

ProEquities, Inc.
(doing business as Investment Advisors)

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Brochure Date March 31, 2011

This Brochure provides information about the qualifications and business practices of ProEquities, Inc. (“ProEquities”). If you have any questions about the contents of this Brochure, please contact us at 800-288-3035. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

ProEquities is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about ProEquities also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting ProEquities at 800-288-3035 or suzette.foster@proequities.com. Our Brochure is also available on our web site, www.proequities.com, also free of charge.

Additional information about ProEquities, Inc. is also available via the SEC’s web site www.adviserinfo.sec.gov and on FINRA’s Public Disclosure site at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck>. These websites also provide information about any persons affiliated with ProEquities who are registered, or are required to be registered, as investment adviser representatives of ProEquities.

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Item 4 – Advisory Business

ProEquities is an independent investment advisory firm with Investment Advisor Representatives (“IARs”) located geographically throughout the United States; and has been registered as an advisor with the SEC since 1998. ProEquities is a wholly-owned subsidiary of Protective Life Corporation (NYSE symbol “PL”).

As of 12/31/2010, ProEquities provided investment advisory services to \$1,876,629,216 in assets under management.

Through the firm’s IARs, ProEquities provides investment advisory services to its clients as follows.

Investment Management Services

ProEquities’ IARs offer investment management services through the selection of a ProEquities-sponsored wrap fee program or the use of non-affiliated money managers. These services include, but are not limited to, providing ongoing investment advice; implementation of portfolio plan which may include trading and rebalancing of funds necessary to meet the client’s objectives and risk/return tolerance; as well as continual review of client’s portfolio plan to ensure this plan remains consistent with the client’s financial and personal objectives and risk/return tolerance. The IAR will review with each client their investment objectives and risk/return tolerance and may recommend investment in a ProEquities-sponsored wrap-fee program or third party money manager program, where appropriate. The advisory services offered are tailored to the individual needs of each client. Clients may impose restrictions on investments in certain securities or types of securities; however, such restrictions may impact the performance of the account.

ProEquities-Sponsored Wrap Fee Programs. Consult ProEquities’ wrap-fee program brochures for details on sponsored wrap fee programs.

Third Party Money Manager Arrangements. ProEquities has entered into agreements with various non-affiliated investment advisors (third party money managers) to offer asset allocation and asset management services to ProEquities’ advisory clients. When investment with a third party money manager is recommended, the IAR will assist the client in selecting a suitable third party manager to implement and continually manage the client’s investment plan. The IAR will assist the client in selecting the appropriate investment portfolio; setting restrictions or limitations on the management of the account; and will review with the client on a regular basis the account activity transacted by the third party manager in the client’s account. ProEquities periodically reviews the current and historical performance record of each third party manager.

ProEquities currently has agreements to offer the services of the following third party money managers:

Azzad Asset Management	Hamilton-Bates
Brinker Capital	ICON Advisers
BTS	Lockwood
BX Asset Management	Loring Ward
Clarke, Lanzen & Skalla (CLS Investments)	Manning & Napier
Curian Capital	Morningstar
Fairlane Investments	Rochdale
First Affirmative Financial Network	SEI Investments
First Mercantile Trust	Victory Asset Management
Flexible Plan Benefits	Wealth Management
Genworth	

Advice on other accounts. On a limited basis, a client and their IAR may enter into an investment advisory agreement whereby the IAR will manage a portfolio of assets designated by the client and not held in a

brokerage account with ProEquities' affiliated broker/dealer. Such arrangements are approved on a case-by-case basis and require the pre-approval of a principal in ProEquities' Investment Advisory department. In such arrangements, the IAR will not be permitted to effect transactions in the client's account.

Financial Planning Services

ProEquities' IARs may offer financial planning services to clients which may include, but are not limited to, a detailed review of the client's current financial position and written evaluation and analysis derived from a client questionnaire. Such plans may include a comprehensive plan for the client, or address only limited areas such as income and resource allocation, estate planning, divorce planning, retirement planning, education planning or other such specific financial areas.

