led to overcharging management fees and carried interest because such fees were based on inappropriately overvalued holdings.

Responsibility

Jai Ramachandran, or the firm's pricing committee, if any, has overall responsibility for the firm's pricing policy, determining pricing sources and pricing practices, including any reviews and re-pricing practices to help ensure fair, accurate and current valuations.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. utilizes, to the fullest extent possible, recognized and independent pricing services and/or qualified custodians for timely valuation information for advisory client securities and portfolios;
- whenever valuation information for specific illiquid, foreign, derivative, private or other investments is not available through pricing services or custodians, Brighton Securities Corp.'s designated officer, trader(s) or portfolio manager(s) will obtain and document price information from at least one independent source, whether it be a broker-dealer, bank, pricing service or other source;
- any securities without market valuation information are to be reviewed and priced by the Jai Ramachandran or pricing committee in good faith to reflect the security's fair and current market value, and supporting documentation maintained;
- Jai Ramachandran will arrange for monthly reviews of valuation information from whatever source to promptly identify any incorrect, stale or mispriced securities;
- any errors in pricing or valuations are to be resolved as promptly as possible, preferably upon a same day or next day basis, with repricing information obtained, reviewed and approved by the Jai Ramachandran or the firm's pricing committee; and
- a summary of the firm's pricing practices should be included in the firm's investment management agreement.

Wrap Fee Adviser

Policy

Brighton Securities has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain managed account programs. Clients of investment advisory accounts described herein are clients of Brighton Securities. Brighton Securities is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). The Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Brighton Securities with respect to the following programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Pathways. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Brighton Securities with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Brighton Securities is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Brighton Securities to offer these programs.

Background

A wrap fee program is defined as any program under which any client is charged a specified fee or fees not based directly upon transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.

Wrap fee programs also typically include custody services as part of the all-inclusive services in the program.

Responsibility

Jai Ramachandran has the responsibility for insuring the firm's policy is followed and that Brighton Securities Corp. does not participate as an adviser/subadviser in any wrap fee programs unless appropriately approved and all regulatory requirements are met.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s designated officer annually monitors the firm's businesses and advisory services, including reviews of the firm's Form ADV and disclosures; and
- Brighton Securities Corp.'s designated officer also monitors the firm's advisory services to ensure that participation in any wrap fee programs as an adviser/subadviser would only be

allowed after appropriate management approvals, disclosures and meeting regulatory requirements.

Wrap Fee Sponsor

Policy

Brighton Securities has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain managed account programs. Clients of investment advisory accounts described herein are clients of Brighton Securities. Brighton Securities is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). The Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Brighton Securities with respect to the following programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Pathways. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Brighton Securities with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Brighton Securities is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Brighton Securities to offer these programs.

Background

A wrap fee program is defined as any program under which any client is charged a specified fee or fees not based directly upon transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.

Wrap fee programs also typically include custody services as part of the all-inclusive services in the program. Assets under the direct management of Brighton Securities are held by independent custodians, including First Clearing, LLC., or others, in the client's name. Brighton Securities does not act as a custodian of client assets.

Responsibility

Jai Ramachandran has the responsibility for the implementation and monitoring of our wrap fee policy that the firm prohibits sponsoring any wrap fee programs unless appropriately approved and all regulatory requirements are met.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s designated officer monitors the firm's businesses and advisory services, including periodic reviews of the firm's Form ADV and disclosures to supervise any arrangements for sponsoring any wrap fee program.
- Brighton Securities Corp.'s designated officer also monitors the firm's advisory services to ensure that any arrangements to sponsor any wrap fee program would only be allowed after appropriate management approvals, disclosures and meeting regulatory requirements.

Brighton Securities Corp.

IA Compliance Manual

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Outside Business Activities

Policy

Brighton Securities Corp.'s policy allows employees to participate in outside business activities so long as the activities are consistent with Brighton Securities Corp.'s fiduciary duty to its clients and regulatory requirements, and the employee provides prior written notice to Brighton Securities Corp. before engaging in such activities.

Prior to beginning such activity, each employee must identify any new outside business activities to the firm's CCO, or other designated officer.

Background

An outside business activity ("OBA") is any business activity outside the scope of a firm where an employee of the firm:

- May be compensated or have the reasonable expectation of compensation;
- Is working with or for a client, regardless of whether compensation is received; or
- Is in a position to receive material non-public information concerning a publicly-traded company.

Brighton Securities Corp.'s policies and procedures covering the outside business activities of employees and others represents an internal control and supervisory review to detect unapproved outside business activities and to prevent possible conflicts of interests and regulatory violations.

Responsibility

The CEO has the responsibility for the implementation and monitoring of our policy on outside business activities, disclosures, and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy on OBAs and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Upon hiring, employees must provide our CCO with a list of outside business activities in which the employee would like to continue;
- Current employees must provide written notice prior to beginning any OBA, and include the following information:
    - The activity's start and end date (if applicable);
    - The name of the entity where the activity is taking place;
    - The position title; and
    - A description of the employee's duties and an estimated hours per week that would be dedicated to the activity.

- Upon receiving a written notice, our CEO will evaluate the information and give consideration to whether:
    - The activity will interfere with or compromise the employee's responsibilities to Brighton Securities Corp. and our clients; and
    - The activity will be viewed by our clients or the public as part of Brighton Securities Corp.'s business based on the nature of the activity.
- Our CCO will evaluate each activity and decide on the advisability of imposing specific conditions or limitations or completely prohibiting the activity. These evaluations will be dated and initialed and kept in our records;
- Any employees engaged in approved OBAs must inform our CCO of any changes in, or new conflicts of interest relating to the OBA once the employee becomes aware;
- Annually, our CCO will obtain attestations from employees that they are not engaging in any other outside business activities beyond those that have been disclosed and approved;
- Our CCO conducts email reviews specifically focused on identifying potential OBAs;
- We maintain a list of our employees' current OBAs, which is updated annually;
- Our CCO, or other designated officer, will review all employees' reports of outside business activities for compliance with the firm's policies, regulatory requirements, and the firm's fiduciary duty to its clients, among other things; and
- Brighton Securities Corp. will retain all documentation of notices, reviews, and evaluations in accordance with our applicable recordkeeping requirements.

Branch Office Supervision

Policy

Brighton Securities Corp. recognizes our fiduciary duty to reasonably supervise our branch office(s). In accordance with our duty, it is our firm's policy that the branch office(s) create and maintain all required records, with our CEO and CCO conducting periodic reviews of those records to determine whether supervisory systems and compliance procedures are being followed.

All of the firm's branch offices and investment adviser representatives will be appropriately registered with the state securities agencies. No investment advisory activity may occur in any branch office location until such time as the firm receives approval that such location qualifies a branch office. Before the branch officer is registered, a supervisor, who satisfies all examination qualifications and is a registered investment adviser representative, must be named.

In the event of the closing of a branch office, Brighton Securities Corp. will promptly notify the state securities agencies by amending our Forms ADV and BR.

Background

Branch offices can pose unique risks and challenges to investment advisers, particularly in the design and implementation of a compliance program and the supervision of people and processes. Challenges include implementation of policies and procedures, supervision structure, role and empowerment of compliance personnel, accuracy of filings, calculation of fees and overall billing processes, control over advertising materials originating and/or disseminated from branch offices, implementation of a firm's Code of Ethics, asset controls, and provision of investment recommendations.

Branch offices may be subject to unannounced inspections by state securities regulators at any time during normal business hours.

Responsibility

Brighton Securities Corp.'s designated officer, together with our branch officer, have the primary responsibility for the implementation and monitoring of the firm's branch office policy, procedures, and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate.

Third-Party Vendors

Policy

As an SEC-registered Investment Adviser with fiduciary obligations to our clients, Brighton Securities Corp. conducts initial and ongoing due diligence on third-party vendors who are involved in the delivery and/or support of mission-critical products and services to our firm and our clients.

Background

Brighton Securities Corp may rely on third-party vendors for varying services and core applications required to support our critical business processes. Although some day-to-day operational responsibilities can be and are delegated to third-party vendors, our core fiduciary responsibilities cannot be assigned to any third party and run directly from Brighton Securities Corp. to our clients and investors. Our firm will determine and consistently apply appropriate criteria to our selection and ongoing oversight of key vendors, particularly when we share or outsource business process implementation with/to outside entities by sharing sensitive client and organizational information or where we rely on the integrity of data derived from vendor systems and imported into our internal systems and reporting applications.

In OCIE's 2019 Examination Priorities report, OCIE stated that it would continue to prioritize cybersecurity during its examinations, including vendor management practices. See the "Cybersecurity" section of this manual for additional procedures on vendor management.

Responsibility

The Controller has the primary responsibility for the implementation and monitoring of the firm's third-party vendor policy, procedures, and recordkeeping for the firm.

Procedures

Brighton Securities Corp has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Ensure that our Controller maintains the identity and responsibilities of each third-party, including all third-party outsourcing contracts and/or agreements in our files;
- Perform and document annually due diligence reviews of any third-party vendors, including product or service quality, performance of covered activities, and satisfactory resolution of any problems through formal corrective action;
- Review our agreements with third-party vendors and ensure they specify that the SEC and other regulatory bodies have complete access to their work product, as if the covered activities were actually performed directly by us;
- Review and document all our outsourcing arrangements to determine whether they continue to be appropriate based on their performance; and

- Ensure that any third-party systems or other outsourcing support have mechanisms that can be easily and rapidly updated or amended to reflect new or altered regulatory rules and requirements.

Form CRS

Policy

As a registered investment adviser, Brighton Securities Corp. has a duty to provide an updated version of Form CRS any time when clients: 1) open a new account different from their existing accounts; 2) receive a recommendation to roll over assets from a retirement account; or 3) receive a recommendation for a new investment advisory service that would not be held in an existing account.

Form CRS is also a Part 3 of Form ADV, which Brighton Securities Corp., under Rule 204-5, must deliver alongside the Part 2A brochure to prospective clients. As a matter of policy, Brighton Securities Corp. maintains all drafts of its Form CRS at its principal office in a secure manner and location and for five years.

Background

On June 5, 2019, the SEC adopted new rules requiring all SEC-registered investment advisers with retail clients to create a new Form ADV Part 3, also known as a Client Relationship Summary (Form CRS), with the purpose of further explaining the nature of their services and relationship, their fees and costs, and their standard of conduct and conflicts of interest to prospective clients.

Investment advisers' initial relationship summaries can be filed on or after May 1, 2020 and by no later than June 30, 2020 on IARD either as: 1) an other-than-annual amendment, or 2) part of the initial application or annual updating amendment.

The Form CRS rules take effect on June 30, 2020, and the initial Form CRS must be delivered to each of the investment adviser's existing clients and customers who are retail clients within 30 days of this date.

Fiduciary Obligations

As a part of its Regulation Best Interest and Form CRS rulemaking, the SEC also issued updated interpretations of an investment adviser's fiduciary obligations and the requirement to avoid or at least disclose any conflicts of interest.

The SEC noted that simply saying the adviser "may" have a conflict of interest is not sufficient--the adviser must disclose the specific conflict to ensure that clients can give informed consent--and investment advisers trading for multiple clients at once must have clear policies and procedures to either mitigate or at least disclose whether/how their allocation policies may impact clients.

The updated interpretations are effective on September 10, 2019.

Responsibility

Our CCO has the responsibility for the implementation and monitoring of our policies, practices, disclosures, and recordkeeping and to ensure our Form CRS is updated and delivered on a timely basis.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly, and amended or updated, as appropriate, which include the following:

- Updating the relationship summary and filing it in accordance with Form CRS instructions within 30 days whenever any information in the relationship summary becomes materially inaccurate. The filing must include an exhibit highlighting the changes;
- Delivering the current Form CRS to each prospective client either prior to or at the time of entering into an advisory agreement with the client;
- Communicating any changes in the updated relationship summary to retail investors who are existing clients or customers within 60 days after the updates are required to be made and without charge;
- Disclosing specific conflicts of interest to ensure that clients give informed consent;
- *[if firm trades for multiple clients at once]* Mitigating or at the very least disclosing whether and/or how our allocation policies may impact our clients;
- Delivering the amended relationship summaries highlighting the most recent changes or providing an additional disclosure showing revised text or summarizing the material changes as an exhibit to the unmarked amended relationship summary;
- Delivering the most recent relationship summary to a retail investor who is an existing client or customer before or at the time Brighton Securities Corp.: (i) opens a new account that is different from the retail investor's existing account(s); (ii) recommends that the retail investor roll over assets from a retirement account into a new or existing account or investment; or (iii) recommends or provides a new brokerage or investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account;
- Delivering the relationship summary within 30 days upon an investor's request

Incident Response

Policy

Brighton Securities Corp.'s incident response policy, in conjunction with our firm's Cybersecurity, Identity Theft, and Privacy policies as set forth in this Manual, recognizes the critical importance of safeguarding the confidential and proprietary information of the firm and its employees. Maintaining the security, integrity and accessibility of the data maintained or conveyed through the Firm's operating systems is a fundamental requisite of our business operations and an important component of our fiduciary duty to our clients.

It is Brighton Securities Corp.'s policy to respond promptly and appropriately, based on the particular circumstances, should the firm suspect or detect that unauthorized individuals have gained access to nonpublic information.

When determining the appropriate response, we will consider the degree of risk posed and aggravating factors that may heighten the risk of a data security incident that results in unauthorized access to nonpublic information held by us or a third party service provider. Primary and immediate consideration will be given to evaluating and halting any ongoing attack and to promptly securing firm systems and information.

Each incident will be reviewed to determine if changes are necessary to the existing security structure and the firm’s electronic and procedural safeguards to guard against similar attacks or infiltrations in the future. All reported incidents are logged as well as the remedial actions taken. It is the responsibility of our IT Manager to provide training on any procedural changes that may be required as a result of the investigation of an incident.

Background

In addition to rules and regulations under the Advisers Act that an advisory firm needs to abide by to be considered compliant, there are mandates beyond the Advisers Act that place further significant regulatory obligations on advisory firms. Security laws and regulations that impose data security and privacy requirements on investment advisers include, among others: (i) Gramm-Leach-Bliley Act/Regulation S-P; (ii) Regulation S-AM (Limitation on Affiliate Marketing); (iii) FACT Act – Red Flags Rule; (iv) Regulation S-ID Identity Theft Red Flags Rules; (v) Standards for the Protection of Personal Information of Residents of the Commonwealth of Massachusetts (201 CMR 17.00); (vi) California Financial Information Privacy Act (SB1); and (vii) U.S. Data Breach Disclosure Legislation. Furthermore, according to information posted on the National Conference of State Legislatures (NCSL) website, as of March 2018, all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam have enacted legislation requiring private or governmental entities to notify individuals of security breaches of information involving personally identifiable information.

Responsibility

Brighton Securities Corp.'s incident response policies and procedures have been adopted pursuant to approval by the firm's senior management. Our IT Manager is responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Brighton Securities Corp.'s overall incident response goals and objectives. Further, Brighton Securities Corp. has created an incident response team, consisting of the following designated individuals, to address this critical area of oversight and protection:

- CCO
- CEO
- Legal (outside Counsel)
- Head of IT

All suspicious activity recognized or uncovered by personnel should be promptly reported to our CEO or the incident response team.

Any questions regarding Brighton Securities Corp.'s incident response policies should be directed to our CEO.

Procedure

- In addition to the firm's procedures as set forth in the Cybersecurity, Identity Theft, and Privacy sections of this Manual, Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate.

In the event of a breach:

Compliance/Legal

- Contact Brighton Securities Corp.'s insurance agents and proper authorities in order to mitigate and enact any compensation controls, if needed, such as payouts for damages or providing extra protection services to our clients like free credit monitoring services;
- Provide notice to authorities and law enforcement such as the FBI;
- Contact our IT provider and make sure that they can correctly gain control of the data loss event;
- Notify clients that a breach occurred; and
- Provide training on any procedural changes that may be required as a result of the investigation of an incident.

IT

- Review each incident to determine if changes are necessary to the existing security structure and our electronic and procedural safeguards to guard against similar attacks or infiltrations in the future. All reported incidents must be logged as well as the remedial actions taken;
- Identify what has been taken, determine the damage of that leaked information, and take immediate steps to stop the exfiltration of data;

- Correlate all of the information from the firm's logs and determine what was taken and who took it to provide to authorities;
- Remove all malware, harden and patch systems, and apply any updates;
- Document as much information as possible during the actual breach;
- Review the inventory list and make sure all items are accounted for;
- Evaluate system processes to ensure they have all been restored; and
- Document any issues and difficulties that arose during the restoration process.

Incident Response Team

- Once the investigation is complete, hold an after-action meeting with all incident response team members and discuss what was learned from the breach. Analyze and document everything about the breach. Determine what worked well in your response plan, and where there were some holes;
- Designate members of the incident response team or lead cybersecurity personnel to review the incident, including the response and recovery process. Evaluate what happened, how quickly the response started, and how long it lasted. During the post-incident analysis, review documentation of the incident. During this analysis, create a report to document the findings;
- Draft a list of names and contact information for all of the vendors that are going to take a part in discovering, documenting, and fixing a breach;
- Use the post-incident analysis to evaluate the effectiveness of the current incident response plan. Address question such as:
    - Was the incident found in a reasonable amount of time?
    - Was the system down as long as expected?
    - Were the right personnel available to respond?
    - Did recovery and restoration happen in the time expected?
    - Were backups available and as up to date as possible?
- Gather all of the pertinent personnel to review the incident and collaborate on everyone's view on the success or failure of the response to the incident;
- If flaws are found in the incident response protocols, document potential changes to the plan based on the response to the incident; and
- Evaluate the team's performance, if the plan was clear to every member that plays a role in incident response, and if Brighton Securities Corp. was able to contact everyone necessary during the event.

HR/Marketing

- Determine how to communicate the breach to internal employees, the public, and those directly affected.

Pandemic Response

Policy

As part of its fiduciary duty to its clients and as a matter of best business practices, Brighton Securities Corp. has adopted policies and procedures for pandemic response and for continuing Brighton Securities Corp.'s business in the event of a national pandemic. These policies are designed to allow Brighton Securities Corp. to resume providing service to its clients in as short a period of time as possible.

Background

A pandemic is a global disease outbreak which occurs when a new virus emerges for which there is little or no immunity in the human population and begins to cause serious illness and then spreads easily person-to-person worldwide. A pandemic could have a major effect on the global economy, including travel, trade, tourism, food, consumption and investment and financial markets. Planning is essential to minimize a pandemic's impact. As with any catastrophe, having a contingency plan is essential.

Unlike natural disasters or terrorist events, a pandemic will be widespread, affecting multiple areas of the United States and other countries at the same time. A pandemic will also be an extended event, with multiple waves of outbreaks in the same geographic area.

Responsibility

Senior Management is responsible for maintaining and implementing Brighton Securities Corp.'s Pandemic Response Plan, which should be used in conjunction with our Disaster Recovery and Cybersecurity sections.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts internal reviews to monitor and ensure such policy is observed, implemented properly and amended or updated, as appropriate.

Overall implementation and monitoring of the firm's Pandemic Response Plan is the responsibility of our IT Manager, supported by key personnel whose primary roles and responsibilities have been defined. Where necessary and appropriate, Brighton Securities Corp. may also utilize outsourced service provider(s) to assist in fulfilling one or more of the following functions:

Working from Home

- Organize and identify a central team of people or focal point to serve as a communication source so that our employees and clients can have accurate information during the crisis;
- Ensure that IT provides the correct technology and security measures for employees who are working from home, including:
    - telework arrangements and any weak points (and respective solutions);
    - connectivity issues due to the increased demand of bandwidth;

    - setting up VPNs for employees;
    - determining the costs and effort to set up secure, compatible systems;
    - providing any requisite software if an employee is using a personal computer; and
    - identifying backup systems and testing for e-mails, conference calls, and video conferencing
- Disseminate additional guidance and training regarding use of firm technology, tools and services in a remote work environment;
- Set clear expectations and show examples of what Brighton Securities Corp. expects to be done task-wise, along with deadlines and calendar sharing;
- Create regular meetings for supervisors to discuss concerns and raise questions with compliance staff;
- Provide staff with updated contact information for their assigned points of contact in Compliance, Legal, Operations and other departments;
- Transition to virtual training to continue preparing for upcoming regulatory obligations;
- Set up work-from-home guidelines, such as emails must be responded to within 24 hours, use text for urgent matters, and no calls between certain hours to make sure teammates are not working around the clock;
- Arrange for regular (weekly or more frequent) meetings or conference calls to review the latest information, develop consistent messaging, and make decisions; and
- Brighton Securities Corp. may need to request employees' personal contact information (phone numbers, e-mail addresses, or contact's information of where they may be if they are caring for family members).

<u>Social Distancing</u>

- Employees should avoid close contact with coworkers and clients (maintain a separation of at least 6 feet);
- Avoid shaking hands and always wash hands after contact with others;
- Encourage telephone use, videoconferencing, and the Internet to conduct business as much as possible, even when participants are in the same building;
- Minimize situations where groups of people are crowded together, such as in a meeting;
- If a face-to-face meeting is unavoidable, minimize the meeting time, choose a large meeting room, and sit at least 6 feet from one another;
- Reduce or eliminate unnecessary social interactions--reconsider all situations that permit or require employees, clients, and visitors to enter the workplace; and
- Avoid any unnecessary travel and cancel or postpone nonessential meetings, gatherings, workshops, and training sessions.

<u>Personal Protective Equipment (PPE) and Office Cleanliness</u>

- Stockpile items such as soap, tissue, hand sanitizer, cleaning supplies and recommended personal protective equipment. When stockpiling items, be aware of each product's shelf life and storage conditions (e.g., avoid areas that are damp or have temperature extremes) and incorporate product rotation (e.g., consume oldest supplies first) into your stockpile management program;

- Provide employees and clients in the workplace with easy access to infection control supplies, such as soap, hand sanitizers, personal protective equipment (such as gloves or surgical masks), tissues, and office cleaning supplies;
- Provide training, education, and informational material about employee health and safety, including proper hygiene practices and the use of any personal protective equipment to be used in the workplace;
- Provide clients and the public with tissues and trash receptacles, and with a place to wash or disinfect their hands;
- Regularly clean work surfaces, telephones, computer equipment, and other frequently touched surfaces and office equipment; and
- Discourage employees from using other employees' phones, desks, offices, or other work tools and equipment.

Introduction

Policy

Brighton Securities is a local, independently-owned stock brokerage and financial services firm that was established in 1969. The firm is federally registered with the SEC (Securities and Exchange Commission) as a Registered Investment Adviser.

Our firm has a strong reputation based on the professionalism and high standards of the firm and our employees. The firm's reputation and our advisory client relationships are the firm's most important asset.

As a registered adviser, and as a fiduciary to our advisory clients, our firm has a duty of loyalty and to always act in utmost good faith, place our clients' interests first and foremost and to make full and fair disclosure of all material facts and in particular, information as to any potential and/or actual conflicts of interests.]

