

R. F Lafferty & Co., Inc. - Conflicts of Interest

It is important that the firm discloses certain conflicts of interest that exist in our business dealings with you. These conflicts of interest may incentivize the firm or your registered representative. We intend by this disclosure to provide you with the material facts regarding such conflicts of interest so that you are fully informed in your decision-making.

R.F. Lafferty & Co., Inc (the "Firm") is registered with the SEC as a broker-dealer ("BD"). Client-facing investment professional employees of the firm are registered representatives. Registered representatives are registered with the SEC and the Financial Industry Regulatory Authority, Inc. The firm is a full-service BD and can provide investment advice to buy and sell securities for clients. The firm and its registered representatives mostly act in a broker-dealer capacity. However, certain registered representatives of the firm are also investment advisory representatives who work with an SEC-registered investment advisor, R.F. Lafferty & Co., Inc., which is a related entity of the firm. There are advantages and disadvantages to opening and maintaining a brokerage account versus opening and maintaining an investment advisory account. Please discuss with your registered representative if they are dually licensed as an investment advisor as well as a registered representative and what type of investment account makes sense for your needs.

We also have registered representatives who sell life insurance and receive commissions on these types of products.

It is important that the firm discloses certain conflicts of interest that exist in our business dealings with you and your registered representative. The BD and your registered representative earn money in a variety of ways. We intend by this disclosure to provide you with the material facts regarding such conflicts of interest so that you are fully informed in your decision-making. When deciding what type of account you should open, there are conflicts of interest that may arise in the choice of the type of account you open. While there are advantages and disadvantages to opening different types of accounts, you should discuss with your registered representative all the options and associated costs and benefits.

Our registered representatives offer access to a variety of securities that include stocks, bonds, exchange-traded funds ("ETFs"), mutual funds, variable annuities, and alternative investments. However, while our registered representatives are required to act in your best interest, the individual investment strategies or philosophies of our registered representatives may differ. We encourage you to speak to your registered representative to ensure that you understand and are comfortable that your registered representative's strategy or philosophy is right for you. While we take reasonable care in developing and

making recommendations to you that we believe to be in your best interest, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated.

Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you to find them. Certain investments that are available through the firm may not be deemed suitable to recommend to certain clients based on clients' investment profile and risk tolerance

Securities transactions can be affected or executed by BDs in two main ways. They are acting as an agent or acting as principal.

When acting as an agent, or broker, a BD executes on an agency basis. The firm will charge a commission for purchase and sales transactions made on an agency basis in your account. The amount of commissions may vary, and these amounts can be obtained by your registered representative and will be set forth in confirmation statements delivered to you when you make transactions. When a transaction is made on an agency basis, a security is purchased or sold for you from another BD and placed into your account or sold from your account. When acting as a principal, or dealer, a BD executes on a principal basis. When a transaction is made on a principal basis, the firm buys or sells the security directly from you. If we sell a security to you at a price that is higher than what we paid for it, we earn a mark-up; if we buy a security from you at a price lower than the price at which we sell it, we earn a mark-down. Transactions in bonds and other fixed income securities are often made on a principal basis. The firm will also charge a per transaction service fee for all trades.

The firm may also act in an investment banking capacity with respect to a security offering placed or underwritten by the firm, and in these cases, we will receive compensation in the form of cash and/or securities that may be a placement fee or underwriting discount with respect to securities sold to clients. These fees are set forth in the prospectus, offering memorandum or other disclosure documents (as applicable) you receive in connection with the investment.

For some investments, such as mutual funds, the firm is compensated through deferred sales charges. For these investments, we will receive continuing payments (sometimes referred to as "trail" payments) for the duration that the investment is held. These investments may include mutual funds, annuities, or alternative investments. These fees are paid to us by the investment sponsor based on the amounts that our clients invest in the investment sponsor's product. To the extent an investment sponsor pays higher fees based on greater amounts of investment in its product, we may have an incentive to encourage investors to make bigger investments in such products. The firm may receive compensation from issuers of insurance

contracts that are available to brokerage customers. We may receive fees with respect to margin and securities lending agreements that you may enter into. We may also receive fees based on the credit cash balances and margin debit balances maintained in your account. With respect to the various types of investments that may be recommended by registered representatives, there are varying fees, costs and commissions.