The financial planning fee does not include payment for implementation of the recommendations or advice contained in the plan. The client is at liberty at all times to follow or disregard, in whole or in part, any recommendations or advice contained in the plan. The client and ProEquities (through its IARs) may enter into arrangements separate from this financial planning agreement in order to implement all or certain portions of the recommendations or advice contained in the plan, which may be subject to additional compensation. A client may terminate a financial planning contract, without penalty, by written notice to the client's IAR within 5 business days from the date of client's acceptance of the financial planning agreement; and fees paid to the date of termination but not yet earned will be refunded within 10 business days of ProEquities' receipt of the notice of the termination of the agreement. Once work has begun on the financial plan, however, any refunds will be prorated, commensurate with the amount of work performed on the plan.

Financial Advisory Services

ProEquities, through its IARs, offers financial advisory services to clients which may include, but are not limited to, a review of client's current asset allocation; review of client-specified accounts not currently held with ProEquities or its affiliated broker/dealer; advice regarding particular securities; selection of other advisors; and advice regarding the securities markets in general. On occasion, ProEquities' IARs may provide services that utilize charts, graphs, formulas or other devices to assist clients in evaluating securities in order to make more informed investment decisions.

ProEquities' IARs may also provide preliminary advice as to the need for estate planning and other planning strategies that may call for legal, accounting or other expert advice. In these cases, ProEquities' IAR will direct the client to the appropriate professional of the client's choice.

The client and ProEquities (through its IARs) may enter into arrangements separate from the financial advice agreement in order to implement advice provided, which may be subject to additional compensation. A client may terminate a financial advice agreement, without penalty, by written notice to the client's IAR within 5 business days of the client's acceptance of the financial advice agreement; and any fees paid in advance but not earned will be refunded within 10 business days of ProEquities' receipt of the notice of termination. Once financial advice has been rendered, however, any refunds will be prorated, commensurate with the amount of work performed in providing the advice.

Pension Consulting Services

ProEquities provides investment advisory services to pension plans through the selection of plan providers or platforms; advice regarding investment options for retirement plans; plan participant education and enrollment services; and advice to plan participants regarding their investment allocations to plan investment options. Specific services provided to each plan or participant are detailed in the plan or participant's investment advisory agreement.

Market Timing Services

By recommending certain of our third party money managers, ProEquities may recommend that a client participate in a market timing services offered by those managers. ProEquities does not independently offer a market timing service.

Item 5 – Fees and Compensation

Compensation related to Investment Management Services

ProEquities-sponsored wrap-fee program. Consult ProEquities' wrap-fee program brochures for details on sponsored wrap fee programs.

Third party money manager programs. By agreement, the total fee charged to each client by the third party money manager will not normally exceed 3.00% of assets under management. ProEquities will receive a portion of this investment advisory fee for the advisory services rendered to the client by the client's IAR. The investment advisory fee varies by each third party money manager, as does ProEquities' portion of this fee. These fees are deducted from the client's account held with the third party manager. Fees paid in advance will typically be refunded to the client, prorated to the number of days in the quarter in which the client received the services; however, billing frequency and refund policies will vary by third party manager and is not controlled by ProEquities or our IARs. The client should consult the third party manager's disclosure document and/or client agreement for details specific to their account with the third party manager.

In addition to receiving a portion of the client's advisory fees from these third party money managers, ProEquities may also receive additional compensation as reimbursement for training and educational expenses; reimbursement for product marketing efforts or attendance at due diligence meetings; and research and due diligence. ProEquities has also entered into marketing arrangements with a number of mutual fund, variable contract and alternative investment product sponsors and third-party money managers. These "product partners" are sometimes invited to attend or participate in educational meetings and conferences for ProEquities IARs, and may be featured more prominently on the ProEquities website or other communications than other product sponsors. As a result, these product partners may have greater access to our registered representatives than other product sponsors. Also, if a customer holds mutual funds in a brokerage account, the customer's registered representative may not be assessed certain ticket charges by ProEquities if the customer invests in mutual funds issued by a product partner.