Brighton Securities provides non-discretionary and discretionary investment advisory services geared primarily for individuals, trusts, estates and small businesses who wish to have their accounts managed. The Company also offers fee-based financial planning, insurance products, and state and federal income tax preparation for a fee. Brighton Securities works with clients to define financial objectives and to develop strategies for reaching those objectives, some of which may include; investment management, retirement planning, tax planning, estate planning, education funding, risk exposure review, cash flow and budget management and/or other issues specific to the client.

The investment advisory programs offer clients the opportunity to obtain portfolio management services from a select, pre-screened group of investment managers. Pursuant to the programs, investment needs, objectives, and risk tolerance for each client are determined by means of documentation completed by the client with the help of the Company's account executives. The investment managers are selected from a group offered through the Company's clearing relationship with First Clearing, LLC. The client retains the power to appoint and remove the manager, at the client's discretion. The Company may recommend that the client change a manager for any reason. The Company does not assume responsibility for the client's choice of manager or the manager's performance, compliance with applicable laws and regulations, or other matters within the manager's control.

The firm's compensation is derived mainly from a fee, based upon the average market value of the securities in the client's account during the preceding quarter, as determined by a signed client agreement.

Brighton Securities is also a FINRA registered broker-dealer. It is a "full service" broker-dealer engaging in purchases and sales of exchange listed and other publicly traded securities as well as the sale of annuities and other insurance products. Its investment advisory activities are undertaken in conjunction with other financial services offered to clients.

Assets under the direct management of Brighton Securities are held by independent custodians, including First Clearing, LLC, or others, in the client's name. Brighton Securities does not act as a custodian of client assets.

As a SEC registered adviser, Brighton Securities Corp. and our employees are also subject to various requirements under the Advisers Act and rules adopted under the Advisers Act and our Code of Ethics. These requirements include various anti-fraud provisions, which make it unlawful for advisers to engage in any activities which may be fraudulent, deceptive or manipulative.

These antifraud provisions include the SEC Compliance Programs of Investment Companies and Investment Advisers (Compliance Programs Rule) (SEC Rule 206 (4)-7) which requires advisers to adopt a formal compliance program designed to prevent, detect and correct any actual or potential violations by the adviser or its supervised persons of the Advisers Act, and other federal securities laws and rules adopted under the Advisers Act.

Elements of Brighton Securities Corp.'s compliance program include the designation of a Chief Compliance Officer, adoption and annual reviews of these IA Compliance Policies and Procedures, training, and recordkeeping, among other things.

Our IA Policies and Procedures cover Brighton Securities Corp. and each officer, member, or partner, as the case may be, and all employees who are subject to Brighton Securities Corp.'s supervision and control (Supervised Persons).

Our IA Policies and Procedures are designed to meet the requirements of the SEC IA Compliance Programs Rule and to assist the firm and our Supervised Persons in preventing, detecting and correcting violations of law, rules and our policies.

Our IA Policies and Procedures cover many areas of the firm's businesses and compliance requirements. Each section provides the firm's policy on the topic and provides our firm's procedures to ensure that the particular policy is followed.

Brighton Securities Corp.'s Chief Compliance Officer is responsible for administering our IA Policies and Procedures.

Compliance with the firm's IA Policies and Procedures is a requirement and a high priority for the firm and each person. Failure to abide by our policies may expose you and/or the firm to significant consequences which may include disciplinary action, termination, regulatory sanctions, potential monetary sanctions and/or civil and criminal penalties.

The Chief Compliance Officer will assist with any questions about Brighton Securities Corp.'s IA Policies and Procedures, or any related matters. Further, in the event any employee becomes aware of, or suspects, any activity that is questionable, or a violation, or possible violation of law, rules or the firm's policies and procedure, the Chief Compliance Officer is to be notified immediately.

Our IA Policies and Procedures will be updated on a periodic basis to be current with our business practices and regulatory requirements.

Advertising

Policy

Brighton Securities Corp. uses various advertising and marketing materials to obtain new advisory clients and to maintain existing client relationships. Brighton Securities Corp.'s policy requires that any advertising and marketing materials must be truthful and accurate, consistent with applicable rules, and reviewed and approved by a designated officer. Brighton Securities Corp.'s policy prohibits any advertising or marketing materials that may be misleading, fraudulent, deceptive and/or manipulative. Our policy also prohibits the use of testimonials.

Brighton Securities Corp.'s policies and procedures governing the use of social media for business purposes incorporate these same prohibitions. Our firm's comprehensive Social Media policy and procedures are separately set forth in this document; our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s Social Media practices.

Background

An advertisement is generally defined as any written communication, which includes websites and e-mails, directed to more than one person concerning advice or recommendations about the purchase or sale of securities or any other advisory service.

The SEC anti-fraud rules under the Advisers Act prohibit advisers from engaging in advertising practices which are fraudulent, deceptive, or manipulative activities. The manner in which investment advisers portray themselves, services and their investment returns to existing and prospective clients is highly regulated. SEC no-action letters also provide guidelines and prohibitions relating to an adviser's advertising and marketing practices.

Pursuant to the SEC's exam sweep focused on investment advisers' use of social media, the Commission issued a National Examination Risk Alert in January 2012, which identified various factors an adviser should consider in evaluating its policies and procedures governing the use of social media, noting that such practices must comply with various provisions of federal securities laws, including, but not limited to, the antifraud, compliance and recordkeeping provisions.

Radio Show Appearances

Any employee who will sit in as a host or a guest host on a radio show must read both Rule 206(4)-1(a)(2) of the Advisers Act along with the guidelines discussed in the Franklin No-Action Letter. They will be required to sign a statement that they have read and understand both Rule 206(4)-1(a)(2) of the Advisers Act along with the guidelines discussed in the Franklin No-Action Letter as it pertains to what is they are prohibited from discussing on the radio show.

Our CCO will randomly listen to the radio shows and review for appropriate content. If it is found that any employee has made any inappropriate statements, the CCO will meet with that person and review the inappropriate statements. He will then assess his findings to determine corrective steps which need

to be taken. They may include additional education, suspension from appearing on radio shows or possible ban from appearing on radio shows.

Responsibility

Our CCO has the responsibility for implementing and monitoring our policy, and for reviewing and approving any advertising and marketing to ensure any materials are consistent with our policy and regulatory requirements. This designated person is also responsible for maintaining, as part of the Brighton Securities Corp.'s books and records, copies of all advertising and marketing materials with a record of reviews and approvals in accordance with applicable recordkeeping requirements.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- all advertisements and promotional materials must be reviewed and approved prior to use by a designated officer, President, the Compliance Officer, or another officer of the firm (other than the individual who prepared such material);
- the approving of the advertising and marketing materials will documented;
- each employee is responsible for ensuring that only approved materials are used and that approved materials are not modified without the express written approval of the designated officer;
- the designated officer must also review other written communications prepared for existing clients or prospective clients including any quarterly letters;
- our firm's policies and procedures regarding the use of social media are consistent with our policies governing advertising and marketing, i.e., prohibiting any communications that may be misleading, fraudulent, deceptive and/or manipulative, or could be construed as a testimonial of our firm or our related persons;
- the designated officer, or a designee, is responsible for maintaining copies of any advertising and marketing materials, including any reviews and approvals, for a total period of five years following the last time any material is disseminated; and
- the designated officer, or a designee, is responsible for maintaining all written communications received or sent relating to the adviser’s performance for any managed accounts or securities recommendations.

Advisory Agreement

Policy

Brighton Securities Corp.'s policy requires a written investment advisory agreement for each client relationship which includes a description of our services, discretionary/non-discretionary authority, advisory fees, important disclosures and other terms of our client relationship. Brighton Securities Corp.'s advisory agreements meet all appropriate regulatory requirements and contain a non-assignment clause and do not contain any “hedge clauses.”

As part of Brighton Securities Corp.'s policy, the firm also obtains important relevant and current information concerning the client's identity, occupation, financial circumstances and investment objectives, among many other things, as part of our advisory and fiduciary responsibilities.

Background

Written advisory agreements form the legal and contractual basis for an advisory relationship with each client and as a matter of industry and business best practices provide protections for both the client and an investment adviser. An advisory agreement is the most appropriate place for an adviser to describe its advisory services, fees, liability, and disclosures for any conflicts of interest, among other things. It is also a best business practice to provide a copy of the advisory agreement to the client and for the agreement to provide for all client financial and personal information to be treated on a confidential basis.

Responsibility

Our CCO has the responsibility for the implementation and monitoring of the firm's advisory agreement policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm’s policy and conducts reviews to monitor and ensure the firm’s policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s advisory agreements and advisory fee schedules, and any changes, for the firm’s services are approved by management.
- The fee schedules are periodically reviewed by Brighton Securities Corp. to be fair, current and competitive.
- A designated officer, or the Compliance Officer, periodically reviews the firm’s disclosure brochure, marketing materials, advisory agreements and other material for accuracy and consistency of disclosures regarding advisory services and fees.
- Written client investment objectives or guidelines are obtained, or recommended as part of a client's advisory agreement.
- Client investment objectives or guidelines are monitored on an on-going and also periodic basis for consistency with client investments/portfolios.

- Any solicitation/referral arrangements and solicitor/referral fees must be in writing, reviewed and approved by the designated officer and/or management, meet regulatory requirements and appropriate records maintained.
- Any additional compensation arrangements are to be monitored by the designated officer, or Compliance Officer, approved and disclosed with appropriate records maintained.

There are numerous forms required to implement an advisory (managed) account. As we currently utilize the Advisory Account offerings through Wells Fargo (via our clearing relationship with First Clearing, LLC.), please refer to the 'Products' tab on the InfoMAX site through SmartStation for a list of the forms required to open and maintain an advisory account. Go to the 'Products' tab and then select 'Advisory.' All contracts and forms must be executed properly and then submitted to a firm Principal for review.

Note: Although some of the advisory contracts utilized by us for the WFA discretionary programs (Allocation Advisors, FundSource, DMA and Masters) may authorize Brighton to act as a discretionary investment advisor, we do not currently exercise that authority. Currently, only WFA acts in that capacity in these programs.

Discretionary authority at Brighton Securities is generally not allowed but in any circumstance must be pre-approved by a Principal of the firm in writing.

Advisory Fees

Policy

Brighton Securities Corp details the terms of our clients' advisory fees and expenses in an advisory agreement and describes it in our Form ADV and other materials provided to the client.

As a matter of policy and practice, Brighton Securities Corp has also adopted and implemented written policies and procedures designed to prevent failing to adhere to the terms of any client agreements and disclosures, or otherwise engage in inappropriate fee billing and expense practices.

Background

Proper fee billing has continued to be a consistent focus for the SEC. On April 12, 2018, the Office of Compliance Inspections and Examinations (OCIE) issued a National Exam Program Risk Alert, providing a list of compliance issues relating to fees and expenses that were most frequently identified in deficiency letters sent to investment advisers.

According to OCIE, the most frequent compliance issues it found related to advisory fees and expenses as of 2018 are:

- Fee-billing based on incorrect account valuations;
- Billing fees in advance or with improper frequency;
- Applying incorrect fee rate;
- Omitting rebates and applying discounts incorrectly;
- Disclosure issues involving advisory fees; and
- Adviser expense misallocations.

Our policy and the procedures set forth below are designed to address these regulatory concerns and reasonably ensure that Brighton Securities Corp.'s fees are accurate.

Responsibility

Our CAO is responsible for the implementation of the firm's Advisory Fees, maintaining relevant records regarding the policies and procedures, and documenting these reviews.

Procedure

Brighton Securities Corp has adopted procedures to implement the policy, and conducts internal reviews to monitor and ensure that the policy is observed, implemented properly, and amended or updated, as appropriate. These include the following:

- Our CAO or designated person will review the process of valuing of assets specified in the client agreement and compare it with the actual method used to ensure they match;

- Our CAO or designated person will review the process of billing advisory fees specified in our advisory contract, Form ADV Part 2, and Form CRS and ensure that the firm is not billing clients in advance or with improper frequency;
- Our CAO or designated person will confirm the advisory fee rate specified in the client agreement and compare it with the actual rate charged to ensure they match; and
- Our CAO or designated person will review any rebates or discounts specified in the client agreement and ensure the correct ones are given to ensure overcharging does not occur.

Agency Cross Transactions

Policy

Brighton Securities Corp.'s policy and practice is to NOT engage in any agency cross transactions and our firm's policy is appropriately disclosed in Form ADV Part 1 and Part 2A responses.

Background

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction (SEC Rule 206(3)-2(b)). Agency cross transactions typically may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Agency cross transactions are permitted for advisers only if certain conditions are met under Advisers Act rules including prior written consent, client disclosures regarding trade information and annual disclosures, among other things.

Responsibility

The CEO has the overall responsibility for implementing and monitoring our policy of not engaging in any agency cross transactions.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting any agency cross transactions for advisory clients has been communicated to relevant individuals including portfolio managers, traders and others;
- the policy is appropriately disclosed in the firm's Form ADV;
- The CEO semi-annually monitors the firm's advisory services and trading practices to help ensure that no agency cross transactions occur for advisory clients; and
- in the event of any change in the firm's policy, any such change must be approved by management, any agency cross transactions would only be allowed after appropriate authorizations, reviews, approvals, disclosures, reporting and meeting appropriate regulatory requirements and maintaining proper records.

Annual Compliance Reviews

Policy

As a SEC registered adviser, it is Brighton Securities Corp.'s policy to conduct an annual review of the firm's policies and procedures to determine that they are adequate, current and effective in view of the firm's businesses, practices, advisory services, and current regulatory requirements. Our policy includes amending or updating the firm's policies and procedures to reflect any changes in the firm's activities, personnel, or regulatory developments, among other things, either as part of the firm's annual review, or more frequently, as may be appropriate, and to maintain relevant records of such reviews.

Background

In December 2003, the SEC adopted Rule 206(4)-7, *Compliance Programs of Investment Companies and Investment Advisers* (Compliance Program Rule) under the Advisers Act and Investment Company Act, (SEC Release Nos. IA-2204 and IC-26299). The rules were effective and advisers and funds had to be in compliance with the rules by October 5, 2004. The rules require SEC registered advisers and investment companies to adopt and implement written policies and procedures designed to detect and prevent violations of the federal securities laws. The rules are also designed to protect investors by ensuring all funds and advisers have internal programs to enhance compliance with the federal securities laws. Among other things, the rules require that advisers and investment companies annually review their policies and procedures for their adequacy and effectiveness and maintain records of the reviews. A Chief Compliance Officer must also be designated by advisers and investment companies to be responsible for administering the compliance policies, procedures and the firm's annual reviews.

The required reviews are to consider any changes in the adviser's or fund's activities, any compliance matters that have occurred in the past year and any new regulatory requirements or developments, among other things. Appropriate revisions of a firm's or fund's policies or procedures should be made to help ensure that the policies and procedures are adequate and effective. Advisers and funds were to have completed their first annual review within eighteen months of the adoption or approval of their compliance policies and procedures (i.e., no later than April 5, 2006, and annually thereafter).

Responsibility

Our CCO has the overall responsibility and authority to develop and implement the firm's compliance policies and procedures and to conduct an annual review to determine their adequacy and effectiveness in detecting and preventing violations of the firm's policies, procedures or federal securities laws. The CCO also has the responsibility for maintaining relevant records regarding the policies and procedures and documenting these reviews.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- on at least an annual basis, our CCO, and such other persons as may be designated, will undertake a complete review of all Brighton Securities Corp.'s written compliance policies and procedures;
- the review will include a review of each policy to determine the following:
    a) adequacy;
    b) effectiveness;
    c) accuracy;
    d) appropriateness for the firm's or fund's current activities
    e) current regulatory requirements;
    f) any prior policy issues, violations or sanctions; and
    g) any changes or updates that may otherwise be required or appropriate.
- the annual review process should also consider and assess the risk areas for the firm and review and update any risk assessments in view of any changes in advisory services, client base and/or regulatory developments;
- The CCO, or designee(s), will coordinate the review of each policy with an appropriate person, department manager, management person or officer to ensure that each of the firm's policies and procedures is adequate and appropriate for the business activity covered, e.g., a review of trading policies and procedures with the person responsible for the firm's trading activities;
- The CCO, or designee(s), will revise or update any of the firm's policies and/or procedures as necessary or appropriate and obtain the approval of the person, department manager, management person or officer responsible for a particular activity as part of the review;
- The CCO will obtain the approval of the firm's compliance policies and procedures from the appropriate senior management person or officer, or chief executive officer;
- the firm's annual reviews will include a consideration of any prior violations or issues under any of the firm's policies or procedures with any revisions or amendments to the policy or procedures designed to address such violations or issues to help avoid similar violations or issues in the future;
- The CCO will maintain hardcopy or electronic records of the firm's policies and procedures as in effect at any particular time since October 5, 2004, and any policies in effect prior to that date;
- The CCO will also maintain an Annual Compliance Review file for each year which will include and reflect any revisions, changes, updates, and materials supporting such changes and approvals, of any of the firm's policies and/or procedures;
- The CCO, or designee(s), will also conduct more frequent reviews of the Brighton Securities Corp.'s policies or procedures, or any specific policy or procedure, in the event of any change in personnel, business activities, regulatory requirements or developments, or other circumstances requiring a revision or update; and
- relevant records of such additional reviews and changes will also be maintained by our CCO.

Anti-Money Laundering

Policy

It is the policy of Brighton Securities Corp. to seek to prevent the misuse of the funds it manages, as well as preventing the use of its personnel and facilities for the purpose of money laundering and terrorist financing. Brighton Securities Corp. has adopted and enforces policies, procedures and controls with the objective of detecting and deterring the occurrence of money laundering, terrorist financing and other illegal activity. Anti-money laundering (AML) compliance is the responsibility of every employee. Therefore, any employee detecting any suspicious activity is required to immediately report such activity to the AML Compliance Officer. The employee making such report should not discuss the suspicious activity or the report with the client in question.

Background

On October 26, 2001, the President signed into law the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001 (USA PATRIOT Act). Prior to the passage of the USA PATRIOT Act, regulations applying the anti-money laundering provisions of the Bank Secrecy Act (BSA) were issued only for banks and certain other institutions that offer bank-like services or that regularly deal in cash. The USA PATRIOT Act required the extension of the anti-money laundering requirements to financial institutions, such as registered and unregistered investment companies, that had not previously been subjected to BSA regulations.

In April 2003, the Department of the Treasury proposed new rules that would require SEC registered advisers, and certain unregistered advisers, to adopt an anti-money laundering program. These proposed rules were withdrawn in October 2008 by FinCEN of the Department of the Treasury due to the passage of time and to re-assess financial industry developments.

On August 25, 2015, the Financial Crimes Enforcement Network (FinCEN) issued for public comment a notice of proposed rulemaking (NPRM) that would prescribe minimum standards for anti-money laundering programs to be established by certain investment advisers, file reports of suspicious activity to FinCEN pursuant to the Bank Secrecy Act ("BSA"), and comply with certain other requirements. FinCEN also proposed including certain investment advisers in the general definition of "financial institution" in rules implementing the BSA.

Foreign Sanctions Evaders List. The Treasury Department's Office of Foreign Assets Control created a new list – the Foreign Sanctions Evaders List ("FSE List") in February 2014, identifying non-U.S. persons and entities that have engaged in conduct evading U.S. economic sanctions with respect to Iran or Syria. As OFAC has elected to maintain a separate FSE List rather than incorporate the FSE entries on the SDN List, advisers should screen their counterparties against both lists.

While currently there are no anti-money laundering rules imposed directly on SEC-registered investment advisers, advisers may agree to perform some or all of a broker-dealer's Customer Identification

Program (CIP) obligations subject to certain conditions set forth in a series of no-action letters issued by the SEC's Division of Trading and Markets (the "Division").

On December 12, 2016 the Division once again extended relief that allows broker-dealers to rely on registered investment advisers to satisfy the broker-dealer's CIP obligations for shared customers under certain conditions (the "2016 Letter"). The 2016 Letter represents the eight extension since the Division originally provided relief in a no-action letter issued on February 12, 2004 (the "2004 Letter"). Most notably, the no-action letter issued on January 11, 2011 (the "2011 Letter") imposed new requirements on the adviser that must be set forth in a contract entered into by the adviser and the broker-dealer in addition to retaining the conditions set forth in the 2004 letter. The most recent letter extends the no-action position in the 2011 Letter for an additional two years (i.e., until December 12, 2018). In May 2016, FinCEN issued new rules intended to clarify and strengthen customer due diligence requirements for 'covered financial institutions.' These new rules include Beneficial Ownership Requirements for legal entity customers, which contain a reliance provision similar to one contained in the CIP Rule permitting a covered financial institution to rely on the performance by another financial institution of the rule's requirements subject to certain conditions, including that the other financial institution is subject to an AML Program Rule. Covered financial institutions must comply with these rules by May 11, 2018.

The 2016 Letter extends the no-action position set forth in the previous letter (issued 1/9/2015) until the earlier of: (i) the date upon which an AML Program Rule for investment advisers becomes effective, or (ii) two years from the date of this letter. (See *Securities Industry and Financial Markets Association* SEC No-Action letter dated December 12, 2016.)

Responsibility

Brighton Securities Corp. has designated the CCO as Brighton Securities Corp.'s AML Compliance Officer.

In this capacity, the AML Compliance Officer is responsible for coordinating and monitoring the firm's AML program as well as maintaining the firm's compliance with applicable AML rules and regulations. The AML Compliance Officer will review any reports of suspicious activity which have been observed and reported by employees.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Client Identification Procedures

As part of Brighton Securities Corp.'s AML program, the firm has established procedures to ensure that all clients' identities have been verified before an account is opened.

Before opening an account for an individual client, Brighton Securities Corp. will require satisfactory documentary evidence of a client's name, address, date of birth, social security number or, if applicable,

tax identification number. Before opening an account for a corporation or other legal entity, Brighton Securities Corp. will require satisfactory evidence of the entity's name, address and that the acting principal has been duly authorized to open the account. The AML Compliance Officer will retain records of all documentation that has been relied upon for client identification for a period of five years.

Prohibited Clients

Brighton Securities Corp. will not open accounts or accept funds or securities from, or on behalf of, any person or entity whose name appears on either the List of Specially Designated Nationals and Blocked Persons, or the Foreign Sanctions Evaders List maintained by the U.S. Office of Foreign Assets Control, from any Foreign Shell Bank or from any other prohibited persons or entities as may be mandated by applicable law or regulation.

Brighton Securities Corp. will also not accept high-risk clients (with respect to money laundering or terrorist financing) without conducting enhanced, well-documented due diligence regarding such prospective client.

Annual Training and Review

The AML Compliance Officer will conduct annual employee training programs for appropriate personnel regarding the AML program. Such training programs will review applicable laws, regulations and recent trends in money laundering and their relation to Brighton Securities Corp.'s business. Attendance at these programs is mandatory for appropriate personnel, and session and attendance records will be retained for a five-year period.

The AML program will be reviewed annually by the AML Officer, the Chief Compliance Officer or an independent auditor. The review of the AML program will be conducted as part of the firm's Annual Compliance Program Review of the policies and procedures. The AML review will also evaluate Brighton Securities Corp.'s AML program for compliance with current AML laws and regulations.