The range of commissions or sales loads and trail fees is described below:

Equities and Exchange Traded Securities: This list includes exchange-traded securities such as equities, options, ETFs, exchange-traded notes and closed-end funds. The commission on these securities are generally less than 5%.

Mutual Funds and 529s: Applicable rules allow a maximum sales load of 8.5%, but our sales load usually does not exceed 5.75%. These charges are determined by the product sponsor and described in the product prospectus. Trail charges depend upon the share class of a particular fund but typically range from 0.25% and 1% of assets annually. If your registered representative recommends a mutual fund or you are interested in purchasing a mutual fund, you should review all fund prospectuses and disclosures to ensure that you fully understand the costs and relative benefits to any mutual fund

Alternative Investments: Sales load may be up to 8% of the investment amount. Trail fees may be up to 2%. Please review applicable offering documents for the charges applicable to a particular investment. Unit Investment Trusts (UITs): The typical upfront sales charge ranges from 1.85% to 3.95%, but this charge is determined by the investment sponsor, and you should review all applicable offering materials with respect to specific charges.

Fixed Income: Charges do not typically exceed 2.75% of the value of the investment, although certain structured products may entail charges of up to 4%.

Annuities: The maximum upfront payment on an annuity is typically 5.5%, but the amount of this charge may depend on several factors. The typical trail payment does not exceed 1.5%. You should review any prospectus, offering memorandum or other disclosure documents that relate to investment products in which you invest.

Payment for Order Flow (PFOF): the firm receives remuneration for directing orders in securities to particular market centers for execution. The customer understands that this remuneration, known as “payment for order flow,” is considered compensation to RFL and the source and amount of any compensation received by the firm in connection with a particular transaction will be disclosed upon the customer’s written request.

Service Fees:

A list of other fees that can be charged are maintained on our firm's website at www.rflafferty.com under the risk disclosure section on our home page at the bottom or can be requested by you from your registered representative.

The service fee structure is disclosed for the fees you may incur in maintaining an account at our clearing firms, Pershing LLC and/or RBC Capital Markets. The fees may vary depending on where you maintain your account(s). The firm may receive compensation from these fees that you may incur.

Margin:

You may be permitted to enter into a margin agreement in connection with your account. A margin agreement allows you to borrow money to buy securities. If you purchase securities on margin, the firm may earn interest on the amounts borrowed. In addition, the use of margin increases your ability to purchase securities and generate transaction-based compensation for the firm and your registered representative. Therefore, the firm and your registered representative may be incentivized to encourage the use of margin. Because you pay transaction-based fees to the firm, and your registered representative's compensation is derived in part from those fees, both the firm and your registered representative may encourage a greater number of transactions in your account, which increases costs and risks to you. A trading strategy that involves riskier investments and more trading will tend to be riskier and more costly. As described above, the firm executes some transactions on a principal basis, and the firm may make additional compensation through principal trading. Therefore, the firm has an incentive to execute trades on a principal basis.

Investment Banking:

The firm acts in the capacity of an investment bank for certain issuers of securities. As an investment bank, the firm may, among other things, assist these issuers in raising capital by underwriting or acting as agent with respect to offerings of securities, and if you qualify for purchasing such securities, these securities may be recommended for purchase by your registered representative. The firm receives compensation from issuers for securities that it sells through securities offerings, so it is incentivized to encourage the sale of such securities. The compensation to the firm with respect to offerings of securities placed or underwritten by the firm's investment banking department are described in the private placement memoranda or prospectuses distributed to investors in connection with such offerings. You should review those materials carefully and ask your registered representative any questions you may have. In some instances, based upon the nature of a particular securities offering, a registered representative may be entitled to a sales concession (i.e., a commission) that is greater with respect to an offering for which the firm is acting as investment banker than the registered representative would receive with respect to transactions effected as a commission. In addition, if a registered representative refers an investment banking client to

the firm, the registered representative may receive referral compensation relating to revenue generated from the referral.

The firm and your registered representative are happy to discuss these matters, and any other questions you may have regarding your account, with you in further detail.

If you wish to speak to the firm's principal, you may call the firm by dialing (212) 293-9090.