



## Regulation Best Interest Disclosure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

Ashton Thomas Securities, LCC. (herein referred to as "ATS" or "the Firm") is a broker-dealer registered with the Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA). ATS is also registered as an investment adviser with the SEC. As a broker-dealer, ATS transacts business in various types of securities, including mutual funds, exchange-traded funds (ETFs), stocks, bonds, options, variable annuities and other investment products.

ATS maintains a network of individuals, referred to as "Financial Professionals", who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of ATS's Financial Professionals are investment adviser representatives (IARs); we sometimes refer to these specific Financial Professionals as "financial advisors" or "advisors."

Although most Financial Professionals offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services. When you are discussing services with a Financial Professional, you should ask what capacity the Financial Professional is acting or will be acting – as a broker-dealer registered representative and/or an IAR – when providing services to you. This disclosure discusses important information regarding Financial Professionals who act as registered representatives of ATS's broker dealer.

Like all financial services providers, we and our Financial Professionals have conflicts of interest. For example, ATS and our Financial Professionals are compensated directly by customers and indirectly from the investments made by customers. When customers pay us, we typically get paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. If we are paid an upfront commission, it means that our compensation increases the more transactions a customer makes. When we are paid indirectly from the investments made by customers, we receive ongoing compensation, typically called a "trail" payment, for as long as a customer holds an investment. In addition, we receive compensation from the sponsors of some of the investment products that customers purchase through us. The amount we receive varies depending on the investment a customer makes. The compensation described in this disclosure represents the maximum gain or profit we receive on an investment, before subtraction of our expenses. Please also note that not all of the conflicts described in this disclosure apply to a particular Financial Professional, his/her services or all the products we sell. The types and amounts of compensation we receive may change over time. You are empowered to ask your Financial Professional if you have any questions about compensation, costs, fees, or conflicts of interest.

Please carefully review and consider the information in each section below.

### Brokerage services

When you establish a brokerage account through us at our clearing firm, you have the ability to buy, sell and hold investments within your account. We execute purchases and sales on your behalf, and as directed by you, in which we may earn a profit. The capacity in which we act is disclosed on your trade confirmation. We also are able to offer application-based brokerage services such as accounts held directly with mutual fund companies, variable annuities and subscription-based investments, such as Reg D offerings and 1031 exchanges.

## CLEARING AGREEMENT(s)

We have entered into an agreement with Pershing (also referred to herein as "Clearing Agent") to carry your account and provide certain back-office functions. We and the clearing firm share responsibilities with respect to your account as set forth in the [Terms and Conditions of Your Brokerage Custody Accounts](#).

Other important disclosures are provided below:

- [Opening a New Account](#)
- [Investor Support](#)
- [Privacy Policy](#)
- [Business Continuity Disclosure](#)

## BROKERAGE ACCOUNT TYPES

We offer a variety of different [brokerage account types](#) including, but not limited to:

- |  |                             |
|--|-----------------------------|
| • Individual                                       | • 401(k) Plans              |
| • Joint  | • Trusts                    |
| • Estate   | • Custodial Qualified Plans |
| • UTMA   | • College Savings Accounts  |
| • IRA / Roth IRA / Sep IRA / SIMPLE IRA / Bene IRA | • Sole Proprietorships      |
| • SARSEP   | • Partnerships              |

Please refer to the Clearing Agent's new account agreement(s), above, for more information concerning available account types or speak with your Financial Professional.

## MARGIN BROKERAGE ACCOUNTS

We may offer you the ability to purchase securities on credit, also known as "margin". When customers purchase securities on margin, we extend a line of credit to the customer and charge interest on the margin balance. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes. We have a financial incentive to encourage you to borrow on margin because we earn compensation in the form of interest, transaction charges and other fees on investments made with borrowed amounts. This financial incentive creates a conflict of interest insofar as ATS and our Financial Professionals benefit from your decision to borrow and incur the various fees and interest described above. Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us.

For more information on our margin brokerage services, contact your Financial Professional or refer to Pershing's [Margin Disclosure Statement](#).

## INCIDENTAL BROKERAGE SERVICES, RECOMMENDATIONS & ACCOUNT MONITORING

Within your brokerage account, we may also provide other incidental services such as recommendations to buy, sell, or hold assets. When we make a securities recommendation or investment strategy recommendation, the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you. It is important for you to understand that when our Financial Professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a Financial Professional about whether an advisory services relationship is more appropriate for you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we earn compensation may create conflicts with your interests, so we operate in compliance with a rule that requires us to act in your best interest and not put our interest ahead of yours. Under this rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

#### CASH SWEEP FEATURES

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically "swept" into a "Cash Sweep Vehicle," until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or other sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s). More information about the Cash Sweep Program can be found in the [Terms and Conditions Disclosures](#). Please review that Disclosure Statement carefully.