In addition, Brighton Securities Corp. has contractually agreed to assume the broker-dealer's CIP obligations. As set forth in the agreement between our firms:

1. our firm will update our AML Program as necessary to implement changes in applicable laws and guidance;
2. Brighton Securities Corp. (or our agent) will perform the specified requirements of the broker-dealer's CIP and/or beneficial ownership practices in a manner consistent with Section 326 of the PATRIOT Act and the Beneficial Ownership Requirements, respectively;
3. we will promptly disclose to the broker-dealer potentially suspicious or unusual activity detected as part of the CIP and/or beneficial ownership procedures being performed on the broker's behalf in order to enable that firm to file a Suspicious Activity Report ("SAR"), as appropriate based on the broker-dealer's judgment;
4. we will annually certify to the broker-dealer that the representations made in the contractual agreement are accurate and that our firm is in compliance with its representations; and

5. will promptly provide books and records in connection with our performance of the broker-dealer's CIP and/or beneficial ownership procedural obligations to the SEC, a self-regulatory organization ("SRO") that maintains jurisdiction over the broker, or to authorized law enforcement agencies, either directly through the broker or at the request of (a) the broker-dealer, (b) the SEC, (c) a SRO maintaining jurisdiction over such broker-dealer, or (d) an authorized law enforcement agency.

Best Execution

Policy

As an investment advisory firm, Brighton Securities Corp. has a fiduciary and fundamental duty to seek best execution for client transactions.

Brighton Securities Corp., as a matter of policy and practice, seeks to obtain best execution for client transactions, *i.e.,* seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

Background

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the clients' total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an adviser must consider the full range and quality of a broker-dealer's services, including execution capability, commission rates, and the value of any research, financial responsibility, and responsiveness, among other things.

Responsibility

Our CCO has the responsibility for the implementation and monitoring of our best execution policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- as part of Brighton Securities Corp.'s brokerage and best execution practices, Brighton Securities Corp. has adopted and implemented written best execution practices and established a Brokerage Committee (or designated an individual or officer);
- the Brokerage Committee (or designated officer) has responsibility for monitoring our firm's trading practices, gathering relevant information, quarterly reviewing and evaluating the services provided by broker-dealers the quality of executions, research, commission rates, and overall brokerage relationships, among other things;
- Brighton Securities Corp. may also maintain and update quarterly "Approved Broker-Dealer List" based upon the firm's reviews;
- Brighton Securities Corp. will document consideration of quality and cost of services available from other brokers;

- Brighton Securities Corp. also conducts annual reviews of the firm's brokerage and best execution policies and documents these reviews, and discloses a summary of brokerage and best execution practices in response to Item 12 in Part 2A of Form ADV: *Firm Brochure*; and
- a Best Execution file is maintained for the information obtained and used in Brighton Securities Corp.'s periodic best execution reviews and analysis and to document the firm's best execution practices.

If the firm is a 'Large Trader' pursuant to SEC Rule 13h-1 (the Large Trader Rule), the firm's Best Execution/Trading practices should include the following:

- providing the firm's LTID (large trader identification number) to **all** registered broker-dealers effecting transactions on behalf of the firm.

Books and Records

Policy

As a registered investment adviser, Brighton Securities Corp. is required, and as a matter of policy, maintains various books and records on a current and accurate basis which are subject to periodic regulatory examination. Our firm's policy is to maintain firm and client files and records in an appropriate, current, accurate and well-organized manner in various areas of the firm depending on the nature of the records.

Brighton Securities Corp.'s policy is to maintain required firm and client records and files in an appropriate office of Brighton Securities Corp. for the at least first two years and in a readily accessible facility and location for up to an additional three years for a total of not less than five years from the end of the applicable fiscal year. Certain records for the firm's performance, advertising and corporate existence are kept for longer periods. (Certain states may require longer record retention.)

Background

Registered investment advisers, as regulated entities, are required to maintain specified books and records. There are generally two groups of books and records to be maintained. The first group is financial records for an adviser as an on-going business such as financial journals, balance sheets, bills, etc. The second general group of records is client related files as a fiduciary to the firm's advisory clients and these include agreements, statements, correspondence and advertising, and trade records, among many others.

Responsibility

Our CEO has the overall responsibility for the implementation and monitoring of our books and records policy, practices, disclosures and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Brighton Securities Corp.'s filing systems for the books, records and files, whether stored in files or electronic media, are designed to meet the firm's policy, business needs and regulatory requirements as follows:

- arranging for easy location, access and retrieval;
- having available the means to provide legible, true and complete copies;
- for records stored on electronic media, back-up files are made and such records stored separately;

- reasonably safeguarding all files, including electronic media, from loss, alteration or destruction (see back-up procedures in Disaster Recovery Policy);
- limiting access by authorized persons to Brighton Securities Corp.'s records (see additional Cybersecurity and Privacy procedures related to passwords and safeguarding practices);
- ensuring that any non-electronic original records that are electronically reproduced and stored are accurate reproductions;
- identifying the different types of data stored electronically and the appropriate controls for each type of data;
- checking for and implementing any software patches or hardware updates in our electronic media, followed by reviews to ensure that the patches and updates did not unintentionally change, weaken, or otherwise modify the security configuration;
- maintaining client and firm records for five years from the end of the fiscal year during which the last entry was made with longer retention periods for advertising, performance, Code of Ethics and firm corporate/organization documents; and
- annual reviews will be conducted by the designated officer, individual(s) or department managers to monitor Brighton Securities Corp.'s recordkeeping systems, controls, and firm and client files.

Code of Ethics

Policy

Brighton Securities Corp., as a matter of policy and practice, and consistent with industry best practices and SEC requirements (SEC Rule 204A-1 under the Advisers Act and Rule 17j-1 under the Investment Company Act, which is applicable if the firm acts as investment adviser to a registered investment company), has adopted a written Code of Ethics covering all supervised persons. Our firm's Code of Ethics requires high standards of business conduct, compliance with federal securities laws, reporting and recordkeeping of personal securities transactions and holdings, reviews and sanctions. The firm's current Code of Ethics, and as amended, while maintained as a separate document, is incorporated by reference and made a part of these Policies and Procedures.

Background

In July 2004, the SEC adopted an important rule (Rule 204A-1) similar to Rule 17j-1 under the Investment Company Act, requiring SEC advisers to adopt a code of ethics. The new rule was designed to prevent fraud by reinforcing fiduciary principles that govern the conduct of advisory firms and their personnel.

The Code of Ethics rule had an effective date of August 31, 2004 and a compliance date of February 1, 2005. Among other things, the Code of Ethics rule requires the following:

- setting a high ethical standard of business conduct reflecting an adviser's fiduciary obligations;
- compliance with federal securities laws;
- access persons to periodically report personal securities transactions and holdings, with limited exceptions;
- prior approval for any IPO or private placement investments by access persons;
- reporting of violations;
- delivery and acknowledgement of the Code of Ethics by each supervised person;
- reviews and sanctions;
- recordkeeping; and
- summary Form ADV disclosure.

An investment adviser's Code of Ethics and related policies and procedures represent a strong internal control with supervisory reviews to detect and prevent possible insider trading, conflicts of interest and potential regulatory violations.

Responsibility

Our CEO has the primary responsibility for the preparation, distribution, administration, periodically reviews, and monitoring our Code of Ethics, practices, disclosures, sanctions and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy on personal securities transactions and our Code of Ethics and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended, as appropriate, which include the following:

- formal adoption of the firm's Code of Ethics by management;
- the Chief Compliance Officer distributes the current Code of Ethics annually to all supervised persons and to all new supervised persons upon hire;
- each supervised person must acknowledge receipt of the firm's Code of Ethics initially upon hire and annually and return a signed acknowledgement/certification form to the Chief Compliance Officer;
- the Chief Compliance Officer, with other designated officer(s), conduct a review of the firm's Code of Ethics at least annually and update the Code of Ethics as may be appropriate;
- the Chief Compliance Officer obtains and reviews access persons' personal transactions/holdings reports quarterly;
- the Chief Compliance Officer, or his/her designee, retains and conducts a review at least annually of relevant Code of Ethics records as required, including but not limited to, Codes of Ethics, as amended from time to time, acknowledgement/certification forms, records identifying individuals deemed to be access persons of the firm, initial and annual holdings reports, reports of personal securities transactions, violations and sanctions, among other documentation;
- the firm provides initial and annual education about the Code of Ethics, and each person's responsibilities and reporting requirements, under the Code of Ethics;
- the firm's Form ADV is reviewed annually and amended, when necessary, by the Chief Compliance Officer to appropriately disclose a summary of the firm's Code of Ethics which includes an offer to deliver a copy of the Code upon request by an existing or prospective advisory client; and
- the Chief Compliance Officer is responsible for receiving and responding to any client requests for the firm's Code of Ethics and maintaining required records.

Complaints

Policy

As a registered adviser, and as a fiduciary to our advisory clients, our firm has adopted this policy, which requires a prompt, thorough and fair review of any advisory client complaint, and a prompt and fair resolution which is documented with appropriate supervisory review.

Background

Based on an adviser's fiduciary duty to its clients and as a good business practice of maintaining strong and long term client relationships, any advisory client complaints of whatever nature and size should be handled in a prompt, thorough and professional manner. Regulatory agencies may also require or request information about the receipt, review and disposition of any written client complaints.

Responsibility

Brighton Securities Corp.'s designated officer has the primary responsibility for the implementation and monitoring of the firm's complaint policy, practices and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- Brighton Securities Corp. maintains a Complaint File for any written complaints received from any advisory clients;
- any person receiving any written client complaint is to forward the client complaint to Brighton Securities Corp.'s designated officer;
- if appropriate, the designated officer will promptly send the client a letter acknowledging receipt of the client's complaint letter indicating the matter is under review and a response will be provided promptly;
- the designated officer will forward the client complaint letter to the appropriate person or department, depending on the nature of the complaint, for research, review and information to respond to the client complaint;
- the designated officer will then either review and approve or draft a letter to the client responding to the client's complaint and providing background information and a resolution of the client's complaint. Any appropriate supervisory review or approval will be done and noted; and
- the designated officer will maintain records and supporting information for each written client complaint in the firm's complaint file.

Corporate Records

Policy

As a registered investment adviser and legal entity, Brighton Securities Corp. has a duty to maintain accurate and current “Organization Documents.” As a matter of policy, Brighton Securities Corp. maintains all Organization Documents and related records at its principal office. All Organization Documents are maintained in a well-organized and current manner and reflect current directors, officers and members or partners, as appropriate. Our Organization Documents will be maintained for the life of the firm in a secure manner and location and for an additional three years after the termination of the firm.

Background

Organization Documents, depending on the legal form of an adviser, may include the following, among others:

- Articles of Incorporation, By-laws, etc. (for corporations)
- Agreements and/or Articles of Organization (for limited liability companies)
- Partnership Agreements and/or Articles (for partnerships and limited liability partnerships)
- Charters
- Minute Books
- Stock certificate books/ledgers
- Organization resolutions
- Any changes or amendments of the Organization Documents

Responsibility

Our CEO has the responsibility for the implementation and monitoring of our Organization Documents policy, practices, and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s designated officer will maintain the Organization Documents in Brighton Securities Corp.'s principal office in a secure location; and
- Organization Documents will be maintained on a current and accurate basis and reviewed annually and updated by the designated officer so as to remain current and accurate with Brighton Securities Corp.'s regulatory filings and disclosures, among other things.

Custody

Policy

As a matter of policy and practice, Brighton Securities Corp. does maintain custody of client funds, securities or assets. Our policy is to ensure that we maintain client funds and securities with qualified custodians. We believe that the custody rules for Advisers are vital for the protection of clients and for the health of the industry. Our procedures are well fitted to firms of our size and help make us more transparent.

Background

In a major revamping and updating of the SEC Custody Rule (Rule 206(4)-2), the SEC adopted final rule amendments released on December 30, 2009, imposing more rigorous requirements for SEC advisers maintaining custody or deemed to have custody of client assets.

In the National Exam Program Risk Alert, *Significant Deficiencies Involving Adviser Custody and Safety of Client Assets*, issued by OCIE on March 4, 2013, SEC staff grouped custody-related deficiencies into four categories: (i) failure by advisers to recognize they have custody; (ii) failure to comply with the rule's "surprise exam" requirement; (iii) failures to comply with the "qualified custodian" requirements; and (iv) failures to comply with the audit approach for pooled investment vehicles. The Alert, which can be accessed here, includes detailed examples of the deficiencies observed.

Staff of the Division of Investment Management issued *Inadvertent Custody: Advisory Contract Versus Custodial Contract Authority* (IM Guidance Update No. 2017-01) in February 2017, and has determined that an investment adviser may inadvertently have custody of client funds or securities because of provisions in a separate custodial agreement entered into between its advisory client and a qualified custodian. The staff notes that depending on the wording or rights conferred by these custodial agreements, an adviser may have custody, and may also be subject to the surprise examination requirement, even though it did not otherwise intend to have such access. The Guidance, which can be accessed here, includes examples of agreements that would give an adviser inadvertent custody.

The custody rule under the Investment Advisers Act of 1940 defines custody as "holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them." The custody definition includes three examples to clarify what constitutes custody for advisers as follows:

1. possession of client funds or securities (but not of checks drawn by clients and made payable to third parties) unless you receive them inadvertently and you return them to the sender promptly but in any case within three business days of receiving them;
2. any arrangement (including a general power of attorney) under which you are authorized or permitted to withdraw client funds or securities maintained with a custodian upon your instruction to the custodian; and
3. any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or a

trustee of a trust) that gives you or your supervised person legal ownership of or access to client funds or securities.

> **NOTE:** If a related person of the adviser is appointed as trustee as a result of a family or personal relationship with the grantor or beneficiary of the trust, and not as a result of employment with the adviser, the role of the supervised person as trustee will not be imputed to the adviser; thus the adviser will not be deemed to have custody of such client's assets.

Use of Qualified Custodians. The custody rule requires advisers with custody to maintain client funds and securities with "qualified custodians," which include U.S. banks and insured savings associations; registered broker-dealers; futures commission merchants registered under the U.S. Commodity Exchange Act (but only with respect to clients' funds and security futures, or other securities incidental to futures transactions); and certain foreign custodians.

> *Exceptions*. (1) Shares of mutual funds may be held with the fund's transfer agent in lieu of a qualified custodian. (2) Certain privately offered securities provided such securities meet specified conditions.

Use of Affiliated Custodians. However, when the adviser or its related person serves as qualified custodian for client assets in connection with advisory services provided by the adviser ("affiliated custodian"), the adviser is required to undergo a surprise annual audit ***and*** annually obtain, or receive from the related person, an internal control report regarding the affiliated custodian's controls applicable to custody of client assets. An independent public accountant registered with and subject to regular inspection by the PCAOB must issue the report.

Exceptions.

- A limited exception from the surprise examination requirement is available when the adviser is deemed to have custody as a result of a related person having custody. (1) An adviser that can evidence that it is operationally independent from a related person that serves as a qualified custodian for client assets would not have to obtain a surprise examination of client assets held by the related person. The rule sets forth the conditions that must be met.
- A limited exception to obtaining an internal control report from a related person is available when the related person is deemed to have custody of client assets but does not act as qualified custodian to such assets. For example, an adviser to a private fund the general partner ("GP") of which is a related person of the adviser would not need to obtain an internal control report from (i) the GP if the GP is not serving as the qualified custodian and (ii) the prime broker that is serving as the qualified custodian is not a related person of the adviser.
- A limited exception from the surprise examination requirement is available when the adviser has authority under Standing Letters of Authority (SLOA) under certain conditions as outlined in the IAA No-Action Letter, dated February 21, 2017.

Account Statements to Clients. Advisers must also have a reasonable belief after "due inquiry" that the qualified custodians provide at least quarterly account statements directly to the adviser's clients.

If the adviser elects also to send account statements to its advisory clients in addition to those sent by the qualified custodian(s), the adviser must include a legend in its account statements urging clients to compare the account statements they receive from the custodian with those received from the adviser.

Notice to Clients. Advisers that open an account(s) with a qualified custodian on the client's behalf, either (i) as a separate account under the client's name or (ii) in accounts under the adviser's name as agent or trustee (provided such account contains only clients' funds and securities), must promptly notify the client in writing, detailing the qualified custodian's name, address and the manner in which the client's funds or securities are maintained.

> *Exceptions.* Investment-related limited partnerships, limited liability companies or other pooled investment vehicles (collectively 'pooled investment vehicles') that are annually audited with copies of the audited financials delivered to all investors within specified timeframes (you may access more detailed information pertaining to pooled investment vehicles).

Surprise Annual Audit. Advisers deemed to have custody of clients' funds or securities are required to obtain a surprise annual examination of client assets by an independent public accountant, except as provided below.

The independent accountant must file its certificate on Form ADV-E with the SEC within 120 days of the commencement of the examination. Any material discrepancies found by the accountant must be reported to the SEC within one day. Effective January 1, 2011, investment adviser firms submit Form ADV-E filings electronically via the IARD while the reporting public accountants utilize a separate Form ADV-E Surprise Examination Filing Website.

> *Exceptions*.
>
> (1) Advisers deemed to have custody ***solely*** as a result of their ability to directly debit advisory fees from clients' accounts.
>
> (2) Investment-related limited partnerships, limited liability companies or other pooled investment vehicles (collectively "pooled investment vehicles") that are annually audited with copies of the audited financials delivered to all investors within specified timeframes.
>
> (3) Advisers that have in place an SLOA that is structured such that the adviser does not have discretion as to the payee and that the following conditions are met:
>
> - The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.

- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

(See IAA No-Action Letter February 21, 2017 - https://www.sec.gov/divisions/investment/noaction/2017/investment-adviser-association-022117-206-4.htm)

Form ADV Disclosures: Although advisers that deduct fees directly from client accounts are deemed to have custody and must comply with the applicable rule requirements, advisers that have custody ***solely*** because they deduct advisory fees may continue to answer "No" to the custody questions in Item 9 of Form ADV Part 1. In the IAA No-Action Letter (February 21, 2017) the SEC advised firms that beginning with the next annual updating amendment after October 1, 2017, an investment adviser should include client assets that are subject to a SLOA that result in custody in its response to Item 9 of Form ADV.

Form ADV Part 1. Except as provided below, advisers are required to promptly amend their responses to most subsections of Item 9 (and related Schedule D disclosures) when previously reported information becomes inaccurate. Advisers need only update their responses to the following when filing their annual updating amendment: (i) the approximate amount of funds and securities and (ii) total number of clients for which you and/or your related persons have custody; (iii) the date a surprise exam commenced; and (iv) the number of persons acting as qualified custodians for your clients.

Form ADV Part 2. Advisers must disclose whether they require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance in response to Item 18.A. of Part 2A of Form ADV and if so, must include a balance sheet for its most recent fiscal year. An adviser that has not completed its first fiscal year must include a balance sheet dated not more than 90 days prior to the filing date of the Firm Brochure. The balance sheet must be prepared in accordance with GAAP, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

In addition, an adviser having discretionary authority or custody of client assets, or who solicits or requires the aforementioned prepayment of fees, is required to disclose any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients.

> *Exceptions*. An adviser that is also (i) a qualified custodian as defined in SEC Rule 206(4)-2 or a similar state rule; or (ii) an insurance company, is **not** required to respond to Item 18.A.

MUTUAL FUND EXEMPTION. Advisers are exempt from all provisions of the custody rule with respect to clients that are registered investment companies. These accounts are subject to the requirements of section 17(f) of the Investment Company Act and custody rules adopted thereunder.

Responsibility

The CCO has the responsibility for the implementation and monitoring of our policies, practices, disclosures and recordkeeping to ensure we are not deemed a custodian.

In the event any employee of Brighton Securities Corp. receives funds, securities, or other assets from a client, such employee must immediately notify the Compliance Officer and arrange to return such funds, securities or other assets to the client within three business days of receiving them.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews to monitor and ensure the firm's policy is observed, properly implemented and amended or updated, as appropriate which include the following:

- Brighton Securities Corp. will conduct a review of a random sample of client accounts to verify quarterly that securities and funds of advisory clients are maintained with an unaffiliated qualified custodian or, in the case of accounts holding shares of open-end mutual funds, the fund's transfer agent and held in the client's name or under Brighton Securities Corp. as agent or trustee for the clients;
- if Brighton Securities Corp. receives inadvertently from a client any funds or securities, these assets shall be returned to the client promptly, *i.e.*, within three business days of receipt;
- no employee or supervised person of Brighton Securities Corp. shall knowingly accept actual possession of any client funds or securities. Persons receiving a request from a client to deposit assets with a qualified custodian may assist the client to complete necessary forms and/or mailings, but shall not take physical possession of the funds or securities;
- to avoid being deemed to have custody, Brighton Securities Corp.'s procedures prohibit the following practices:
    - any employee, officer, and/or the firm from directly deducting advisory fees from a client's account;*
    - any employee, officer, and/or the firm from having signatory power over any client's checking account;

- any employee, officer, and/or the firm from managing a client's portfolio by directly accessing online accounts using the client's personal username and password without restrictions;
- any employee, officer, and/or the firm from having the power to unilaterally wire funds from a client's account;
- any employee, officer, and/or the firm from holding any client's securities or funds in Brighton Securities Corp.'s name at any financial institution;
- any employee, officer, and/or the firm from physically holding cash or securities of any client;
- any employee, officer, and/or the firm from having general power of attorney over a client's account;
- any employee, officer, and/or the firm from holding client assets through an affiliate of Brighton Securities Corp. where the firm, its employees or officers have access to advisory client assets;
- any employee, officer, and/or the firm from receiving the proceeds from the sale of client securities or interest or dividend payments made on a client's securities or check payable to the firm except for advisory fees;
- any employee, officer and/or the firm from acting as a trustee or executor for any advisory client trust or estate;
- any employee, officer and/or the firm from acting as general partner and investment adviser to any investment partnership; and
- the firm, or any "related person" acting as a qualified custodian for any advisory client assets.

***DIRECTLY DEDUCTING ADVISORY FEES.** Typically advisers do obtain client authority to directly debit advisory fees from clients' accounts; in which case, the adviser will be deemed to have custody even though Form ADV Part 1 Item 9 may still be checked "No" (provided that is the sole basis upon which the adviser is deemed to have custody). As a matter of best practice, advisers that directly debit fees should treat the firm as having custody and tailor the firm's policy and procedures applicable to direct debiting of advisory fees accordingly. Consider the following as recommended procedures:

As an adviser with authority to directly debit advisory fees from client accounts, Brighton Securities Corp. may adopt the following additional procedures:

- conduct quarterly testing of a sample of client fee calculations to verify accuracy;
- conduct overall testing of the reasonableness of fees in comparison to aggregate assets under management; and
- segregate duties among those employees responsible for:
    - processing billing invoices or listings of fees due from clients that are used by custodians to deduct advisory fees from clients' accounts;
    - reviewing such invoices/fee listings for accuracy; and/or
    - reconciling those invoices/fee listings with deposits of advisory fees by the custodians into our firm's bank account to confirm accurate fee amounts were deducted.