The Firm's product partners include:

Allianz	Jackson National
American Funds	John Hancock
Atlas Energy	LEAF Financial Corp
Behringer Harvard	Lincoln Financial Services
CNL Investment Co.	Loring Ward
CORE Realty	Nationwide
Cornerstone Real Estate	Pacific Life
Curian Capital	Principal Financial Group
Cypress Energy	Protective Life
Genworth Financial	Prudential
Grubb and Ellis	Resource Real Estate
Hamilton-Bates	Ridgewood Energy
Hartford/PLANCO	Stadion Funds
Hines Real Estate Securities	Strategic Storage Trust, Inc
ING	Walton International
Inland Real Estate	

Product partner marketing arrangements include provisions for cash payments to ProEquities. The cash payments may be based on a fixed amount per year, on a percentage of the amount that ProEquities customers have invested with the product partner, or both.

Except for reimbursement of certain ticket charges (as discussed above), ProEquities' IARs do not receive additional compensation for selling securities offered by a particular product sponsor, whether it is a product partner or not. Furthermore, the firm's IARs are not required to achieve a sales quota with respect to investments or services offered by any product sponsor. ProEquities also has a policy against accepting reimbursement through brokerage transactions directed to the Firm by product sponsors.

The Firm believes that, in general, the product partners offer investment and advisory products and services of a high quality. However, ProEquities does not guarantee that these products and services will perform better than others that may be available, and encourages its registered representatives and customers to consider any product sponsor or third-party money manager whose products and services might be suitable for the customer.

Registered representatives of the Firm who are associated with Everence may be eligible for incentives provided through Everence (such as eligibility for deferred compensation and health benefit programs and matching certain charitable contributions made by the registered representative) based on their sales of MMA Praxis mutual funds and other products (such as insurance) that are offered by Everence or its affiliates.

When participating in a third party money manager's program, Clients may incur certain additional charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the investment advisory fee, and ProEquities will not receive any portion of these commissions, fees, and costs.

Advice on other accounts. Where the client designates assets to be managed by ProEquities' IARs, which are not held in a brokerage account with ProEquities' affiliated broker/dealer, the fee will not generally exceed 2.00% of the assets under management. In such arrangements, Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to ProEquities' investment advisory fee, and neither ProEquities nor its IARs will receive any portion of these commissions, fees, and costs.

Compensation related to Financial Planning Services

Fees for financial advice services are negotiated with the client's IAR and are generated from either: (1) a negotiated flat dollar amount, which is typically charged at the time a client signs a financial planning agreement; or (2) an hourly rate, which will be negotiated based on the expected number of hours spent in consultation with the client and preparing the plan. In accordance with ProEquities' established fee schedule, financial planning fees will generally not exceed \$10,000 for flat-fee arrangements; or \$500 per hour. The minimum fee for a financial plan is \$100.00.

Due to the complexity of some financial plans, however, a higher fee may be negotiated. In such instances, the IAR will submit the financial plan or a summary of the proposed planning work to be performed for review by a principal in ProEquities' Compliance department. The Compliance principal will notify the IAR of whether the plan or proposed work substantiates the higher fee. The specific manner in which financial planning fees are charged for each client is established in that client's financial planning agreement.

The financial planning fee does not include payment for implementation of the recommendations or advice contained in the plan. The client is at liberty at all times to follow or disregard, in whole or in part, any recommendations or advice contained in the plan. The client and ProEquities (through its IARs) may enter into arrangements separate from the financial planning agreement in order to implement all or certain portions of the recommendations or advice contained in the plan, which may be subject to additional compensation. The IAR may sell securities or insurance products in order to implement all or a portion of the plan; or the IAR may enter into an investment management agreement with the client to manage all or a portion of the client's assets, in accordance with the client's objectives.