#### ACCOUNT MINIMUMS & ACTIVITY REQUIREMENTS

While there is no minimum initial account balance required to open a brokerage account with Ashton Thomas Securities, failure to provide required account documentation in compliance with regulatory requirements and/or failure to fund your account can result in fees to the account. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

## Commissions, Fees and Other Types of Sales Compensation

ATS receives upfront *transaction-based fees*, also known as commissions, when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge, mark-up or placement fee, is typically paid at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested. We receive the sales charge or commission and share it with your Financial Professional. Commissions vary from product to product, which creates a potential conflict of interest to sell with a higher commission security rather than a lower commission security. Reg BI mandates that broker-dealers and their associated financial professionals must act in the best interest of their retail customers when making recommendations related to securities transactions or investment strategies. This means putting the customer's interests ahead of their own. The maximum and typical commissions for common investment products are available, by request, from your Financial Professional. For more information about other commissions that apply to a particular transaction, please refer to the applicable investment prospectus or other offering document.

## COMPENSATION FOR FINANCIAL PROFESSIONALS

Financial Professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity. This compensation varies by the product or service associated with a brokerage recommendation. In addition to upfront transaction-based compensation, some products feature on-going residual or "trail" payments. Thus, Financial Professionals may be incentivized to recommend products that have higher fees as well as those with on-going payments. ATS generally compensates Financial Professionals pursuant to an independent contractor agreement, and not as employees. However, some Financial Professionals are employees of the Firm. Described below are the compensation and other benefits that independent contractor Financial Professionals receive from ATS.

### Cash Compensation

ATS typically pays a Financial Professional a percentage of the revenue he/she generates from the sale of products and services. The percentage received can vary (typically between 25% to 90%) depending on his or her agreements with ATS and the investment product or service recommended and can be more or less than what he/she would receive at another brokerage firm. The payments can include a bonus that is based on the amount of assets serviced or revenue generated by the Financial Professional. When compensation is based on the level of production or assets, the Financial Professional has a financial incentive to meet those production or asset levels. Incentives provided by ATS will not conflict with our obligations under Reg BI.

### Recruitment Compensation and Operational Assistance

If a Financial Professional recently became associated with ATS after working with another financial services firm, he/she may receive recruitment compensation from the firm in connection with the transition. In many cases, this transition assistance includes payments from ATS that are commonly intended to assist a Financial Professional with costs associated with the transition; however, we do not verify that any payments made are used for transition costs. Such payments are generally based on the size of the Financial Professional's business established at his/her prior firm. The receipt of this compensation may create a conflict of interest in that the Financial Professional has a financial incentive to recommend that a customer open and maintain an account with ATS for advisory and/or brokerage services.

### Financial Professional's Outside Business Activities

Financial Professionals are permitted to engage in certain Firm-approved business activities other than the provision of brokerage and advisory services through ATS, and in certain cases, a Financial Professional receives more compensation, benefits, and non-cash compensation through the outside business than they receive from us. Some Financial Professionals are accountants, real estate agents, insurance agents, tax preparers, lawyers, and some Financial Professionals refer customers to other service providers and receive referral fees. If you engage with a Financial Professional for services separate from services offered by ATS, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement. Additional information about your Financial Professionals outside business activities is available on FINRA's website at <https://brokercheck.finra.org/firm/summary/16629>.

## Customer Referrals, Conflicts of Interest & Other Compensation

Conflicts of interest may exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts.

Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you. Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Financial Professionals, our clients and third parties. We offer a broad range of investment services and products, and we receive various forms of compensation from our clients, non-affiliated product providers and other third parties, as described herein. We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes

those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

#### Markups and markdowns for principal transactions

When you buy or sell fixed income securities in a brokerage account, and in accordance with industry regulations, we typically impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. The maximum markup/markdown on a transaction with a customer that we receive when acting in a principal capacity typically does not exceed 5.0% of the value of the security.

#### Rollovers

In the event you choose to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with ATS, because we will be paid on those assets. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan. It is important that you read our [Rollover Acknowledgement](#) Form and consider consulting with a tax advisor on matters related to the Plan distribution if any uncertainty surrounding the tax implications remains.

#### Limitations on Investment Recommendations

ATS and our Financial Professionals offer and recommend investment products only from investment sponsors with which we have entered into selling and distribution agreements with. Other firms may offer products and services not available through ATS and/or they may offer the same or similar investment products and services at a lower cost than us. In addition, we may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa. The scope of products and services offered by certain Financial Professionals may also be more limited than what is available through other Financial Professionals. A Financial Professional's ability to offer individual products and services depends on his/her licensing, training or branch office policy restrictions. For example, a Financial Professional maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A Financial Professional maintaining a Series 7, Series 63 and Life Insurance Agent license can provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a Financial Professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. You should also review the licenses held by your Financial Professional by visiting the [FINRA BrokerCheck](#) system at <http://brokercheck.finra.org>.

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