Cybersecurity

Policy

Brighton Securities Corp.'s cybersecurity policy, in conjunction with our Firm's Identity Theft and Privacy policies as set forth in this Manual, recognizes the critical importance of safeguarding clients' personal information as well as the confidential and proprietary information of the firm and its employees. Maintaining the security, integrity and accessibility of the data maintained or conveyed through the Firm's operating systems is a fundamental requisite of our business operations and an important component of our fiduciary duty to our clients. While recognizing that the very nature of cybercrime is constantly evolving, Brighton Securities Corp. conducts periodic vulnerability assessments based on our firm's use of technology, third-party vendor relationships, reported changes in cybercrime methodologies, and in response to any attempted cyber incident, among other circumstances.

Protecting all the assets of our clients and safeguarding the proprietary and confidential information of the firm and its employees is a fundamental responsibility of every Brighton Securities Corp. employee, and repeated or serious violations of these policies may result in disciplinary action, including, for example, restricted permissions or prohibitions limiting remote access, restrictions on the use of mobile devices, and/or termination.

Background

In addition to rules and regulations under the Advisers Act that an advisory firm needs to abide by to be considered compliant, there are mandates beyond the Advisers Act that place further significant regulatory obligations on advisory firms. Security laws and regulations that impose data security and privacy requirements on investment advisers include, among others: (i) Gramm-Leach-Bliley Act/Regulation S-P; (ii) Regulation S-AM (Limitation on Affiliate Marketing); (iii) FACT Act – Red Flags Rule; (iv) Regulation S-ID Identity Theft Red Flags Rules; (v) Standards for the Protection of Personal Information of Residents of the Commonwealth of Massachusetts (201 CMR 17.00); (vi) California Financial Information Privacy Act (SB1); and (vii) U.S. Data Breach Disclosure Legislation. Furthermore, according to information posted on the National Conference of State Legislatures (NCSL) website, as of March 2018, all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam have enacted legislation requiring private or governmental entities to notify individuals of security breaches of information involving personally identifiable information.

On March 26, 2014, the SEC sponsored a Cybersecurity Roundtable to develop a better understanding of the growing cybersecurity risks and to facilitate discussions about the ways in which regulators and the industry can work together to address them, according to Commissioner Luis Aguilar, in a speech he presented on April 2, 2014 to the Mutual Fund Directors Forum.

On April 15, 2014, OCIE staff issued an NEP Risk Alert, *OCIE Cybersecurity Initiative*, "to provide additional information concerning its initiative to assess cybersecurity preparedness in the securities industry." Pursuant to its examination of 49 registered investment advisers and 57 registered broker-

dealers, OCIE issued a Risk Alert, *Cybersecurity Examination Sweep Summary*, on February 3, 2015 outlining its observations.

Significantly, the Alert notes, "The examinations did not include reviews of technical sufficiency of the firms' programs."

Staff of the Division of Investment Management issued *Cybersecurity Guidance* (IM Guidance Update No. 2015-02) on April 28, 2015, highlighting best practices for firms to consider implementing when developing or assessing their cybersecurity program. Importantly, the guidance also warns that cybersecurity breaches and deficiencies in cybersecurity programs could cause advisers and funds to violate securities laws, citing as an example, cyber breaches by insiders could constitute fraud.

OCIE's Risk Alert, 2015 *Cybersecurity Examination Initiative*, was published on September 15, 2015, to announce a second round of cybersecurity sweep examinations (the "2015 Initiative"). This second round of examinations is being launched to (i) build upon previous guidance provided by the Commission and (ii) further assess cybersecurity preparedness in the securities industry. Noting that some public reports have identified a weakness in basic controls as a factor in certain cybersecurity breaches, examiners will focus on firms' cybersecurity-related controls and conduct testing of such controls to assess their effectiveness.

Staff of the Division of Investment Management issued *Business Continuity Planning for Registered Investment Companies* (IM Guidance Update No. 2016-04) on June 28, 2016. The guidance emphasized the importance of implementing business continuity plans ("BCPs") for the firm and also for the firm to understand the business continuity and disaster recovery protocols of critical fund service providers, including third-party providers. In determining whether a service provider is critical, the firm may wish to consider day- to-day operational reliance on the service provider and the existence of backup processes or multiple providers.

On August 7, 2017, OCIE staff issued an NEP Risk Alert, *Observations from Cybersecurity Examinations*, as a follow-up to the 2014 Cybersecurity Initiative. In this Cybersecurity 2 Initiative, 75 firms, including broker-dealers, investment advisers, and investment companies were examined and "involved more validation and testing of procedures and controls surrounding cybersecurity preparedness than was previously performed" during the original Cybersecurity 1 Initiative. The staff outlined their observations, noting that while they have observed increased cybersecurity preparedness since the Cybersecurity 1 Initiative, there were also areas observed where compliance and oversight could be improved.

January 2020, OCIE released its 2020 Examination Priorities, in which it stated that it will continue to prioritize information security in each of its five examination programs. Examinations will focus on, among other things, proper configuration of network storage devices, information security governance generally, and retail trading information security. OCIE will continue to focus its examinations on assessing the protection of clients' personal financial information. Particular focus areas will include: (1) governance and risk management; (2) access controls; (3) data loss prevention; (4) vendor management; (5) training; and (6) incident response and resiliency.

Responsibility

Brighton Securities Corp.'s cybersecurity policies and procedures have been adopted pursuant to approval by the firm's senior management. The IT Manager is responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Brighton Securities Corp.'s overall cybersecurity goals and objectives while at a minimum ensuring compliance with applicable federal and state laws and regulations. The IT Manager may recommend to the firm's principal(s) any disciplinary or other action as appropriate. The IT Manager is also responsible for distributing these policies and procedures to employees and conducting appropriate employee training to ensure employee adherence to these policies and procedures.

Any questions regarding Brighton Securities Corp.'s cybersecurity policies should be directed to the IT Manager.

Procedure

In addition to the firm's procedures as set forth in the Identity Theft and Privacy sections of this manual, Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. has designated the IT Manager with responsibility for overseeing our firm's cybersecurity practices;
- Brighton Securities Corp.'s cybersecurity policies and procedures have been communicated to all employees of the firm;
- Brighton Securities Corp. maintains cybersecurity organizational charts and/or identifies and describes cybersecurity roles and responsibilities for the firms' employees;
- Brighton Securities Corp. restricts employees' access to those networks resources necessary for their business functions, and maintains documentation reflecting changes in employees' access rights, including management approval, when necessary;
- The IT Manager conducts periodic risk assessments of critical systems at least annually to identify cybersecurity threats, vulnerabilities, and potential business consequences;
- The IT Manager conducts penetration tests and vulnerability scans on systems that Brighton Securities Corp. considers critical, and fully remediates the high risk observations are discovered from these tests and scans;
- The IT Manager utilizes some form of system, utility, or tool—such as authentication protocols, secure access control measures, and encryption of all transmitted files--to prevent, detect, and monitor data loss as it relates to personally identifiable information;
- The IT Manager or other designated person(s) is responsible for Brighton Securities Corp.'s patch management practices, including monitoring and prompt installation of critical patches, and the creation and retention of appropriate documentation of such revisions;

- Brighton Securities Corp. provides training to employees regarding information security risks and responsibilities; such training is provided to all new employees as part of their onboarding process and is provided to all employees no less than annually; additional training and/or written guidance also may be provided to employees in response to relevant cyber-attacks;
- The IT Manager maintains records documenting such training and ad hoc employee guidance and/or system notifications;
- Brighton Securities Corp. has adopted procedures to promptly eliminate access to all firm networks, devices and resources as part of its HR procedures in the event an employee resigns or is terminated, such employee is required to immediately return all firm-related equipment and information to the IT Manager;
- Brighton Securities Corp. has adopted procedures governing the use of mobile devices for firm business purposes, including required and enforced restrictions and controls for mobile devices that connect to the firms' systems, such as passwords and software that encrypts communications;
- Brighton Securities Corp. prohibits employees from installing software on company owned equipment without first obtaining written approval from the IT Manager or other designated person(s);
- The IT Manager or other designated person(s) conducts periodic monitoring of the firm's networks to detect potential cybersecurity events;
- The IT Manager or other designated person(s) oversee the selection and retention of third-party service providers, taking reasonable steps to select those capable of maintaining appropriate safeguards for the data at issue and require service providers by contract to implement and maintain appropriate safeguards;

- Brighton Securities Corp. conducts initial and ongoing due diligence processes on third-party service providers, including review of applicable business continuity and disaster recovery plans for critical providers. The IT Manager, in conducting oversight, may seek service provider presentations, onsite visits, questionnaires, certifications, independent control reports, and summaries of programs and testing. Oversight may also include the review of a service provider's financial condition and resources, insurance arrangements, and any indemnification provisions covering the service provider and its activities;

- Brighton Securities Corp. maintains records of any due diligence reviews, including a complete inventory of data and information, along with classifications of the risks, vulnerabilities, data, business consequences, and information of third party service providers conducted by The IT Manager or other designated person(s);
- The IT Manager or other designated person(s) requires third-party service providers having access to the firm's networks to periodically provide logs of such activities;

- The IT Manager examines critical service providers' backup processes and redundancies, robustness of the provider's contingency plans, including reliance on other critical service providers, and how they intend to maintain operations during a significant business disruption;

- If a critical service provider experiences a significant disruption, the IT Manager will monitor and determine any potential impacts it may have on fund operations and investors and create communication protocols and steps that may be necessary to successfully navigate such events;

- The IT Manager will create external communications plans addressing ongoing discussions with the affected service provider, providing timely communications that report progress and next steps, which may include posting updates to websites or portals to facilitate accessibility and broad dissemination of information;
- The IT Manager will also create backup procedures that address steps to be taken to navigate through a service provider disruption;
- to best protect our clients and the firm, all suspicious activity recognized or uncovered by personnel should be promptly reported to the IT Manager and/or other designated persons;
- an employee must immediately notify his or her supervisor and/or the IT Manager to report a lost or stolen laptop, mobile device and/or flash drive; and
- Brighton Securities Corp. maintains a written cybersecurity incident response policy.

Digital Assets

Policy

Brighton Securities Corp., as a matter of policy and practice, does not invest in digital assets on behalf of clients. Brighton Securities Corp. reviews all firm accounts on an annual basis to ensure that there are no regulatory assets invested in digital assets. Brighton Securities Corp.'s policy of not holding digital assets is disclosed to clients.

If a client chooses to withdraw funds from their account to invest in digital assets, Brighton Securities Corp. will provide a disclosure stating that Brighton Securities Corp. does not recommend this course of action, and obtain the client’s signature.

Directed Brokerage

Policy

Brighton Securities Corp. may accept client instructions for directing the client's brokerage transactions to a particular broker-dealer. Any client instructions to Brighton Securities Corp. are to be in writing with appropriate disclosures that for any directed brokerage arrangements Brighton Securities Corp. will not negotiate commissions, may not obtain volume discounts or aggregate directed transactions, and that commission charges will vary among clients and best execution may not be obtained.

Background

Clients may direct advisers to use a particular broker-dealer under various circumstances, including where a client has a pre-existing relationship with the broker or participates in a commission recapture program, among other situations. Advisers may also elect not to exercise brokerage discretion and, therefore, require clients to direct brokerage. Advisers should recommend to clients the use of broker-dealers providing reasonable, competitive and quality brokerage services and advise clients if a client's directed broker does not provide competitive and quality services.

Pursuant to the SEC's adoption of *Amendments to Form ADV* (Release No. IA-3060), advisers that routinely recommend, request or require clients to direct brokerage are required to disclose their practices in response to Item 12 of the new Form ADV Part 2. Such disclosures should include:

- a description of the firm's practices; and
- disclose that not all advisers require clients to direct brokerage.

If the adviser recommends or requires clients to direct brokerage to an affiliated broker, or to a broker with whom the adviser has another economic relationship that creates a material conflict of interest, the adviser must also:

- describe the relationship and identify the resultant conflicts of interest; and
- inform clients that by directing brokerage, the firm may be unable to achieve most favorable execution of client transactions, which may cost clients more money.

Advisers that permit clients to direct brokerage must describe the firm's practices and, if applicable, disclose that the firm may be unable to achieve most favorable execution of client transactions, which may cost clients more money. For example, clients may pay higher brokerage commissions because the firm is unable to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Advisers selecting or recommending the use of a broker-dealer in return for client referrals from the broker or other third party must describe their practices, including:

- the resultant conflicts of interest;

- disclosure that the adviser has an incentive to select or recommend the broker based on its interest in receiving client referrals rather than on clients' interest in receiving most favorable execution; and
- an explanation of the firm's procedures during the last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

Responsibility

The CEO has the responsibility for the implementation and monitoring of our directed brokerage policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures used to implement the firm's policy and quarterly conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- any client directed brokerage instructions and arrangements are to be in writing and must be reviewed by the Compliance Officer;
- Brighton Securities Corp. provides appropriate disclosures in response to Item 12 of Part 2A of Form ADV: *Firm Brochure* and the firm's advisory agreement;
- any client brokerage instructions are maintained in the client document file; and
- any relationships and conflicts of interest relating to arrangements in which brokers refer clients to the firm will be disclosed to clients.

Disaster Recovery

Policy

As part of its fiduciary duty to its clients and as a matter of best business practices, Brighton Securities Corp. has adopted policies and procedures for disaster recovery and for continuing Brighton Securities Corp.'s business in the event of an emergency or a disaster. These policies are designed to allow Brighton Securities Corp. to resume providing service to its clients in as short a period of time as possible. These policies are, to the extent practicable, designed to address those specific types of disasters that Brighton Securities Corp. might reasonably face given its business and location.

Background

Since the terrorist activities of 9/11/2001 and various catastrophic natural disasters, up to and including Hurricanes Katrina and Sandy, all advisory firms need to establish written disaster recovery and business continuity plans for the firm's business. This will allow advisers to meet their responsibilities to clients as a fiduciary in managing client assets, among other things. It also allows a firm to meet its regulatory requirements in the event of any kind of an emergency or disaster, such as a bombing, fire, flood, earthquake, power failure, the loss of a key principal, or any other event that may disable the firm, key personnel, or prevent access to our office(s).

In response to the substantial and wide-spread damage caused by Hurricane Sandy in October 2012, the SEC, FINRA and CFTC communicated with a number of leading market participants to ascertain the storm's impact on various aspects of their operations. Following the issuance of a joint advisory by the SEC, CFTC and FINRA on August 16, 2013, the SEC's Office of Compliance Inspections and Examinations (OCIE) issued a Risk Alert focused specifically on business continuity and disaster recovery planning by investment advisers. While both the joint advisory and the Risk Alert identify the same six key areas, the SEC's alert provides more detailed guidance including (i) general observations and notable practices, (ii) weakness noted, and (iii) possible future considerations. Advisers should consider the following areas in their review of business continuity and disaster recovery planning ("BCP") practices: (1) preparation for widespread disruption; (2) planning for alternative locations; (3) preparedness of key vendors; (4) telecommunications services and technology; (5) communications plans; (6) regulatory and compliance considerations; and (7) BCP review and testing.

Staff of the Division of Investment Management issued Business Continuity Planning for Registered Investment Companies (IM Guidance Update No. 2016-04) on June 28, 2016. The guidance emphasized the importance of implementing business continuity plans (“BCPs”) for the firm and also for the firm to understand the business continuity and disaster recovery protocols of critical fund service providers, including third-party providers. In determining whether a service provider is critical, the firm may wish to consider day- to-day operational reliance on the service provider and the existence of backup processes or multiple providers.

Responsibility

The CEO and the IT Manager are responsible for maintaining and implementing Brighton Securities Corp.'s Disaster Recovery and Business Continuity Plan.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts internal reviews to monitor and ensure such policy is observed, implemented properly and amended or updated, as appropriate.

Basic elements considered while developing the Disaster Recovery plan included:

- financial assessments and operations;
- means of communication between and among managers, employees and investors;
- the physical location of the parties;
- the ability to evaluate the impact of an event on Brighton Securities Corp.;
- regulatory and reporting obligations; and
- mechanisms to ensure the safety of assets and keep them preserved until they can be redeemed to ensure the orderly liquidation of the assets in the event that Brighton Securities Corp.'s business cannot continue.

Overall implementation and monitoring of the firm's BCP is the responsibility of the CEO and the IT Manager, supported by key personnel whose primary BCP roles and responsibilities have been defined. Where necessary and appropriate, Brighton Securities Corp. may also utilize outsourced service provider(s) to assist in fulfilling one or more of the following functions:

Telecommunications Services and Technology

- maintain an inventory of office equipment, including hardware and software, as well as key vendors;
- documentation of computer/server/network back-up procedures, i.e., frequency, procedure, person(s) responsible, etc., and the designated location(s) and retrieval procedures for the back-up information;
- identification and listing of key or mission critical people in the event of an emergency or disaster, maintained and kept current on an ongoing basis, including their names, addresses, e-mail, fax, cell phone and other information; developing a communication plan to contact essential management, staff and essential service providers (i.e., senior management, portfolio managers, risk managers, brokers and trading, vendors and disaster recovery specialists) and distributing this information to personnel as needed;
- evaluation of, and, as appropriate, provisions for offsite technology available to key or mission critical people to facilitate their working from remote locations;
- review of current communications service providers to assess the need for multiple communications carriers to maintain fax, voicemail, landline and VoIP services, particularly for mission critical staff with actionable redundancies being put in place in 2019; and
- designing and arranging for continuance of trading, reporting and other essential systems within a reasonable time period.

Communications

- proactively communicate with clients (either directly or via an e-mail blast) prior to a major storm to determine whether they have any transactions (e.g., cash raised, funds transferred, wire instructions executed, etc.) they will need executed if an extended outage occurs;
- communicating the status of Brighton Securities Corp.'s operations to clients through (i) recorded messages on the firm's main phone line; (ii) notifications posted on the firm's website; (iii) via e-mail blasts that include instructions for contacting the firm and employees who are working remotely; and/or (iv) through the use of third-party vendors in the event of a protracted disruption;
- providing trading counterparties and key vendors with contact information; and

Alternative Locations

- establishment of a back-up facility in a separate geographic area with the ability to continue to conduct business;
- determine the accessibility of such location(s) for mission critical staff and their ability to travel to such locations, including lodging requirements, if any;
- assessment of operational and logistical requirements (e.g., backup generator capacity, furniture, office equipment and supplies, etc.); and
- availability of current BCP, contact lists and other necessary documents, procedures and manuals—ideally in paper form – in the event that electronic files cannot be accessed.

Preparedness of Key Vendors

- obtain and/or critically review key vendors' Statement on Standards for Attestation Engagements No. 16 reports ("SSAE 16 reports"), BCPs and disaster recovery plans. The CEO and the IT Manager, in conducting oversight, may seek service provider presentations, onsite visits, questionnaires, certifications, independent control reports, and summaries of programs and testing. Oversight may also include the review of a service provider’s financial condition and resources, insurance arrangements, and any indemnification provisions covering the service provider and its activities;
- assessment of back-up systems for key vendors and mission critical service providers, including consideration of their geographic location(s) and whether, based on risk, the need exists for multiple back-up servers to be located in other regions, the robustness of the provider’s contingency plans, including reliance on other critical service providers, and how they intend to maintain operations during a significant business disruption;

- The CEO and IT Manager will create backup procedures that address steps to be taken to navigate through a service provider disruption;

- consideration of the impact of business interruptions encountered by third parties and identifying ways to minimize the impact. This includes the development of contingency plans for responding to the failure of a third-party administrator, credit provider, or other mission-critical parties that would affect the market, credit, or liquidity risk of Brighton Securities Corp.;

- The CEO and IT Manager will create external communications plans addressing ongoing discussions with the affected service provider, providing timely communications that report progress and next steps, which may include posting updates to websites or portals to facilitate accessibility and broad dissemination of information;

- if a critical service provider experiences a significant disruption, the CEO and IT Manager will monitor and determine any potential impacts it may have on fund operations and investors and create communication protocols and steps that may be necessary to successfully navigate such events;

- require key vendors to conduct annual BCP testing and provide a report of results to Brighton Securities Corp.

Regulatory and Compliance Obligations

- update BCP pursuant to any applicable new regulatory requirements;
- assess upcoming regulatory obligations, particularly in advance of anticipated major storms, etc.; and
- ensure that key staff members separately retain login data required to access regulatory reporting systems (e.g., user name and passwords for EDGAR, the IARD and CRD systems).

BCP Review and Testing

- conduct BCP testing and training for mission critical systems and all personnel quarterly;
- conduct annually testing of the disaster recovery system(s) and operational functionality from remote location(s); and
- review of Brighton Securities Corp.'s Disaster Recovery Plan periodically, and at least annually, by the CEO or other applicable employee(s).

Key Personnel

While outside service providers may provide templates for Business Continuity and Disaster Recovery Plans, the CEO and IT Manager have also worked with personnel responsible for information technology, accounting, trading and operations to develop a plan that is specifically drafted for Brighton Securities Corp. This plan includes contingencies in the event of the death or incapacity of key principals. The plan addresses any "Key Man" provisions that exist in partnership arrangements, as well as policies and procedures to promptly disclose such an event.

Disclosure Brochures

Policy

Brighton Securities Corp., as a matter of policy, complies with relevant regulatory requirements and maintains required disclosure brochures on a current and accurate basis. Our firm's Form ADV Part 2 provides information about the firm's advisory services, business practices, professionals, policies and any actual and potential conflicts of interest, among other things.

Our firm's Form ADV Part 3 (Form CRS) provides information to retail investors to assist them in deciding whether to establish an investment advisory relationship, engage our firm and our financial professionals, or to terminate or switch a relationship or specific service.

Background

In July 2010, the SEC unanimously approved and adopted *Amendments to Form ADV* (Release No. IA-3060, File No. S7-10-00, publicly available July 28,2010), significantly changing the form and content of disclosures that registered investment advisers are generally required to provide to clients and prospective clients. The new Part 2 is comprised of three parts:

- Part 2A, *Firm Brochure*;
- Part 2A Appendix 1, *Wrap Fee Program Brochure* (only required to be filed by investment advisers who sponsor wrap programs; refer to the section below for more detailed information); and
- Part 2B, *Brochure Supplement*.

An adviser's Form ADV Part 2 is a narrative disclosure document, written in plain English. Investment advisers are required to respond to each of the required items in a consistent, uniform manner that will facilitate clients' and potential clients' ability to evaluate and compare firms. Each brochure must follow the prescribed format, including a table of contents that lists the eighteen separate items for SEC-registered advisers (nineteen for state-registered advisers), using the headings provided in the current 'form'. All advisers are required to respond to each item, even if it is inapplicable to the adviser's business; however, if required disclosure is provided elsewhere in the brochure, the adviser can direct the reader to that item rather than duplicate disclosure.

On June 5, 2019, the SEC adopted new rules requiring all SEC-registered investment advisers with retail clients to create a new Form ADV Part 3, also known as a Client Relationship Summary (Form CRS), with the purpose of further explaining the nature of their services and relationship, their fees and costs, and their standard of conduct and conflicts of interest to prospective clients.

Effective June 30, 2020, investment advisers are required to prepare and deliver a Form CRS that provides, in a concise plain English format, information about their investment-related services and fees. Form CRS is intended to be a primary document that retail investors will use to decide whether an investment advisory relationship is best after considering services, fees, and other factors and after comparison shopping among advisory and brokerage firms. The requirement to prepare and file Form

CRS applies to SEC-registered firms that offer services to "retail investors," which is defined as "a natural person who seeks or receives services primarily for personal, family, or household purposes."

As a registered investment adviser, Brighton Securities Corp. has a duty to comply with the disclosure brochure delivery requirements of Rule 204-3 under the Advisers Act, or similar state regulations.

Responsibility

The CEO has the responsibility for maintaining Brighton Securities Corp.'s required Brochures on a current and accurate basis, making appropriate amendments and filings, ensuring initial delivery of the applicable Brochure(s) to new clients, annual delivery of the Brochures or a Summary of Material Changes, and maintaining all appropriate files.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's disclosure policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

1. Initial Delivery

- a representative of Brighton Securities Corp. will provide a copy of the *Firm Brochure* (and/or *Wrap Fee Program Brochure*, if applicable), to each prospective client either prior to or at the time of entering into an advisory agreement with a client;
- deliver to each client or prospective client a current Brochure Supplement for a supervised person before or at the time that supervised person begins to provide advisory services to the client. (See the Regulatory Reference section for updated information regarding the SEC's extension of the compliance date for delivery of Part 2B of Form ADV, the *Firm Brochure*, to clients of SEC-registered firms.); and
- the Compliance Officer will maintain dated copies of all Brighton Securities Corp.'s Brochure(s) so as to be able to identify which Brochures were in use at any time.

2. Annual Delivery

- deliver to each client, annually within 120 days of the firm's fiscal year end and without charge, if there are material changes since the firm's last Annual Updating Amendment ("AUA"), either (i) a current copy of the Firm Brochure (and/or Wrap Fee Program Brochure, if applicable), or (ii) a summary of material changes and an offer to provide clients with a copy of the firm's current Brochure(s) without charge. The summary of material changes will include, as applicable, the following contact information by which a client may request a copy of the Brochure(s):
    - the firm's website;
    - an e-mail address;
    - a phone number; and
    - the website address for the IAPD, through which the client may obtain information about the firm.

3. Review and Amendment

- the designated officer will annually review the firm's required Brochure(s) to ensure they are maintained on a current and accurate basis, and properly reflect and are consistent with the firm's current services, business practices, fees, investment professionals, affiliations and conflicts of interest, among other things;
- when changes or updates to the Brochure(s) are necessary or appropriate, the designated officer will make any and all amendments timely and promptly, deliver either the revised Brochure(s) or a summary of material changes to clients, and maintain records of the amended filings and subsequent delivery to clients as required; and
- if the amendment adds disclosure of an event or materially revises information already disclosed, in response to Item 9 of Part 2A or Item 3 of Part 2B (Disciplinary Information), respectively, the designated officer will promptly deliver, (i) the amended Firm Brochure and/or Brochure Supplement(s), as applicable, along with a statement describing the material facts relating to the change of disciplinary information, or (ii) a statement describing the material facts relating to the change in disciplinary information.

Form ADV Part 3 (Form CRS)

Initial and Interim Delivery

- Updating the relationship summary and filing it in accordance with Form CRS instructions within 30 days whenever any information in the relationship summary becomes materially inaccurate. The filing must include an exhibit highlighting the changes;
- Creating and maintaining a list of all retail investors to whom we must deliver our Form CRS;
- If Form CRS is delivered electronically, it will be presented prominently and will be easily accessible by the recipient;
- Posting current Form CRS prominently on our public website(s), if any. Note: the mere posting of Form CRS on the website will not satisfy our delivery obligation;
- Delivering the most recent relationship summary within 30 days to a retail investor who is an existing client or customer before or at the time Brighton Securities Corp.: (i) opens a new account that is different from the retail investor's existing account(s); (ii) recommends that the retail investor roll over assets from a retirement account into a new or existing account or investment; or (iii) recommends or provides a new brokerage or investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account;
- Delivering the current Form CRS to each prospective client either prior to or at the time of entering into an advisory agreement with the client;
- Communicating any changes in the updated relationship summary to retail investors who are existing clients or customers within 60 days after the updates are required to be made and without charge;
- Delivering the relationship summary within 30 days upon an investor's request

Review and Amendment

- Annually, the CCO will review the firm's Form CRS to ensure it is maintained on a current and accurate basis, and properly reflects and is consistent with the firm's current services, business

practices, fees, investment professionals, affiliations, and conflicts of interest, as well as with disclosures made in our Form ADV Part 1 and Part 2, advisory contracts, and marketing materials and communication; and

- The CCO will make any necessary and appropriate changes in a timely manner, deliver the revised Form CRS along with an exhibit highlighting changes made, and maintain records of the amended filings and subsequent delivery to clients as required.

E-Mail and Other Electronic Communications

Policy

Brighton Securities Corp.'s policy provides that e-mail, instant messaging, social networks and other electronic communications are treated as written communications and that such communications must always be of a professional nature. Our policy covers electronic communications for the firm, to or from our clients, any personal e-mail communications within the firm and social networking sites. Personal use of the firm's e-mail and any other electronic systems is strongly discouraged. Also, all firm and client related electronic communications must be on the firm's systems, and use of personal e-mail addresses, personal social networks and other personal electronic communications for firm or client communications is prohibited.

To the extent that an employee utilizes a social networking site for business purposes, all communications are to be fundamentally regarded as advertising (i.e., testimonials are prohibited as are any untrue statements of material fact; information provided must not be false or misleading, etc.) and specific securities recommendations are expressly prohibited. Our firm's Social Media policy and procedures are now separately set forth in this document; our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s Social Media practices.

Background

As a result of recent financial industry issues and several regulatory actions against major firms involving very significant fines, financial industry regulators, e.g., SEC and FINRA are focusing attention on advisers and broker-dealer policies and practices on the use of e-mail, other electronic communications and retention practices.

The Books and Records rule (Rule 204-2(a)(7)) provides that specific written communications must be kept including those relating to a) investment recommendations or advice given or proposed; b) receipt or delivery of funds or securities; and c) placing and execution of orders for the purchase or sale of securities.

All electronic communications are viewed as written communications, and the SEC has publicly indicated its expectation that firms retain all electronic communications for the required record retention periods. If a method of communication lacks a retention method, then it must be prohibited from use by the firm. Further, SEC regulators also will request and expect all electronic communications of supervised persons to be monitored and maintained for the same required periods. E-mails consisting of spam or viruses are not required to be maintained.

NOTE: Advisers should review and update e-mail communications policies and procedures to recognize the regulatory challenges and related issues of social networking sites used by the firm and/or employees for business and personal uses. While these sites offer advantages such as research and marketing, they also present regulatory concerns of confidentiality, security risks, surveillance and recordkeeping.

In January 2012, the SEC issued a National Examination Risk Alert concerning investment advisers' use of social media noting that a firm's use of such technology(ies) must comply with various provisions of federal securities laws, including, but not limited to, anti-fraud, recordkeeping and compliance provisions.

For state registered advisers, the state's books and records requirements generally follow the SEC rule requirements; therefore, state registered advisers are well advised to follow the SEC's interpretations and guidance regarding an e-mail policy and related practices.

Importantly, if the advisory firm is a manager to a hedge fund or private fund, the firm's policy should expressly prohibit the use of social media sites for business purposes as any such communication related to such fund could violate the prohibition against advertising to the general public. Discussing such an investment vehicle in a blog or on a social networking site may risk ruining the security's private placement.

On December 14, 2018, OCIE issued a Risk Alert of its examination initiative of registered investment advisers for the purposes of reminding advisers of their obligations when their personnel use electronic messaging and to help advisers improve their systems, policies, and procedures by sharing the staff’s observations from these examinations. The examinations focused on whether and to what extent advisers complied with the Books and Records Rule and adopted and implemented policies and procedures as required by the Compliance Rule.

Responsibility

Each employee has an initial responsibility to be familiar with and follow the firm's e-mail policy with respect to their individual e-mail communications. The CCO has the overall responsibility for making sure all employees are familiar with the firm's e-mail policy, implementing and monitoring our e-mail policy, practices and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure that the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- our firm's e-mail and electronic communications policy has been communicated to all persons within the firm and any changes in our policy will be promptly communicated;
- obtaining attestations from personnel at the commencement of employment and regularly thereafter that employees (i) have received a copy of our policy, (ii) have complied with all such requirements, and (iii) commit to do so in the future;
- e-mails and any other electronic communications relating to the firm's advisory services and client relationships will be maintained and monitored by the CCO on an on-going or quarterly basis through appropriate software programming or sampling of e-mail, as the firm deems most appropriate based on the size and nature of our firm and our business;

- only those forms of electronic communication that our firm determines can be used in compliance with the books and records requirements of the Advisers Act are permitted;
- electronic communications records will be maintained and arranged for easy access and retrieval so as to provide true and complete copies with appropriate backup and separate storage for the required periods;
- The CCO may conduct periodic Internet searches to monitor the activities of employees to determine if such persons are engaged in activities not previously disclosed to and/or approved by the firm;
- electronic communications will be maintained in electronic media, with printed copies if appropriate, for a period of two years on-site at our offices and at an off-site location for an additional three years;
- specifically prohibiting business use of apps and other technologies that allows an employee to send messages or otherwise communicate anonymously, allowing for automatic destruction of messages, or prohibiting third-party viewing or back-up; and
- including a statement in our policies and procedures informing employees that violations may result in discipline or dismissal.

ERISA

Policy

As a matter of policy and practice, Brighton Securities Corp. does not act as an investment manager for advisory clients which are governed by the Employment Retirement Income Security Act (ERISA).

Background

ERISA imposes duties on investment advisers that may exceed the scope of an adviser's duties to its other clients. For example, ERISA specifically prohibits certain types of transactions with ERISA plan clients that are permissible (with appropriate disclosure) for other types of clients. Under Department of Labor (DOL) guidelines, when the authority to manage plan assets has been delegated to an investment manager, the manager has the authority and responsibility to vote proxies, unless a named fiduciary has retained or designated another fiduciary with authority to vote proxies. In instances where an investment manager's client agreement is silent on proxy voting authority, the investment manager would still have proxy voting authority. (Plan document provisions supersede any contractual attempt to disclaim proxy authority. In the event that plan documents are silent and an adviser's agreement disclaims proxy voting, the responsibility for proxy voting rests with the plan fiduciary(s). In certain instances, the Internal Revenue Code may impose requirements on non-ERISA retirement accounts that may mirror ERISA requirements.

In March 2006, the DOL issued guidance for employers, including advisers, to file annual reports (LM-10) to disclose financial dealings, including gifts and entertainment, with representatives of a union subject to a $250 de minimis.

Union officers and employees have a comparable reporting obligation (Form LM-30) to report any financial dealings with employers, including the receipt of any gifts or entertainment above the de minimis amount.

Responsibility

The Controller has the responsibility for the implementation and monitoring of our ERISA policy that the firm does not act as investment manager for any clients subject to ERISA.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews to monitor and ensure the firm's policy is observed, properly implemented and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting any client relationships with any prospective client that is governed by ERISA has been communicated to relevant individuals including management, marketing/sales and portfolio managers, among others;
- The Controller monitors quarterly the firm's advisory services, existing and new client relationships to help ensure that no client relationships are established with ERISA plans; and
- in the event of any change in the firm's policy, any such change must be approved by

management, and any client relationships with any entity or plan subject to ERISA would only be allowed after appropriate reviews and approvals, meeting strict regulatory requirements and maintaining appropriate bonding and proper records.

Identity Theft

Policy

As neither a "financial institution" nor "creditor" offering or maintaining one or more "covered accounts," Brighton Securities Corp. is not required to adopt a written identity theft prevention program; however, Brighton Securities Corp. will periodically assess the authority accepted with respect its advisory clients as well as any other accounts and relationships to determine whether the firm will be required to adopt an Identity Theft Prevention Program as required under Regulation S-ID. If it is determined at any time in the future that the firm has one or more covered accounts, Brighton Securities Corp. will adopt and implement a written identity theft prevention program.

Background

The Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC") jointly issued Regulation S-ID (the "Identity Theft Red Flags Rules") which became effective on May 20, 2013. The final rules require each SEC and/or CFTC-regulated entity that meets the definition of a "financial institution" or a "creditor" that offers a "covered account" (as those terms are defined under the Fair Credit Reporting Act) to develop and implement by November 20, 2013, a written identity theft prevention program designed to detect, prevent and mitigate identity theft in connection with certain existing accounts and the opening of new accounts. The firm must also periodically update its identity theft prevention program and provide staff training in accordance with the Commissions' identity theft rules.

A firm is a "*financial institution*" if it (i) holds a "*transaction account*" (ii) for a "*consumer*."

> What is a "*transaction account*"? Under the Red Flag Rules, a "transaction account" is an account on which the "…account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone transfers, or other similar items for the purpose of making payments or transfers to third parties or others."
>
> Who is a "*consumer*"? An individual. Institutions are excluded from the definition of "consumer." Individuals who invest in a private fund may be considered "consumers" in this context.

For investment advisers, this typically includes advisers that have custody of client accounts or that assist clients in sending funds to third parties (through standing letters of authorization, etc.). This will also include advisers to private funds if the adviser has the ability to direct redemptions, distributions, etc., to third parties. This does not include advisers whose ability to direct funds is limited to directly debiting advisory fees from client accounts.

For purposes of the Rule, a *creditor* is defined as a person that regularly extends, renews or continues credit, or makes those arrangements, or that regularly and in the course of ordinary business, advances

funds to or on behalf of a person, based on an obligation of the person to repay the funds or repayable from specific property pledged by or on behalf of the person.

"Covered Account" Determination. Advisers that may qualify as financial institutions and that have natural persons as clients or investors in funds that they manage would have obligations under the Red Flags Rules if they maintain "covered accounts" (i.e., accounts primarily for personal, family or household purposes that permit multiple payments or transactions or accounts for which there is a reasonably foreseeable risk of identity theft).

Ascertaining whether the Identity Theft Red Flags Rules apply is a two-step process:

1. determine if the firm is a *financial institution* or *creditor*. If it is, it must then:
2. determine whether it offers or maintains one or more covered accounts.

If the answer to both questions is 'yes' the firm must adopt a written Identity Theft Prevention Program ("Program"). If the answer to only the first question is 'yes', the firm is not required to adopt a Program; however, it will need to periodically reassess that decision to account for changes in its business model, types of client accounts and services, or identity theft experience.

Notably, the final rules require that a firm's board of directors, an appropriate committee of the board of directors, or if the firm does not have a board, a designated senior management employee (i) provide initial approval of the Program and (ii) maintain responsibility for the ongoing oversight, development, implementation, and administration of the Program.

Responsibility

Responsibility for conducting periodic assessments of clients' accounts to determine whether Brighton Securities Corp. offers or maintains covered accounts shall rest with the CCO.

Procedure

Brighton Securities Corp. has conducted an initial review and assessment regarding, among other things, the firm's practices for opening accounts, methods of accessing accounts and its previous experience with identify theft, and has determined that it is neither a "financial institution" nor a "creditor" holding or maintaining a "covered account" under Regulation S-ID.

As neither a "financial institution" nor "creditor" offering or maintaining one or more "covered accounts," Brighton Securities Corp. is not required to adopt a written identity theft prevention program; however, Brighton Securities Corp. will assess yearly the authority accepted with respect to its advisory clients as well as any other accounts and relationships to determine whether the firm is required to adopt an Identity Theft Prevention Program as required under Regulation S-ID. If it is determined at any time in the future that the firm has one or more covered accounts, Brighton Securities Corp. will adopt and implement a written identity theft prevention program.

Insider Trading

Policy

Brighton Securities Corp.'s policy prohibits any employee from acting upon, misusing or disclosing any material non-public information, known as inside information. Any instances or questions regarding possible inside information must be immediately brought to the attention of the designated officer, Legal/Compliance Officer or senior management, and any violations of the firm's policy will result in disciplinary action and/or termination.

Background

Various federal and state securities laws and the Advisers Act (Section 204A) require every investment adviser to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such adviser's business, to prevent the misuse of material, non-public information in violation of the Advisers Act or other securities laws by the investment adviser or any person associated with the investment adviser.

In August 2011, the State of Massachusetts became the first state to regulate the use of investment consultants by investment advisers when it adopted a rule requiring an adviser to first obtain a written certification that discloses all confidentiality restrictions that the consultant has that are relevant to its work for the adviser. The consultant must sign and date the attestation that acknowledged that the consultant will not provide the adviser with any material non-public information.

Responsibility

Our CCO has the responsibility for the implementation and monitoring of the firm's Insider Trading Policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's insider trading policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- the Insider Trading Policy is distributed to all employees, and new employees upon hire, and requires a written acknowledgement by each employee;
- access persons (supervised persons) must disclose personal securities accounts, initial/annual securities holdings and report at least quarterly any reportable transactions in their employee and employee-related personal accounts;
- employees must report to a designated person or Compliance Officer all business, financial or personal relationships that may result in access to material, non-public information;
- a designated officer or Compliance Officer reviews all reportable personal investment activity for employee and employee-related accounts;

- a designated officer or Compliance Officer provides guidance to employees on any possible insider trading situation or question;
- Brighton Securities Corp.'s Insider Trading Policy is reviewed and evaluated annually and updated as may be appropriate; and
- a designated officer or Compliance Officer prepares a written report to management and/or legal counsel of any possible violation of the firm's Insider Trading Policy for implementing corrective and/or disciplinary action.

Use of Expert Networks: Although the following requirements are specifically required by investment advisers registered with the Massachusetts Securities Division, all firms that utilize outside investment consultants and expert networks should consider implementing similar procedures as a best practice:

- prior to retaining an investment consultant directly or through an expert networking firm, obtain written certification from the consultant that includes:
    - disclosure of all confidentiality restrictions that the consultant has or reasonably expects to have that are relevant to the potential consultation;
    - an affirmative statement that the consultant will not provide any confidential information to Brighton Securities Corp.;
    - a statement that the information contained in the certification is accurate as of the date of the initial, and any subsequent consultation(s); and
    - must be dated and signed by the consultant.

Note: Many SEC advisers now include the firm's Insider Trading Policy as part of the firm's Code of Ethics pursuant to Rule 204A-1 of the Advisers Act. This is an acceptable and now common practice so advisers need not have a separate Insider Trading Policy or separate procedures for prohibiting and detecting insider trading information if adequately covered in the firm's Code of Ethics.

Investment Processes

Policy

As a registered adviser, and as a fiduciary to our advisory clients, Brighton Securities Corp. is required, and as a matter of policy, obtains background information as to each client's financial circumstances, investment objectives, investment restrictions and risk tolerance, among many other things, and provides its advisory services consistent with the client's objectives, etc., based on the information provided by each client.

Background

The U.S. Supreme Court has held that Section 206 (Prohibited Activities) of the Investment Advisers Act imposes a fiduciary duty on investment advisers by operation of law (SEC v. Capital Gains Research Bureau, Inc., 1963).

Also, the SEC has indicated that an adviser has a duty, among other things, to ensure that its investment advice is suitable to the client's objectives, needs and circumstances, (SEC No-Action Letter, In re *John G. Kinnard and Co.*, publicly available 11/30/1973).

Every fiduciary has the duty and a responsibility to act in the utmost good faith and in the best interests of the client and to always place the client's interests first and foremost.

As part of this duty, a fiduciary and an adviser with such duties, must eliminate conflicts of interest, whether actual or potential, or make full and fair disclosure of all material facts of any conflicts so a client, or prospective client, may make an informed decision in each particular circumstance.

Responsibility

The firm's investment professionals responsible for the particular client relationship have the primary responsibility for determining and knowing each client's circumstances and managing the client's portfolio consistent with the client's objectives. Brighton Securities Corp.'s designated officer has the overall responsibility for the implementation and monitoring of our investment processes policy, practices, disclosures and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. obtains substantial background information about each client's financial circumstances, investment objectives, and risk tolerance, among other things, through an in-depth interview and information gathering process which includes client profile or relationship forms.

- Advisory clients may also have and provide written investment policy statements or written investment guidelines that the firm reviews, approves, and monitors as part of the firm's investment services, subject to any written revisions or updates received from a client.
- Brighton Securities Corp. provides the firm's applicable Form ADV Part 2 (i.e., *Firm Brochure* and/or *Wrap Fee Program Brochure*) to all prospective clients, disclosing the firm's advisory services, fees, conflicts of interest and portfolio/supervisory reviews and investment reports provided by the firm to clients.
- Reporting typically includes; monthly statements, cash flow summary, quarterly reports, transaction summary and year-end and tax reporting. These reports are provided to clients by the custodian of their assets, not by Brighton Securities. As noted previously, First Clearing, LLC. provides custody services to the Company's clients. Investment professionals may also schedule client meetings on a periodic basis, or request basis, to review a client's portfolio, performance, market conditions, financial circumstances, and investment objectives, among other things, to confirm the firm's investment decisions and services are consistent with the client's objectives and goals. Documentation of such reviews should be made in the client file.
- Client relationships and/or portfolios may be reviewed on a more formal basis on a quarterly or other periodic basis by designated supervisors or management personnel.

Brighton Securities has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain managed account programs. Clients of investment advisory accounts described herein are clients of Brighton Securities. Brighton Securities is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). The Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Brighton Securities with respect to the following programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Pathways. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Brighton Securities with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Brighton Securities is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Brighton Securities to offer these programs.
Financial Planning Services are conducted for either an hourly or annual fee by Financial Advisors that are also independently credentialed as Certified Financial Planners or CFA, or industry equivalent, or must earn such credentials within two years of becoming a Financial Advisor of the firm. Services provided include initial consultation, follow-up consultations either quarterly, semi-annually or annually; and extensive advice for each client's situation. Areas of emphasis include investment planning, tax management, estate planning, retirement planning and client risk tolerances.

There are numerous forms required to implement an advisory (managed) account. As we currently utilize the Advisory Account offerings through Wells Fargo (via our clearing relationship with First Clearing, LLC.), please refer to the 'Products' tab on the InfoMAX site through SmartStation for a list of the forms required to open and maintain an advisory account. Go to the 'Products' tab and then select 'Advisory.'

Discretionary Authority for Trading

Non-discretionary account offerings (e.g., Asset Advisor, CustomChoice) which may be offered as client directed programs providing a range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. Clients have the option of accepting these recommendations or selecting different investments for there account.

Discretionary account programs (e.g., Masters, DMA, FundSource, Allocation Advisors, etc.) require a contract which includes a limited power of attorney that provides with limited transaction privileges. The limited power of attorney is included in the qualified custodian's account paperwork.

Distribution of assets to any but the registered account holder(s) must be received in writing and executed by the registered account holder(s).

Clients may have the opportunity to impose reasonable restrictions on the securities purchased or the way the account is managed. The restrictions may be imposed in order to gain a tax advantage or some other personal objective. Any restrictions may adversely affect the risk-reward level of a portfolio. We will honor the restrictions absent extraordinary circumstances. Clients who impose restrictions with respect to certain assets in a managed account may cause a portion of the portfolio to be placed outside the manager's discretion, expertise and judgment as to the wisdom of purchasing, holding or selling particular securities. The decision by a client to retain certain assets may have an adverse impact on the amount of risk assumed by the client and may hinder the investment manager's ability to manage the portfolio properly according to the stated objectives of the client.
Note well: Although some of the advisory contracts utilized by us for the WFA discretionary programs (Allocation Advisors, FundSource, DMA and Masters) may authorize Brighton to act as a discretionary investment advisor, we do not currently exercise that authority. Currently, only WFA acts in that capacity in these programs.
Discretionary authority at Brighton Securities is generally not allowed but in any circumstance must be pre-approved by a Principal of the firm in writing.

Mutual Fund Share Class Selection

Policy

As a matter of policy and as a fiduciary to our clients, Brighton Securities Corp. acts in the best interests of clients when recommending investments, including shares of mutual funds. Absent compelling reasons to the contrary and in keeping with each client's best interests, Brighton Securities Corp. will generally seek to recommend the lowest overall cost share class of mutual funds available to clients under the circumstances and to disclose all conflicts of interest arising in the selection of mutual fund share classes.

Background

Section 206 of the Investment Advisers Act of 1940 imposes a fiduciary duty on investment advisers to act in their clients' best interests, including an affirmative duty to disclose all conflicts of interest. A conflict of interest arises when an adviser receives compensation (either directly or indirectly through an affiliated broker-dealer) for selecting a more expensive mutual fund share class for a client when a less expensive share class for the same fund is available and appropriate. That conflict of interest must be disclosed.

The Commission has long been focused on the conflicts of interest associated with mutual fund share class selection. Differing share classes facilitate many functions and relationships. However, investment advisers must be mindful of their duties when recommending and selecting share classes for their clients and disclose their conflicts of interest related thereto.

Even absent a pecuniary conflict of interest that may incentivize advisers or representatives to recommend a higher cost share class, advisers have the duty to seek best execution of securities transactions for clients. In a mutual fund transaction, the price for open-end mutual fund shares is not set by the market, but determined by the fund at the end of each business day based on the fund's net asset value. Trades are executed by the mutual fund itself, and the transactions can be entered by a broker, an adviser, or directly through the fund. Unlike equity transactions, mutual fund trades are not subject to market fluctuations throughout the day, so brokers cannot add value by working the trade. Other typical "best execution" factors, such as the value of research provided, commission rates, and the broker's execution capability and responsiveness, are not as pertinent in an open-end mutual fund transaction. Therefore, SEC Staff generally take the position that the best interests of clients are not served when advisers cause clients to purchase a more expensive share class when a less expensive class is available.

Responsibility

Lori Alberts has the responsibility for implementing and monitoring our policy, including employee training. The investment committee and its designees are responsible for the initial selection, periodic review and documentation of mutual fund shares selected for clients.

Procedures

The CCO has implemented the following procedures for selecting and reviewing the appropriate mutual fund share classes:

- Prior to making an initial investment in a mutual fund, the firm's investment committee or selected designees will review all available share classes and related expense ratios to determine which class meets the firm's duty of best execution, taking into account cost, client's time horizons, restrictions and preferences. Documentation of selection decisions will be created for any shares chosen that do not represent the lowest cost share class;
- Any clients who were erroneously invested in higher cost share classes will be reimbursed or otherwise made whole;
- Communication and training will be provided to the firm's investment professionals and trader(s) and staff on the application of these criteria and review process;
- Brighton Securities Corp. will allocate investment opportunities fairly among client accounts and document the allocations for our records;
- On a (quarterly/annual basis), our investment committee or a designee will review invoices to ensure our clients are accurately billed. Documentation of this review will be kept in our files; and
- For conflicts that cannot be avoided, we will provide full and fair disclosure about the conflict and let the client decide whether to do business on those terms.

[Optional, for firms that receive 12b-1 fees]

- Clearly disclose to clients that recommendations to purchase mutual fund share classes with 12b-1 fees can result in the receipt of payments by our firm, our investment advisory representatives, or an affiliated broker-dealer; and
- Specifically state on our Form ADV Part 2A and Part 3 that:
    - Brighton Securities Corp. [or our affiliate(s)] receives 12b-1 fees from [insert relevant source of payment]; and
    - These payments present a conflict of interest between our firm and our clients' best interests.

Our investment committee or selected designees will conduct ongoing reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections. These reviews will take into account whether a client's situation has changed, and/or whether new share class options are available, with the goal of evaluating whether the client now qualifies for, or has access to, a lower-cost share class.

Performance

Policy

Brighton Securities Corp., as a matter of policy and practice, does not prepare or distribute any performance history or record relating to the investment performance of the firm or advisory clients.

Background

An investment adviser's performance information is included as part of a firm's advertising practices which are regulated by the SEC under Section 206 of the Advisers Act, which prohibits advisers from engaging in fraudulent, deceptive, or manipulative activities. The manner in which investment advisers portray themselves and their investment returns to existing and prospective clients is highly regulated. These standards include how performance is presented. SEC Rule 206(4)-1 proscribes various advertising practices of investment advisers as fraudulent, deceptive or manipulative and various SEC no-action letters provide guidelines for performance information.

Responsibility

The CEO has the responsibility for the implementation and monitoring of our performance policy that the firm does not prepare or distribute any performance history for the firm or advisory clients.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting the preparation and distribution of performance information has been communicated to relevant individuals including management, marketing/sales, and portfolio managers, among others;
- in the event of any change in the firm's policy, any such change must be approved by management, and any performance information would only be allowed after appropriate reviews and approvals, disclosures, meeting strict regulatory requirements and maintaining proper records.

Political Contributions

Policy

It is Brighton Securities Corp.'s policy to permit the firm, and its covered associates, to make political contributions to elected officials, candidates and others, consistent with this policy and regulatory requirements.

Brighton Securities Corp. recognizes that it is never appropriate to make or solicit political contributions, or provide gifts or entertainment for the purpose of improperly influencing the actions of public officials. Accordingly, our firm's policy is to restrict certain political contributions made to government officials and candidates of state and state political subdivisions who can influence or have the authority for hiring an investment adviser.

The firm also maintains appropriate records for all political contributions made by the firm and/or its covered associates. Our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s 'Pay-to-Play' practices.

Background

On June 22, 2011, the SEC adopted amendments to rule 206(4)-5, adding provisions that extend the scope of the rule, making it applicable to (i) exempt reporting advisers, defined as an investment adviser that is exempt from registration because it is an adviser solely to one or more venture capital funds, or because it is an adviser solely to private funds and has assets under management in the United States of less than $150 million; and foreign private advisers, as defined under rule 202(a)(30)-1.

The amendments also permit an adviser to pay a registered municipal advisor to act as a placement agent to solicit government entities on its behalf provided that the municipal advisor is subject to a pay-to-play rule adopted by the Municipal Securities Rulemaking Board (MSRB) that is at least as stringent as the investment adviser pay-to-play rule.

The Political Contributions rule addresses certain pay-to-play practices such as making or soliciting campaign contributions or payments to certain government officials to influence the awarding of investment contracts for managing public pension plan assets and other state governmental investments.

The rule applies to SEC registered advisers as well as advisers exempt from registration with the SEC pursuant to reliance on the private adviser exemption as provided in Section 203(b)(3) of the Advisers Act (hereafter, the "adviser"), which manage or seek to manage private investment funds in which government and governmental plans invest.

SEC Sets Compliance Date for Ban on Third-Party Solicitation

Rule 206(4)-5 prohibits an investment adviser subject to the rule, and its covered associates, from providing or agreeing to provide, directly or indirectly, payment to any third party for a solicitation of

advisory business from any government entity on behalf of such adviser, unless such third party is a "regulated person," defined as (i) an SEC-registered investment adviser, (ii) a registered broker or dealer subject to pay-to-play rules adopted by a registered national securities association, or (iii) a registered municipal advisor that is subject to pay-to-play rules adopted by the MSRB. The Commission must find, by order, that the rules applicable to broker-dealers and municipal advisors (i) impose substantially equivalent or more stringent restrictions than rule 206(4)-5 imposes on investment advisers, and (ii) are consistent with the objectives of rule 206(4)-5.

Advisers to registered investment companies that are "covered investment pools" must comply with the Rule requirements pertaining to such covered pools.

Responsibility

Our firm's designated officer has the responsibility for the implementation and monitoring of our firm's political contribution policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- The CCO, or other designated officer, determines who is deemed to be a "Covered Associate" of the firm and promptly advises those individuals of their status as such; maintains records including the names, titles, and business and residence addresses of all covered associates;
- The CCO, or other designated officer, obtains appropriate information from new employees (or employees promoted or otherwise transferred into positions) deemed to be covered associates, regarding any political contributions made within the preceding two years (from the date s/he becomes a covered associate) if such person will be soliciting municipal business; such review may include an online search of the individual's contribution history as part of the firm's general background check;
- political contributions made by covered associates must not exceed the rule's *de minimis* amount;
- prior to accepting a new advisory client that is a government entity, the CCO, or other designated officer will conduct a review of political contributions made by covered associates to ensure that any such contribution(s) did not exceed the rule's permissible *de minimis* amount;
- The CCO, or other designated officer, quarterly monitors and maintains records identifying all government entities to which Brighton Securities Corp. provides advisory services, if any;
- The CCO, or other designated officer, monitors and maintains records detailing political contributions made by the firm and/or its covered associates;
- such records will be maintained in chronological order and will detail:
    i. the name and title of the contributor;

ii. the name and title (including any city/county/state or other political subdivision) of each recipient of a contribution or payment;
iii. the amount and date of each contribution or payment; and
iv. whether any such contribution was the subject of the exception for certain returned contributions.

- the Compliance Officer, or other designated officer, will maintain appropriate records following the departure of a covered associate who made a political contribution triggering the two-year 'time out' period;
- the Compliance Officer, or other designated officer, maintains records reflecting approval of political contributions made by the firm and/or its covered associates;
- prior to engaging a third party solicitor to solicit advisory business from a government entity, the Compliance Officer, or other designated officer, will determine that such solicitor is (1) a "regulated person" as defined under this Rule and (2) determined that such individual has not made certain political contributions or otherwise engaged in conduct that would disqualify the solicitor from meeting the definition of "regulated person";
- at least annually, the Compliance Officer, or other designated officer, will require covered associates and any third party solicitors to confirm that such person(s) have reported any and all political contributions, and continue to meet the definition of "regulated person";
- the Compliance Officer, or other designated officer, maintains records of each regulated person to whom the firm provides or agrees to provide (either directly or indirectly) payment to solicit a government entity for advisory services on its behalf; and
- the Compliance Officer, or other designated officer, will monitor states' registration and/or reporting requirements pursuant to the firm's use of any "placement agents" (including employees of the firm and/or its affiliates) for the solicitation of or arrangements for providing advisory services to any government entity or public pension plan.

Principal Trading

Policy

Brighton Securities Corp.'s policy and practice is to NOT engage in any principal transactions and our firm's policy is appropriately disclosed in Part 1A and Part 2A of Form ADV.

Background

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. As a fiduciary and under the anti-fraud section of the Advisers Act, principal transactions by advisers are prohibited unless the adviser 1) discloses its principal capacity in writing to the client in the transaction and 2) obtains the client's consent to each principal transaction before the settlement of the transaction.

Responsibility

Our CCO has the responsibility for the implementation and monitoring of our principal trading policy and disclosures that the firm/affiliated firm does not engage in any principal transactions with advisory clients.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly, and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s policy of prohibiting any principal trades with advisory clients has been communicated to relevant individuals, including management, traders and portfolio managers, among others;
- the firm's policy is appropriately disclosed in the firm's Form ADV, Parts 1A and 2A;
- in the event of any change in the firm's policy, any such change must be approved by management, and any principal transactions would only be allowed after appropriate reviews and approvals, disclosures, meeting strict regulatory requirements and maintaining proper records.

Privacy

Policy

As a registered investment adviser, Brighton Securities Corp. must comply with SEC Regulation S-P, which requires registered advisers to adopt policies and procedures to protect the "non-public personal information" of natural person consumers and customers and to disclose to such persons policies and procedures for protecting that information.

Further, and as a SEC registered advisory firm, our firm must comply with SEC Regulation S-AM, to the extent that the firm has affiliated entities with which it may share and use consumer information received from affiliates.

Currently, all 50 states have data breach laws which require private entities or government agencies to notify individuals who have been impacted by security breaches that may compromise their personally identifiable information (“PII”). Brighton Securities Corp. will follow industry and business best practices when it comes to notifying our clients on data breaches, and will also periodically review our state’s requirements.

Background

Regulation S-P / Privacy Rule

The purpose of these regulatory requirements and privacy policies and procedures is to provide administrative, technical and physical safeguards which assist employees in maintaining the confidentiality of non-public personal information ("NPI") collected from the consumers and customers of an investment adviser. All NPI, whether relating to an adviser's current or former clients, is subject to these privacy policies and procedures. Any doubts about the confidentiality of client information must be resolved in favor of confidentiality.

For these purposes, NPI includes non-public "personally identifiable financial information" plus any list, description or grouping of customers that is derived from non-public personally identifiable financial information. Such information may include personal financial and account information, information relating to services performed for or transactions entered into on behalf of clients, advice provided by the firm to clients, and data or analyses derived from such NPI.

Regulation S-P implements the GLB Act's requirements with respect to privacy of consumer nonpublic personal information for registered investment advisers, investment companies, and broker-dealers (each, a "financial institution"). Among other provisions, financial institutions are required to provide an ***initial*** notice to each customer that sets forth the financial institution's policies and practices with respect to the collection, disclosure and protection of customers' nonpublic personal information to both affiliated and nonaffiliated third parties. Thereafter, as long as the customer relationship continues to exist, the financial institution is required to provide an annual privacy disclosure to its customers

describing the financial institution's privacy policies and practices unless it meets the requirements for the annual delivery exception as set forth below.

Significantly, on December 4, 2015, the President signed the *Fixing America's Surface Transportation Act* (the "FAST Act") into law. Among other provisions, the FAST Act includes an amendment of the consumer privacy provisions within the GLB Act. The amendment, which went into effect immediately, now provides an exception to the ***annual*** privacy notice distribution requirement if the financial institution meets the following two criteria: (i) the financial institution does not share nonpublic personal information with nonaffiliated third parties (other than as permitted under certain enumerated exceptions) and (ii) the financial institution's policies and practices regarding disclosure of nonpublic personal information have not changed since the last distribution of its policies and practices to its customers.

Regulation S-AM

SEC Regulation S-AM, effective September 10, 2009, with a postponed compliance date from January 1, 2010 to June 1, 2010, requires SEC investment advisers, and other SEC regulated entities, to the extent relevant, to implement limitations on the firm's use of certain consumer information received from an affiliated entity to solicit that consumer for marketing purposes. Regulation S-AM provides for notice and opt-out procedures, among other things. The compliance date was extended to allow registered firms to establish systems to meet the new regulatory requirements.

Responsibility

The CCO is responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Brighton Securities Corp.'s client privacy goals and objectives while at a minimum ensuring compliance with applicable federal and state laws and regulations. The CCO may recommend to the firm's principal(s) any disciplinary or other action as appropriate. The CCO is also responsible for distributing these policies and procedures to employees and conducting appropriate employee training to ensure employee adherence to these policies and procedures.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Non-Disclosure of Client Information

- Brighton Securities Corp. maintains safeguards to comply with federal and state standards to guard each client's non-public personal information ("NPI"). Brighton Securities Corp. does not share any NPI with any nonaffiliated third parties, except in the following circumstances:
- as necessary to provide the service that the client has requested or authorized, or to maintain and service the client's account;

- as required by regulatory authorities or law enforcement officials who have jurisdiction over Brighton Securities Corp., or as otherwise required by any applicable law;
- to protect the confidentiality or security of the financial institution's records against fraud and for institutional risk control purposes; and
- to provide information to the firm's attorneys, accountants and auditors or others determining compliance with industry standards.

Employees are prohibited, either during or after termination of their employment, from disclosing NPI to any person or entity outside Brighton Securities Corp., including family members, except under the circumstances described above. An employee is permitted to disclose NPI only to such other employees who need to have access to such information to deliver our services to the client.

Safeguarding and Disposal of Client Information

Brighton Securities Corp. restricts access to NPI to those employees who need to know such information to provide services to our clients.

Any employee who is authorized to have access to NPI is required to keep such information in a secure compartment or receptacle daily. All electronic or computer files containing such information shall be password secured and firewall protected from access by unauthorized persons. Any conversations involving NPI, if appropriate at all, must be conducted by employees in private, and care must be taken to avoid any unauthorized persons overhearing or intercepting such conversations.

Safeguarding standards encompass all aspects of the Brighton Securities Corp. that affect security. This includes not just computer security standards but also such areas as physical security and personnel procedures. Examples of important safeguarding standards that Brighton Securities Corp. may adopt include:

- access controls on customer information systems, including controls to authenticate and permit access only to authorized individuals and controls to prevent employees from providing customer information to unauthorized individuals who may seek to obtain this information through fraudulent means (*e.g.*, requiring employee use of user ID numbers and passwords, etc.);
- access restrictions at physical locations containing customer information, such as buildings, computer facilities, and records storage facilities to permit access only to authorized individuals (*e.g.*, intruder detection devices, use of fire and burglar resistant storage devices);
- encryption of electronic customer information, including while in transit or in storage on networks or systems to which unauthorized individuals may have access;
- ensuring measures are put in place for the ability to access client information from any third-parties, including CRM systems, in order to review, delete, or perform security assessments, as necessary;
- procedures designed to ensure that customer information system modifications are consistent with the firm's information security program (*e.g.*, independent approval and periodic audits of system modifications);

- dual control procedures, segregation of duties, and employee background checks for employees with responsibilities for or access to customer information (*e.g.*, require data entry to be reviewed for accuracy by personnel not involved in its preparation; adjustments and correction of master records should be reviewed and approved by personnel other than those approving routine transactions, etc.);
- monitoring systems and procedures to detect actual and attempted attacks on or intrusions into customer information systems (*e.g.*, data should be auditable for detection of loss and accidental and intentional manipulation);
- response programs that specify actions to be taken when the firm suspects or detects that unauthorized individuals have gained access to customer information systems, including appropriate reports to regulatory and law enforcement agencies;
- measures to protect against destruction, loss, or damage of customer information due to potential environmental hazards, such as fire and water damage or technological failures (*e.g.*, use of fire resistant storage facilities and vaults; backup and store off site key data to ensure proper recovery); and
- information systems security should incorporate system audits and monitoring, security of physical facilities and personnel, the use of commercial or in-house services (such as networking services), and contingency planning.

Any employee who is authorized to possess "consumer report information" for a business purpose is required to take reasonable measures to protect against unauthorized access to or use of the information in connection with its disposal. There are several components to establishing 'reasonable' measures that are appropriate for the firm:

- assessing the sensitivity of the consumer report information we collect;
- the nature of our advisory services and the size of our operation;
- evaluating the costs and benefits of different disposal methods; and
- researching relevant technological changes and capabilities.

Some methods of disposal to ensure that the information cannot practicably be read or reconstructed that Brighton Securities Corp. may adopt include:

- procedures requiring the burning, pulverizing, or shredding or papers containing consumer report information;
- procedures to ensure the destruction or erasure of electronic media; and
- after conducting due diligence, contracting with a service provider engaged in the business of record destruction, to provide such services in a manner consistent with the disposal rule.

Privacy Notices

Initial Privacy Notice Delivery

- Brighton Securities Corp. will provide each natural person client with initial notice of the firm's current policy when the client relationship is established. Brighton Securities Corp. shall also provide each such client with a new notice of the firm's current privacy policies at least annually.

- If Brighton Securities Corp. shares non-public personal information ("NPI") relating to a non-California consumer with a nonaffiliated company under circumstances not covered by an exception under Regulation S-P, the firm will deliver to each affected consumer an opportunity to ***opt out*** of such information sharing.
- If Brighton Securities Corp. shares NPI relating to a California consumer with a nonaffiliated company under circumstances not covered by an exception under SB1, the firm will deliver to each affected consumer an opportunity to ***opt in*** regarding such information sharing.

Annual Privacy Notice Delivery

- If Brighton Securities Corp. shares non-public personal information ("NPI") relating to a non-California consumer with a nonaffiliated company under circumstances not covered by an exception under Regulation S-P, the firm will annually deliver to each affected consumer an opportunity to ***opt out*** of such information sharing.
- If Brighton Securities Corp. shares NPI relating to a California consumer with a nonaffiliated company under circumstances not covered by an exception under SB1, the firm will annually deliver to each affected consumer an opportunity to ***opt in*** regarding such information sharing.

Annual Privacy Notice Exception

Brighton Securities Corp. will not have to deliver an annual privacy notice provided it (1) only shares NPI with nonaffiliated third-parties in a manner that does not require an opt-out right be provided to customers (e.g., if the institution discloses NPI to a service provider or for fraud detection and prevention purposes) and (2) has not changed its policies and practices with respect to disclosing NPI since it last provided a privacy notice to its customers.

If, at any time, Brighton Securities Corp. adopts material changes to its privacy policies, the firm shall provide each such client with a revised notice reflecting the new privacy policies. The Compliance Officer is responsible for ensuring that required notices are distributed to the Brighton Securities Corp.'s consumers and customers.

Data Breaches and Compromise of PII

Brighton Securities Corp. will follow industry and business best practices when it comes to notifying our clients on data breaches, including:

- Immediate written notification to the client and appropriate state governmental agencies within 45 days of the breach;
- When a data security incident involves a client’s Social Security number, driver’s license number, or state identification card number, our firm is required (state requirements may vary) to provide an offer for a complimentary credit monitoring for at least 18 months; and
- Brighton Securities Corp. will provide instructions to affected clients on how to sign up for complimentary credit monitoring services and will not require impacted clients to waive their private right of action as a condition of the offer of such services.

Proxy Voting

Policy

Brighton Securities Corp., as a matter of policy and practice, has no authority to vote proxies on behalf of advisory clients. The firm may offer assistance as to proxy matters upon a client's request, but the client always retains the proxy voting responsibility. Brighton Securities Corp.'s policy of having no proxy voting responsibility is disclosed to clients.

Background

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised.

Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser's interests and those of its clients; (b) to disclose to clients how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

Responsibility

The CCO has the responsibility for the implementation and monitoring of our proxy policy and to ensure that the firm does not accept or exercise any proxy voting authority on behalf of clients without an appropriate review and change of the firm's policy with appropriate regulatory requirements being met and records maintained.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. discloses its proxy voting policy of not having proxy voting authority in its Firm Brochure (and Wrap Fee Program Brochure, if applicable) or other client information;
- Brighton Securities Corp.'s advisory agreements provide that the firm has no proxy voting responsibilities and that the advisory clients expressly retain such voting authority;
- Brighton Securities Corp.'s new client information materials may also indicate that advisory clients retain proxy voting authority;
- The CCO reviews the nature and extent of advisory services provided by the firm and monitors such services annually to determine and confirm that client proxies are not being voted by the firm or anyone within the firm.

Registration

Policy

As an SEC-registered investment adviser, Brighton Securities Corp. maintains and renews its adviser registration on an annual basis through the Investment Adviser Registration Depository (IARD), for the firm, state notice filings, as appropriate, and licensing of its investment adviser representatives (IARs).

Brighton Securities Corp.'s policy is to monitor and maintain all appropriate firm notice filings and IAR registrations that may be required for providing advisory services to our clients in any location. Brighton Securities Corp. monitors the state residences of our advisory clients, and will not provide advisory services unless appropriately registered as required, or a de minimis or other exemption exists.

Background

In accordance with the Advisers Act, and unless otherwise exempt from registration requirements, investment adviser firms are required to be registered either with the Securities and Exchange Commission (SEC) or with the state(s) in which the firm maintains a place of business and/or is otherwise required to register in accordance with each individual state(s) regulations and de minimis requirements. The registered investment adviser is required to maintain such registrations on an annual basis through the timely payment of renewal fees and filing of the firm's Annual Updating Amendment.

Individuals providing advisory services on behalf of the firm are also required to maintain appropriate registration(s) in accordance with each state(s) regulations unless otherwise exempt from such registration requirements. The definition of investment adviser representative may vary on a state-by-state basis. Supervised persons providing advice on behalf of SEC-registered advisers are governed by the federal definition of investment adviser representative to determine whether or not state IAR registration is required. The investment adviser representative registration(s) must also be renewed on an annual basis through the IARD and the timely payment of renewal fees.

On February 15, 2012, the SEC adopted amendments to Rule 205-3 increasing the dollar thresholds used to determine whether an advisory client is a 'qualified client.' In addition to its primary application for ascertaining whether the adviser may charge a performance-based fee, the definition of a 'qualified client' is an important component of the federal definition of investment adviser representative.

Section 418 of the Dodd-Frank Act and Rule 205-3 require the SEC to adjust the dollar amounts in these tests for inflation, rounding to the nearest $100,000, beginning July 21, 2011 and every five years thereafter. Accordingly, on June 14, 2016, the Commission issued an order approving an inflation adjustment for the dollar amount test in Rule 205-3.

Beginning in November 2011, FINRA implemented an annual Entitlement User Accounts Certification Process which requires the firm's designated Super Account Administrator (SAA) to review and update as necessary each user at their organization who is authorized to access specific applications on the IARD and/or CRD systems. If the SAA fails to complete the Certification Process within the proscribed 30 days, neither the SAA nor the firm's Accounts Administrators will be able to create, edit and clone user accounts for the firm until such time as the SAA complete the Certification Process.

Responsibility

The CCO has the responsibility for the implementation and monitoring of our registration policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- The Chief Compliance Officer, or other designated officer, monitors the state residences of our advisory clients, and the firm and/or its IARs will not provide advisory services unless appropriately notice filed or licensed as required, or a de minimis or other exemption exists.

- Brighton Securities Corp.'s Chief Compliance Officer, or other designated officer, monitors the firm's and IAR registration requirements and reporting obligations on an on-going and quarterly basis to ensure timely filing of registrations and revised disclosures in accordance with applicable regulatory requirements;

- IARs are required to promptly notify Brighton Securities Corp.'s Chief Compliance Officer, or other designated officer, reporting any changes to their legal name, residence and/or other business activities, among other information reported on Form U4;

    - upon receipt of such information and where applicable, the Chief Compliance Officer, or other designated officer, shall promptly file an amendment to that individual's Form U4;

- Notice filings and IAR licensing filings are made on a timely basis and appropriate files and copies of all filings are maintained by the Chief Compliance Officer or other designated officer.

- Brighton Securities Corp. makes the annual filing of Form ADV within 90 days of the end of the firm's fiscal year (Annual Updating Amendment) to update all disclosures, including certain information required to be updated only on an annual basis;

- The firm's designated SAA will promptly respond to and complete FINRA's annual Entitlement User Accounts Certification Process to ensure that the firm maintains necessary and appropriate access to these systems. On at least an annual basis, the SAA will conduct a full review of individuals authorized as Users on the firm's IARD/CRD system, including an assessment of each User's current authorization(s). The SAA will terminate or modify such authorizations based on each individual's need to access such applications.

Brighton Securities Corp.'s Chief Compliance Officer, or other designated officer, is responsible for overseeing the IARD/CRD Annual Renewal Program, including:

- conducting a review of the current notice filings/registrations for the firm and its IARs prior to FINRA's publication of the current year's Preliminary Renewal Statement (typically published in early November);
- adding any necessary notice filings/registrations and/or withdrawing unnecessary notice filings/registrations on the IARD/CRD systems prior to the issuance of the Preliminary Renewal Statement to facilitate renewals and avoid payment of unnecessary registration fees;
- ensuring that payment of the firm's Preliminary Renewal Statement is made in a timely manner to avoid(1) termination of required notice filings and IAR registrations, and (2) violations of regulatory requirements; and
- obtains and reviews the firm's Final Renewal Statement (published by FINRA on the first business day of the new year), and ensures prompt payment of any additional registration fees or obtains a refund for terminated registrations, if applicable

Regulatory Reporting

Policy

As a registered investment adviser with the SEC, or appropriate state(s), Brighton Securities Corp.'s policy is to maintain the firm's regulatory reporting requirements on an effective and good standing basis at all times. Brighton Securities Corp. also monitors, on an on-going and periodic basis, any regulatory filings or other matters that may require amendment or additional filings with the SEC and/or any states for the firm and its associated persons.

Any regulatory filings for the firm are to be made promptly and accurately. Our firm's regulatory filings may include Form ADV, Form PF, Schedules 13D, 13G, Form 13F, Form 13H, FBAR, FATCA, AIFMD, TIC Form SLT and/or TIC B Forms filings, among others that may be appropriate.

Background

Form ADV serves as an adviser's registration and disclosure brochures. Form ADV, therefore, provides information to the public and to regulators regarding an investment adviser. Regulations require that material changes to Form ADV be updated promptly and that Form ADV be updated annually.

On June 5, 2019, the SEC adopted new rules requiring all SEC-registered investment advisers with retail clients to create a new Form ADV Part 3, also known as a Client Relationship Summary (Form CRS), with the purpose of further explaining the nature of their services and relationship, their fees and costs, and their standard of conduct and conflicts of interest to prospective clients.

Pursuant to rules adopted by the SEC implementing Sections 404 and 406 of the Dodd-Frank Act, SEC-registered investment advisers with at least $150 million in private fund assets under management are required to periodically file Form PF.

Schedules 13D, 13G, and Form 13F filings are required under the Securities Exchange Acts related to client holdings in equity securities. Form 13H filings are required under the Exchange Act for firms designated as large traders. Form D filings under Regulation D of the Securities Act of 1933 allow issuers of private securities to make offerings, e.g., hedge and private equity fund offerings to investors without registration under the 1933 Act. The SEC has proposed amendments to Form D pursuant to rules adopted (i) permitting general solicitation and general advertising in Rule 506 offerings and (ii) 'Bad Actor' provisions that disqualify securities offerings involving certain "felons" and other 'bad actors' from relying on Rule 506 where an issuer or certain other 'covered persons' have had a disqualifying event.

U. S. Department of the Treasury TIC Form SLT is filed with the Federal Reserve Bank of New York to report certain foreign-resident holdings of long-term U.S. securities and/or U.S.-resident holdings of long-term foreign securities; TIC B Forms require reporting of cross-border claims on and liabilities to foreign residents by various 'financial institutions' which include investment advisers and managers, hedge funds, private equity funds, pension funds and mutual funds, among many others. FBAR filings are required for every U.S. person who has a financial interest in, or signature or other authority over,

any foreign financial accounts, including bank, securities, or other types of financial accounts in a foreign country, must report that relationship each calendar year by filing an FBAR with Treasury on or before June 30 of the succeeding year, if the aggregate value of these financial accounts exceeds $10,000 at any time during the calendar year.

Responsibility

The CCO has the responsibility for the implementation and monitoring of our regulatory reporting policy, practices, disclosures and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. makes the annual filing of Form ADV within 90 days of the end of the firm's fiscal year (Annual Updating Amendment) to update all disclosures, including certain information required to be updated only on an annual basis;
- Brighton Securities Corp. promptly updates our Disclosure Document and certain information in Form ADV, Part 1, Part 2, and Part 3, as appropriate, when material changes occur and/or pursuant to any revisions to applicable reporting requirements;
- all employees should report to the Chief Compliance Officer or other designated officer any information in Form ADV that such employee believes to be materially inaccurate or omits material information; and
- as applicable, the CCO will review Schedules 13D, 13G, and Form 13F, 13H and D, FBAR, TIC Forms (e.g., Forms B, C and SLT, as applicable) and Form PF filing requirements among others and make such filings and keep appropriate records as required.

Senior Investors

Policy

As a registered investment adviser, Brighton Securities Corp., as a part of its fiduciary duty to its clients and as a matter of best business practices, has adopted a policy in regard to senior investors. This policy, designed to offer extra protection to senior investors who plan to purchase complex, non-traditional securities, includes annual investment adviser trainings, creating detailed disclosures, annual reviews of senior accounts, and maintaining vigilance over suspected diminished capacity and senior abuse.

Background

Senior investors, comprised of investors aged 62 and older, are a fast-growing demographic which has previously made economic gains through strong performances of both the housing and stock markets. Due to the economic downturn from 2007-2010, interest rates on savings accounts, certificates of deposit, and bonds have dropped dramatically. Many senior investors have experienced a significant reduction in the income streams which they tend to rely on upon retirement. As such, more complex, and potentially unsuitable, securities may be recommended to senior investors without providing proper and understandable disclosures regarding the terms and related risks of these recommended securities.

Beginning in 2006, regulators have made collaborative efforts aimed at protecting senior investors by providing educational programs and conducting examinations focused on senior issues. In 2018, the SEC issued their 2018 National Exam Program Examination Priorities, in which they continue to prioritize the financial exploitation of senior investors. The SEC plans on focusing on several areas, including: the clear and proper disclosures provided to the investors in regards to the calculation of fees, expenses, and other charges; investment recommendations; and internal controls.

Realizing that senior financial abuse is an escalating problem, lawmakers in Congress passed bipartisan legislation aimed at curbing it and protecting potential victims, known as the Senior Safe Act, on May 24, 2018. The Act, should a firm choose to administer it, will grant immunity to individuals and their firms from any civil or administrative proceedings that may arise from disclosing any suspected exploitation of a senior citizen to a regulatory agency.

In order for immunity to be granted, the firm must administer the entire Senior Safe Act program. The firm, or a third party selected by the firm, must provide training to each officer or employee who: a) served as a supervisor or in a compliance or legal function; b) may come into contact with a senior client as a regular part of the professional duties of the individual; or c) may review or approve the financial documents, records, or transactions of a senior client in connection with providing financial services to that client. This training should occur as soon as reasonably practicable and no later than one year after any relevant individual becomes employed with the firm. An employee who received training and served as a supervisor or in a compliance or legal function will not be held liable for disclosing suspected exploitation as long as the disclosure was made in good faith and with reasonable care. Similarly, the firm will also not be held liable if the employee meets the Senior Safe Act's requirements.

The procedures below will also address industry best practices regarding the Senior Safe Act.

In January 2020, OCIE issued its 2020 Examination Priorities, in which OCIE has stated it will once again emphasize the protection of retail investors, particularly seniors and those saving for retirement. OCIE plans to prioritize the examinations of investment advisers, broker-dealers, and dually registered firms, focusing on recommendations and advice made by entities and individuals targeting retirement communities.

Responsibility

The CEO has the responsibility for the implementation and monitoring of our policy on senior investors. The CEO will also identify by name and title those employees who are authorized to place a temporary hold on an account on behalf of the firm if financial exploitation is suspected. In addition, any associated persons should be alert to signs of diminished capacity and/or senior abuse when dealing with senior clients.

Procedures

Brighton Securities Corp. has adopted procedures to implement our policy and reviews to monitor and ensure the policy is observed, implemented properly, and amended or updated, as appropriate, which may be summarized as follows:

- define the criteria, such as age, retirement status, or other factors in order to determine which clients our firm counts as seniors;
- include directions for escalation for associated persons and other employees that make clear what steps should be taken and who they should notify;
- incorporate annual training plans specific to senior investors and senior issues which address topics such as senior investors being fully informed of the features of any security they are purchasing, including the potential return and associated risks, changes in investment needs as investors age, and general training to educate investment advisers on sensitive matters relating to senior investors;
- require the CCO to review and pre-approve all seminar and marketing materials directed towards senior investors;
- adopt a disclosure form—which describes the features of a particular product, such as mortality and expense fees, surrender fees and period, the liquidity needs of the investor, account benefits and general information regarding the security—and require a customer signature;
- require the senior client to confirm any changes in beneficiaries, powers of attorney, or trustees in-person with an associated person of the firm--document the meeting in writing along with the client's signature;
- maintain an up-to-date list of all senior investors and the amount of the firm's regulatory assets under management in these accounts;

- facilitate the transition of a senior client from actively employed to a retired status by communicating with the client to setup an updated investment profile;
- encourage senior clients to have a trusted contact person present during all meetings and phone calls and make reasonable efforts to obtain the name and contact information of the trusted contact person when opening and updating account information;
- Brighton Securities Corp. may communicate with the trusted contact regarding the client's health status, potential financial exploitation, and to confirm the identity of a legal guardian, executor, trustee, or holder of a power of attorney;
- upon the death of a senior client, Brighton Securities Corp. will work with the beneficiaries, trustee, or executor on the next steps to take, which could include transitioning the current account to a new account, liquidating the current account, or transferring assets to the appropriate parties; and
- associated persons should immediately report any concerns of diminished capacity and senior abuse to the CEO, who will work with senior management in addressing concerns. This could include contacting the trusted contact person or placing a temporary hold on a disbursement of funds or securities if it is reasonably believed that financial exploitation has occurred, is occurring, or has or will be attempted.

Our firm, seeking immunity from suit under the Senior Safe Act (S.2155 Section 303), will also:

- implement a training program that will instruct employees on how to identify and report suspected exploitation internally, and, as appropriate, to government officials or law enforcement
- The training will include
    - common signs that indicate financial exploitation of a senior client,
    - discuss the need to protect the privacy and respect the integrity of each individual customer of the firm, and
    - appropriateness to the job responsibilities of the individuals attending the training
- maintain records of each individual employed by the firm who has completed the training.

Social Media

Policy

It is Brighton Securities Corp.'s policy to monitor employee use of social media, networking and similar communications. Employees should take note that their social media and networking use will be monitored. There should be no expectation of privacy in the use of the Firm's Internet, e-mails, any use of blogs, instant messages, company-owned cellular phones and text messages on company-owned equipment under this policy. Every message leaves an electronic trail that's both traceable to a specific individual and accessible by Brighton Securities Corp. even if it is deleted. Blogging or other forms of social media or technology include but are not limited to: video or wiki postings, sites such as LinkedIn, Facebook and Twitter, chat rooms, pod casts, virtual worlds, personal blogs, microblogs or other similar forms of online journals, diaries or personal newsletters.

General Provisions

Unless specific to job scope requirements, employees are not authorized to and therefore may not speak on behalf of Brighton Securities Corp. through social media or otherwise. Employees may not publicly discuss clients, investment strategies or recommendations, investment performance, other products or services offered by our Firm (or affiliates, if applicable), employees or any work-related matters, whether confidential or not, outside company-authorized communications. Employees are required to protect the privacy of Brighton Securities Corp., its clients and employees, and are prohibited from disclosing personal employee and non-employee information and any other proprietary and non-public information to which employees have access. Such information includes but is not limited to customer information, trade secrets, financial information and strategic business plans.

Personal Blogs and Social Networking Sites. Bloggers and commenters are personally responsible for their commentary on blogs and social media sites. Bloggers and commenters can be held personally liable for commentary that is considered defamatory, obscene, proprietary or libelous by any offended party, not just Brighton Securities Corp.

It is Brighton Securities Corp.'s policy that no employee may use employer-owned equipment, including computers, company-licensed software or other electronic equipment, nor facilities or company time, to conduct personal blogging or social networking activities. Employees cannot use blogs or social media sites to harass, threaten, discriminate or disparage against employees or anyone associated with or doing business with Brighton Securities Corp.

Employees may not post on personal blogs or other sites the name, trademark or logo of Brighton Securities Corp. or any business with a connection to Brighton Securities Corp. Employees cannot post company-privileged information, including copyrighted or trademarked information or company-issued documents. Employees cannot post on personal blogs or social networking sites photographs of other employees, clients, vendors or suppliers, nor can employees post photographs of persons engaged in company business or at company events.

Employees cannot post on personal blogs and social media sites any advertisements or photographs of company products, nor sell company products and services. Employees cannot link from a personal blog or social networking site to Brighton Securities Corp.'s internal or external website.

Text Messaging Policy. Text messaging is enabled on company-issued Blackberry devices or similar "smartphones" for your traveling and/or communications convenience. All text messages will be captured and are subject to supervisory reviews through our archiver platform.

Internet Monitoring. Employees are cautioned that they should have no expectation of privacy while using company equipment or facilities for any purpose, including authorized blogging. Employees are cautioned that they should have no expectation of privacy while using the Internet. Your postings can be reviewed by anyone, including Brighton Securities Corp. Brighton Securities Corp. reserves the right to monitor comments or discussions about the company, its employees, clients and the industry, including products and competitors, posted on the Internet by anyone, including employees and non-employees. Brighton Securities Corp. uses blog-search tools and software, and/or may engage outside service providers to periodically monitor forums such as blogs and other types of personal journals, diaries, personal and business discussion forums, and social networking sites.

Although these social media policies and procedures are based on current financial industry best practices, it is extremely important to recognize that there is a growing body of states laws that either prohibit or severely restrict an employer's ability to access or request access to employees' personal media accounts. In addition, federal legislation has been proposed in the House and Senate that would similarly prohibit employers from requiring or requesting such access from an employee or applicant for employment.

Accordingly, firms should carefully review their social media policies with legal counsel to ensure that such policies do not violate applicable state laws.

Brighton Securities Corp.'s Social Media policy, however, will not be construed or applied to limit employees' rights under the under the National Labor Relations Act ("NLRA") or applicable law.

Background

Social media and/or methods of publishing opinions or commentary electronically is a fast growing phenomenon which takes many forms, including internet forums, blogs and microblogs, online profiles, wikis, podcasts, picture and video posts, virtual worlds, e-mail, instant messaging, text messaging, music and other file-sharing, to name just a few. Examples of social media applications include, among others, LinkedIn, Facebook, MySpace, YouTube, Twitter, Yelp, Flickr, Second Life, Yahoo groups, Wordpress, and ZoomInfo. The proliferation of such electronic communications presents new and ever changing regulatory risks for our firm.

As a registered investment adviser, use of social media by our Firm and/or related persons of the Firm must comply with applicable provisions of the federal securities laws, including, but not limited to the

following laws and regulations under the Advisers Act, as well as additional rules and regulations identified below:

Anti-Fraud Provisions: Sections 206(1), 206(2), and 206(4), and Rule 206(4)-1 thereunder;

Advertising: Rule 206(4)-1;

Compliance/Supervision: Rule 206(4)-7;

Privacy: Regulation S-P; and

Recordkeeping: Rule 204(2).

For example, business or client related comments or posts made through social media may breach applicable privacy laws or be considered "Advertising" under applicable regulations triggering content restrictions and special disclosure and recordkeeping requirements. Employees should be aware that the use of social media for personal purposes may also have implications for our Firm, particularly where the employee is identified as an officer, employee or representative of the firm. Accordingly, Brighton Securities Corp. seeks to adopt reasonable policies and procedures to safeguard the Firm and our clients.

On March 28, 2014 the staff of the SEC's Division of Investment Management published *Guidance on the Testimonial Rule and Social Media*. Recognizing that consumers are increasingly reliant on third-party recommendations, the SEC has issued this guidance "to clarify application of the testimonial rule as it relates to the dissemination of genuine third-party commentary that could be useful to consumers."

In summary and consistent with previously issued guidance, an investment adviser's or investment advisory representative's (IAR's) publication of ALL of the testimonials about the firm or its representatives from an independent social media site on the adviser's or IAR's own social media site or website would not implicate the concern underlying the testimonial rule – provided such advertisement complies with Rule 206(4)-1(a)(5) under the Advisers Act, i.e., it does not contain any untrue statement of a material fact, or is otherwise false or misleading.

Responsibility

The CCO has the responsibility for the implementation and monitoring of our firm's Social Media policy, practices, and recordkeeping.

Procedure

Brighton Securities Corp. has adopted procedures to implement Brighton Securities Corp.'s policy, and conducts internal reviews to monitor and ensure that the policy is observed, implemented properly, and amended or updated, as appropriate. These include the following:

- Brighton Securities Corp.'s e-mail and electronic communications policy has been communicated to all persons within the Firm and any changes in our policy will be promptly communicated;

- obtaining attestations from personnel at the commencement of employment and regularly thereafter that employees (i) have received a copy of our policy, (ii) have complied with all such requirements, and (iii) commit to do so in the future;
- unless otherwise prohibited by federal or state laws, Brighton Securities Corp. will request or require employees provide the CCO with access to any approved social networking accounts. Furthermore, static content posted on social networking sites must be preapproved by the CCO;
- e-mails and any other electronic communications relating to Brighton Securities Corp.'s advisory services and client relationships will be maintained on an on-going basis and arranged for easy access and retrieval so as to provide true and complete copies with appropriate backup and separate storage for the required periods;
- establishing a reporting program or other confidential means by which employees can report concerns about a colleague's electronic messaging, website, or use of social media for business communications;
- the Chief Compliance Officer will monitor a random sampling of employee electronic communications, surveil social media use by employees and maintain documentary evidence of such surveillance in an applicable location quarterly;
- every social media post about our firm must be evaluated and approved by the CCO, including tracking the lifecycle of each social media message, including the exact date and time it was created or deleted, and ensuring that a post meets regulatory standards;
- Brighton Securities Corp. will record the precise actions taken when a message is flagged during a review;
- Brighton Securities Corp. reserves the right to use content management tools to monitor, review or block content on company blogs that violate company blogging rules and guidelines;
- our advisors will receive ongoing training on these rapidly changing platforms, with emphasis placed on:
    - personal versus business communication;
    - the consequences for violating the written rules;
    - which social media posts need to be approved prior to posting;
    - which posts need reviewing after being posted; and
    - how to manage third-party social media accounts
- Brighton Securities Corp. requires employees to report any violation, or possible or perceived violation, to their supervisor, manager or the HR or Compliance department. Violations include discussions of Brighton Securities Corp., its clients and/or employees, any discussion of proprietary information (including trade secrets, or copyrighted or trademarked material) and any unlawful activity related to blogging or social networking; and
- Brighton Securities Corp. investigates and responds to all reports of violations of the social media policy and other related policies. Violation of the company's social media policy may

result in disciplinary action up to and including immediate termination. Any disciplinary action or termination will be determined based on the nature and factors of any blog or social networking post, or any unauthorized communication. Brighton Securities Corp. reserves the right to take legal action where necessary against employees who engage in prohibited or unlawful conduct. If you have any questions about this policy or a specific posting on the web, please contact the Compliance Department or Human Resources.

Solicitors/Promotors

Policy

Brighton Securities, as a matter of policy and practice, may compensate persons, i.e., individuals or entities, for the referral of advisory Clients to the firm provided appropriate disclosures and regulatory requirements are met. If a client is introduced to Brighton Securities by either an unaffiliated or an affiliated solicitor, Brighton Securities may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Brighton Securities investment management fee. If the client is introduced to Brighton Securities by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Brighton Securities written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement. The compensation will be based upon a percentage of AUM until the account is closed. Any such fee shall not result in any additional charge to the client.

Background

Under the SEC Cash Solicitation Rule, (Rule 206(4)-3) and comparable rules adopted by most states, investment advisers may compensate persons who solicit advisory clients for a firm if appropriate agreements exist, specific disclosures are made, and other conditions met under the rules. Under the SEC rule, a solicitor is defined as "any person who, directly or indirectly, solicits any client for, or refers any client to, an investment adviser.

The definition of client includes any prospective client.

If Brighton Securities were to compensate any person for the referral of any Investor to one othe the advisors' Clients, then it would comply with all requirements of Rule 206(4)-3 of the Advisers's Act. Rule 206(4)-3 require that Brighton:

- Enter into an agreement with the solicitor
- Determine that the solicitor is not disqualified for any reason specified under Rule 206(4)-3 and
- Receive from the prospective Investor an acknowledgment, in writing, that he/she received Brighton's ADV park 2A and received the Solicitor's Disclosure Statements disclosing that the solicitors is being paid by Brighton.

Responsibility

The CEO has the responsibility for monitoring our firm's policy of not compensating any persons for referring clients or prospective clients to the firm unless appropriate agreements, records, disclosures and other regulatory requirements are met.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated as appropriate, which include the following:

- The CEO is responsible for reviewing and approving any potential solicitor arrangements.
- The CEO will ensure that all arrangements are memorialized by a written contract, and that the solicitor will provide the Client with a Solicitor's Written Disclosure Statement as well as a copy of the Investment Adviser's Form ADV Part 2.

Supervision and Internal Controls

Policy

Brighton Securities Corp. has adopted these written policies and procedures which are designed to set standards and internal controls for the firm, its employees, and its businesses and are also reasonably designed to prevent, detect, and correct any violations of regulatory requirements and the firm's policies and procedures. Every employee and manager is required to be responsible for and monitor those individuals and departments he or she supervises to detect, prevent and report any activities inconsistent with the firm's procedures, policies, high professional standards, or legal/regulatory requirements.

Consistent with our firm's overriding commitment as fiduciaries to our clients, we rely on all employees to abide by our firm's policies and procedures; and, equally importantly, to internally report instances in which it is believed that one or more of those policies and/or practices is being violated. It is the expressed policy of this firm that no employee will suffer adverse consequences for any report made in good faith.

Any unlawful or unethical activities are strictly prohibited. All firm personnel are expected to conduct business legally and ethically, regardless of where in the world such business is transacted. Our firm's Code of Ethics also provides employees with a summary of Brighton Securities Corp.'s Anti-Corruption practices**.**

Background

The SEC adopted the anti-fraud rule titled Compliance Procedures and Practices (Rule 206(4)-7) under the Advisers Act requiring more formal compliance programs for all SEC registered advisers. The rule became effective February 5, 2004 and SEC advisers had until October 5, 2004 (compliance date) to be in compliance with the rule.

Rule 206(4)-7 makes it unlawful for a SEC adviser to provide investment advice to clients unless the adviser:

- adopts and implements written policies and procedures reasonably designed to prevent violations by the firm and its supervised persons;
- reviews, at least annually, the adequacy and effectiveness of the policies and procedures;
- designates a chief compliance officer who is responsible for administering the policies and procedures; and
- maintains records of the policies and procedures and annual reviews.

Under Section 203(e)(6), the SEC is authorized to take action against an adviser or any associated person who has failed to supervise reasonably in an effort designed to prevent violations of the securities laws, rules and regulations. This section also provides that no person will be deemed to have failed to supervise reasonably provided:

1. there are established procedures and a system which would reasonably be expected to prevent any violations; and
2. and such person has reasonably discharged his duties and obligations under the firm's procedures and system without reasonable cause to believe that the procedures and system were not being complied with.

Furthermore, on May 25, 2011, the SEC adopted final rules implementing the whistleblower provisions of the Dodd-Frank Act, which offer monetary incentives to persons who provide the SEC with information leading to a successful enforcement action. While the rules incentive rather than require prospective whistleblowers to use the internal company compliance program, the regulations clarify that the SEC, when considering the amount of an award, will consider to what extent (if any) the whistleblower participated in the internal compliance processes of the firm.

Firms that engage in business activities outside of the United States may be subject to additional laws and regulations, including among others, the U.S. Foreign Corrupt Practices Act of 1977 as amended (the "FCPA") and the U.K. Bribery Act 2010 (the "Bribery Act"). Both these laws make it illegal for U.S. citizens and companies, including their employees, directors, stockholders, agents and anyone acting on their behalf (regardless of whether they are U.S. citizens or companies), to bribe non-U.S. government officials. The Bribery Act is more expansive in that it criminalizes commercial bribery and public corruption, as well as the receipt of improper payments.

Responsibility

Every employee has a responsibility for knowing and following the firm's policies and procedures. Every person in a supervisory role is also responsible for those individuals under his/her supervision. The President, or a similarly designated officer, has overall supervisory responsibility for the firm.

Recognizing our shared commitment to our clients, all employees are required to conduct themselves with the utmost loyalty and integrity in their dealings with our clients, customers, stakeholders and one another. Improper conduct on the part of any employee puts the firm and company personnel at risk. Therefore, while managers and senior management ultimately have supervisory responsibility and authority, these individuals cannot stop or remedy misconduct unless they know about it. Accordingly, all employees are not only expected to, but are required to report their concerns about potentially illegal conduct as well as violations of our company's policies.

The Chief Compliance Officer has the overall responsibility for administering, monitoring and testing compliance with Brighton Securities Corp.'s policies and procedures. Possible violations of these policies or procedures will be documented and reported to the appropriate department manager for remedial action. Repeated violations, or violations that the Compliance Officer deems to be of serious nature, will be reported by the Compliance Officer directly to the President, or a similarly designated officer, and/or the Board of Directors for remedial action.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy, conducts reviews of internal controls to monitor and ensure the firm's supervision policy is observed, implemented properly and amended or updated, as appropriate which including the following:

- designation of a Chief Compliance Officer as responsible for implementing and monitoring the firm's compliance policies and procedures;
- an Annual Compliance Meeting and on-going and targeted compliance training;
- prior to hiring any employee, we will undertake the following steps:
    - conduct a background screening of potential new employees;
    - hold an initial training about the firm's compliance policies;
    - conduct an initial check of the CRD/IARD systems for the potential new employee's filings;
    - conduct internet and social media searches; and
    - request potential new hires to provide our firm with copies of their Form U5s, as applicable, and self-attestation regarding disciplinary histories and/or events and recent bankruptcies
- for existing employees, we will undertake the following steps:
    - annually, request employees to complete a self-attestation regarding disciplinary histories and/or events and recent bankruptcies;
    - annually, review Brighton Securities Corp.'s disclosures regarding disciplinary histories and events relating to our supervised persons to ensure that the information remains accurate, fully disclosed and up-to-date;
    - for any new disciplinary events, we will ensure that timely updates, including any accompanying conflicts of interest, are made and filed to all relevant disclosure items and disseminated to all existing clients if such information is deemed to be relevant and material;
    - establish enhanced oversight measures for any employees with prior disciplinary events depending on their job function, including limiting of physical and/or electronic access to portfolio management, custodial and trading platforms, enhanced cash flow monitoring of relevant accounts, enhanced review of accounts, account types recommended and services provided by these employees, enhanced communications review (e.g. e-mail communications and client-facing materials and documents), end-of-day trade blotter reviews, expedited escalation and enhanced review and investigation of any complaints made against these employees; and
    - any employees working remotely will be subject to the firm's branch office supervision policies and procedures. Any remote employees with disciplinary histories will be subject to enhanced supervision procedures, including more frequent visitations, unannounced visitations, robust communications monitoring, books and records review

and monitoring, additional training and self-attestations and based on the employee's job function.

- adoption of these written policies and procedures with statements of policy, designated persons responsible for the policy and procedures designed to implement and monitor the firm's policy;
- the annual review of the firm's policies and procedures by the Compliance Officer and senior management;
- annually reviews of employees' activities, e.g., outside business activities, personal trading, etc., are conducted;
- annual written representations by employees as to understanding and abiding by the firm's policies;
- to facilitate internal reporting by firm employees, the firm has established several alternative methods to allow employees to report their concerns, including drop boxes, a toll-free number, and open channels of communications to the firm's compliance staff;
- on an annual basis, Brighton Securities Corp. reviews employee confidentiality and severance agreements to ensure that they are not prohibitive or retaliatory against a current or former employee reporting concerns to the SEC;
- internal reports will be handled promptly and discretely, with the overall intent to maintain the anonymity of the individual making the report. When appropriate, investigations of such reports may be conducted by independent personnel; and
- supervisory reviews and sanctions for violations of the firm's policies or regulatory requirements.

Anti-Corruption Procedure

Note: Brighton Securities Corp.'s policy and practice is to NOT engage in any foreign investments.

Brighton Securities Corp. has adopted written policies and procedures relative to any of our off-shore business undertakings. These policies and procedures have been developed proportionate to the firm's risk and are designed to deter and detect foreign bribery. They are applicable to all officers, directors, and employees, as well as other entities over which our firm has control, with respect to foreign business activities we conduct. Our policies include the following:

- our firm's policies regarding gifts, entertainment, charitable contributions and solicitation activities are contained herein and are generally applicable to any of our business activities, except with respect to any interaction with a foreign government official;
- because of regulatory implications, our firm policy prohibits providing anything of value to a foreign government official without first obtaining approval from a designated officer of the firm;
- our firm's policy prohibits facilitation payments;
- we will conduct risk-based due diligence prior to the engagement of third-parties such as joint-venture partners, consultants, representatives, contractors, agents and other intermediaries, and any other individuals/entities representing our firm;

- we will provide such third-parties with our firm's anti-corruption/anti-bribery policies and obtain their written commitment to abide by such policies;
- we have a financial/accounting system that ensures the maintenance of accurate records and accounts;
- our HR policies ensure that no employee will suffer any adverse consequences for refusing to pay bribes—even if that may result in the loss of business;
- we provide appropriate anti-corruption compliance training for the firm's officers, directors and those employees having possible exposure to corruption; additionally, new employees will undergo appropriate training upon joining the company when such training is relevant to the individual's job function;
- Brighton Securities Corp.'s CCO or other designated officer should be contacted directly with any questions concerning the firm's practices (particularly when there is an urgent need for advice on difficult situations in foreign jurisdictions);
- we require annual written certification by each officer, director or employee of his/her commitment to abide by the firm's anti-corruption policy;
- we require mandatory reporting to Brighton Securities Corp.'s CCO or other designated officer of any incident or perceived incident of bribery; consistent with our firm's Whistleblower reporting procedures, such reports will be investigated and handled promptly and discretely; and
- violations of the firm's policies may result in disciplinary actions up to and including termination of employment.

Trading

Policy

As an adviser and a fiduciary to our clients, our clients' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the client's favor.

Our firm has adopted the following policies and practices to meet the firm's fiduciary responsibilities and to ensure our trading practices are fair to all clients and that no client or account is advantaged or disadvantaged over any other.

Also, Brighton Securities Corp.'s trading practices are generally disclosed in response to Item 12 in Part 2A of Form ADV, which is provided to prospective clients and annually delivered to current clients.

Background

As a fiduciary, many conflicts of interest may arise in the trading activities on behalf of our clients, our firm and our employees, and must be disclosed and resolved in the interests of the clients. These conflicts must also be disclosed in Form ADV Part 3 (Form CRS). In addition, securities laws, insider trading prohibitions and the Advisers Act, and rules thereunder, prohibit certain types of trading activities.

Indicative of heightened regulatory concerns, the SEC's Office of Compliance Inspections and Examinations (OCIE) issued a Risk Alert on February 27, 2012, focused on an adviser's practices and controls designed to prevent unauthorized trading and other trade-related unauthorized activities. (See Strengthening Practices for Preventing and Detecting Unauthorized Trading and Similar Activities, publicly available February 27, 2012)

In December 2018, OCIE issued its 2019 Examination Priorities, in which OCIE listed plans to review firms' practices for executing investment transactions on behalf of clients, fairly allocating investment opportunities among clients, ensuring consistency of investments with the objectives obtained from clients, disclosing critical information to clients, and complying with other legal restrictions. OCIE will also examine investment adviser portfolio recommendations to assess, among other things, whether investment or trading strategies of advisers are: (1) suitable for and in the best interests of investors based on their investment objectives and risk tolerance; (2) contrary to, or have drifted from, disclosures to investors; (3) venturing into new, risky investments or products without adequate risk disclosure; and (4) appropriately monitored for attendant risks.

In June 2020, OCIE issued a Risk Alert which listed certain compliance issues found when OCIE performed examinations on registered investment advisers, including conflicts related to the allocation of investments. The staff observed private fund advisers that did not provide adequate disclosure about conflicts relating to allocations of investments among clients, including preferentially allocating limited investment opportunities to new clients, higher fee-paying clients, or proprietary accounts, and also

advisers allocating securities at different prices or in apparently inequitable amounts among clients (1) without providing adequate disclosure about the allocation process or (2) in a manner inconsistent with the allocation process disclosed to investors.

Aggregation

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients.

Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

In the event transactions for an adviser, its employees or principals (“proprietary accounts”) are aggregated with client transactions, conflicts arise and special policies and procedures must be adopted to disclose and address these conflicts.

Allocation

As a matter of policy, an adviser's allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. Adequate disclosure must also be provided in the event of any conflicts arising.

Brighton Securities Corp.'s policy prohibits any allocation of trades in a manner that Brighton Securities Corp.'s proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts.

Brighton Securities Corp. has adopted a clear written policy for the fair and equitable allocation of transactions, (e.g., pro-rata allocation, rotational allocation, or other means) which is disclosed in Brighton Securities Corp.'s Form ADV Part 2A.

IPOs

Initial public offerings (“IPOs”) or new issues are offerings of securities which frequently are of limited size and limited availability. These offerings may trade at a premium above the initial offering price.

In the event Brighton Securities Corp. participates in any new issues, Brighton Securities Corp.'s policy and practice is to allocate new issues shares fairly and equitably among our advisory clients according to a specific and consistent basis so as not to advantage any firm, personal or related account and so as not to favor or disfavor any client, or group of clients, over any other.

Trade Errors

As a fiduciary, Brighton Securities Corp. has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions, due to Brighton Securities Corp.'s actions, or inaction, or actions of others, Brighton Securities Corp.'s

policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Brighton Securities Corp. in any way.

If the error is the responsibility of Brighton Securities Corp., any client transaction will be corrected and Brighton Securities Corp. will be responsible for any client loss resulting from an inaccurate or erroneous order.

Brighton Securities Corp.'s policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

Large Trader Reporting

Large traders (defined as a person whose transactions in NMS securities in aggregate equal to or exceed two million shares or $20 million during any calendar day, or 20 million shares or $200 million during any calendar month) will be required to identify themselves to the SEC through the filing of Form 13H on the EDGAR system.

Brighton Securities Corp.'s policy and practice is to monitor the volume of trading conducted to determine if and when we become subject to filing Form 13H.

Upon the determination that Brighton Securities Corp. is a large trader subject to the large trading reporting requirements, the firm will submit its initial Form 13H filing (i.e., within 10 days of first effecting transactions in an aggregate amount equal to or greater than the identifying activity level) and disclose our status as a large trader to registered broker-dealers effecting transactions on our behalf.

Once designated as a large trader, Brighton Securities Corp. will effect the annual filing of Form 13H within 45 days of our fiscal year end and ensure that any amendments to Form 13H are timely filed.

Responsibility

The CCO has the responsibility for the implementation and monitoring of our trading policies and practices, disclosures and recordkeeping for the firm.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's trading policies are observed, implemented properly and amended or updated, which include the following:

- trading reviews, reconciliations of any and all securities transactions for advisory clients;
- monitoring the volume of the firm's transactions in NMS securities to determine if and when the firm is subject to large trader reporting obligations;
- (where possible,) instituting a segregation of trading-related roles and functions to ensure a functional process of checks and balances;

- providing adequate disclosure about conflicts relating to allocations of investments among clients;
- establishing threshold reporting levels that require the trader to report to a member of senior management whenever a position loses value beyond a defined limit or begins to lose value in an unanticipated manner;
- (Monthly/Quarterly) monitoring our representatives' trading activity to thresholds in our compensation structure to detect practices that may be motivated by a desire to move up in the compensation structure and, thereby, receive a higher payout percentage. If suspicious activity is detected, our CCO will place the representative under heightened supervision, and may enforce disciplinary action, such as termination, regulatory sanctions, potential monetary sanctions and/or civil and criminal penalties;
- monitoring defined criteria that will trigger additional or heightened scrutiny of trading activity, including but not limited to, (i) unusual or high volume of trade error account activity; (ii) frequency of risk limit breaches; (iii) frequent requests for trade limit increases for the same counterparty; (iv) concentration of profitable or unprofitable trades, or patterns of trades and offsetting trades with the same counterparty; (v) reasons for and patterns in remote access trading accounts;
- annually conducts reviews of the firm's Form ADV, advisory agreements, and other materials for appropriate disclosures of the firm's trading practices and any conflicts of interests;

If the firm is a 'Large Trader' pursuant to SEC Rule 13h-1 (the Large Trader Rule), the firm's trading practices should include the following:

- providing the firm's LTID (large trader identification number) to all registered broker-dealers executing trades on its behalf;
- maintaining an accurate and current list of its approved registered broker-dealers which details regarding notification of the firm's LTID; and
- ensuring timely filing of the annual update to Form 13H as well as quarterly updates when necessary, to correct information previously disclosed that has become inaccurate.

Valuation of Securities

**While this is our policy, currently Brighton Securities Corp. does not have any illiquid securities to which the policy will apply. For any liquid market securities, First Clearing is responsible for the pricing.*

Policy

As a registered adviser and as a fiduciary to our advisory clients, Brighton Securities Corp., has adopted this policy which requires that all client portfolios and investments reflect current, fair and accurate market valuations. Any pricing errors, adjustments or corrections are to be verified, preferably through independent sources or services, and reviewed and approved by the firm's designated person(s) or pricing committee.

Background

As a fiduciary, our firm must always place our client's interests first and foremost and this includes pricing processes, which ensure fair, accurate and current valuations of client securities of whatever nature. Proper valuations are necessary for accurate performance calculations and fee billing purposes, among others. Because of the many possible investments, various pricing services and sources and diverse characteristics of many investment vehicles, independent sources, periodic reviews and testing, exception reporting, and approvals and documentation or pricing changes are necessary with appropriate summary disclosures as to the firm's pricing policy and practices. Independent custodians of client accounts may serve as the primary pricing source.

On May 12, 2011, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) issued new guidance on fair value measurement and disclosure requirements under US generally accepted accounting principles GAAP and International Financial Reporting Standards (IFRS).

Among other things, the update defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Furthermore, when measuring fair value, a reporting entity must take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Additional guidance is provided on valuations techniques such as market approach, cost approach and income approach.

In June 2020, OCIE issued a Risk Alert which listed certain compliance issues found when OCIE performed examinations on registered investment advisers, including conflicts related to valuations. The staff observed private fund advisers that did not value client assets in accordance with their valuation processes or in accordance with disclosures to clients. In some cases, the staff observed that this failure

to value a private fund’s holdings in accordance with the disclosed valuation process led to overcharging management fees and carried interest because such fees were based on inappropriately overvalued holdings.

Responsibility

The CEO, or the firm's pricing committee, if any, has overall responsibility for the firm's pricing policy, determining pricing sources and pricing practices, including any reviews and re-pricing practices to help ensure fair, accurate and current valuations.

Procedure

Brighton Securities Corp. has adopted procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp. utilizes, to the fullest extent possible, recognized and independent pricing services and/or qualified custodians for timely valuation information for advisory client securities and portfolios;
- whenever valuation information for specific illiquid, foreign, derivative, private or other investments is not available through pricing services or custodians, Brighton Securities Corp.'s designated officer, trader(s) or portfolio manager(s) will obtain and document price information from at least one independent source, whether it be a broker-dealer, bank, pricing service or other source;
- any securities without market valuation information are to be reviewed and priced by the CEO or pricing committee in good faith to reflect the security's fair and current market value, and supporting documentation maintained;
- The CEO will arrange for monthly reviews of valuation information from whatever source to promptly identify any incorrect, stale or mispriced securities;
- any errors in pricing or valuations are to be resolved as promptly as possible, preferably upon a same day or next day basis, with repricing information obtained, reviewed and approved by the CEO or the firm's pricing committee; and
- a summary of the firm's pricing practices should be included in the firm's investment management agreement.

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Wrap Fee Adviser

Policy

Brighton Securities has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain managed account programs. Clients of investment advisory accounts described herein are clients of Brighton Securities. Brighton Securities is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). The Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Brighton Securities with respect to the following programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Pathways. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Brighton Securities with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Brighton Securities is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Brighton Securities to offer these programs.

Background

A wrap fee program is defined as any program under which any client is charged a specified fee or fees not based directly upon transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.

Wrap fee programs also typically include custody services as part of the all-inclusive services in the program.

Responsibility

The CEO has the responsibility for insuring the firm's policy is followed and that Brighton Securities Corp. does not participate as an adviser/subadviser in any wrap fee programs unless appropriately approved and all regulatory requirements are met.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s designated officer annually monitors the firm's businesses and advisory services, including reviews of the firm's Form ADV and disclosures; and
- Brighton Securities Corp.'s designated officer also monitors the firm's advisory services to ensure that participation in any wrap fee programs as an adviser/subadviser would only be

allowed after appropriate management approvals, disclosures and meeting regulatory requirements.

Wrap Fee Sponsor

Policy

Brighton Securities has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain managed account programs. Clients of investment advisory accounts described herein are clients of Brighton Securities. Brighton Securities is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). The Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Brighton Securities with respect to the following programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Pathways. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Brighton Securities with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Brighton Securities is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Brighton Securities to offer these programs.

Background

A wrap fee program is defined as any program under which any client is charged a specified fee or fees not based directly upon transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.

Wrap fee programs also typically include custody services as part of the all-inclusive services in the program. Assets under the direct management of Brighton Securities are held by independent custodians, including First Clearing, LLC., or others, in the client's name. Brighton Securities does not act as a custodian of client assets.

Responsibility

The CEO has the responsibility for the implementation and monitoring of our wrap fee policy that the firm prohibits sponsoring any wrap fee programs unless appropriately approved and all regulatory requirements are met.

Procedure

Brighton Securities Corp. has adopted various procedures to implement the firm's policy and conducts reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Brighton Securities Corp.'s designated officer monitors the firm's businesses and advisory services, including periodic reviews of the firm's Form ADV and disclosures to supervise any arrangements for sponsoring any wrap fee program.
- Brighton Securities Corp.'s designated officer also monitors the firm's advisory services to ensure that any arrangements to sponsor any wrap fee program would only be allowed after appropriate management approvals, disclosures and meeting regulatory requirements.