A client may terminate a financial planning contract, without penalty, by written notice to the client's IAR within 5 business days from the date of client's acceptance of the financial planning agreement; and fees paid to the date of termination but not yet earned will be refunded within 10 business days of ProEquities' receipt of the notice of the termination of the agreement. Once work has begun on the financial plan, however, any refunds will be prorated, commensurate with the amount of work performed on the plan.

All or a portion of the financial planning fee may be waived if the plan, or a portion thereof, is implemented with the client's IAR. This is negotiated between the client and their IAR at the time the client signs the financial planning agreement.

Compensation related to Financial Advice Services

Fees for financial advice services are negotiated with the client's IAR and are generated from either: (1) a negotiated flat dollar amount, which is typically charged at the time the client enters into a financial advice agreement; (2) an hourly rate, which will be negotiated based on the expected number of hours spent in consultation with the client, plus reimbursement for out-of-pocket expenses incurred for the service; (3) an annual fee, which is negotiated based on the estimated time to be spent in consultation with the client throughout the year; or (4) an asset-based fee related to advice provided to the client regarding assets specified by the client which are not held in a brokerage account with ProEquities' affiliated broker/dealer or which is not otherwise managed by the client's IAR.

In accordance with ProEquities' established fee schedule, financial advice fees will generally not exceed \$10,000 for flat-fee arrangements; \$500 per hour; \$5,000 per year, where charged annually; or 2.00% of the asset balance where advice is provided on assets not held in a brokerage account with ProEquities' affiliated broker/dealer or otherwise managed by the client's IAR. Due to the complexity of some client situations, however, a higher fee may be negotiated. In such instances, the IAR will submit a summary of the proposed work to be performed for review by a principal in ProEquities' Compliance department. The Compliance principal will notify the IAR of whether the particular client situation and/or proposed work substantiate the higher fee. The specific manner in which financial advice fees are charged for each client is established in that client's financial planning agreement.

The financial advice fee does not include payment for implementation of the recommendations or advice contained provided. The client is at liberty at all times to follow or disregard, in whole or in part, any recommendations or advice provided by the client's IAR. The client and ProEquities (through its IARs) may enter into arrangements separate from the financial advice agreement in order to implement all or certain portions of the recommendations or advice, which may be subject to additional compensation. The IAR may sell securities or insurance products in order to implement all or a portion of the advice provided; or the IAR may enter into an investment management agreement with the client to manage all or a portion of the client's assets, in accordance with the client's objectives.

A client may terminate a financial advice contract, without penalty, by written notice to the client's IAR within 5 business days from the date of client's acceptance of the financial advice agreement; and fees paid to the date of termination but not yet earned will be refunded within 10 business days of ProEquities' receipt of the

notice of the termination of the agreement. Once work has begun or advice has been provided, however, any refunds will be prorated, commensurate with the amount of work performed and/or advice provided.

All or a portion of the financial advice fee may be waived if the advice, or a portion thereof, is implemented with the client's IAR. This is negotiated between the client and their IAR at the time the client signs the financial advice agreement.

Item 6 – Performance-Based Fees and Side-By-Side Management

ProEquities does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

ProEquities, through its IARs, provides investment advisory services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, corporations and other U.S. and international institutions.

For participation in a ProEquities-sponsored wrap-fee program, ProEquities requires a minimum initial investment. Please consult the firm's wrap-fee program brochures for information related to investment and/or participation in a ProEquities-sponsored wrap-fee program.

The minimum initial investment for participation in a third party money manager program varies by each third party manager and is not controlled by ProEquities or its IARs.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

ProEquities' IARs will use charting, analysis of investment fundamentals; technical analysis; and cyclical analysis in the management of or advice regarding client assets. Each IAR may utilize a different investment methodology in the management of client assets. Investing in securities involves risk, including the possible loss of principal invested. There is no guarantee that investing in a particular security or investment strategy will result in favorable performance for the client's account. Investment in securities are not deposits of a bank, savings and loan or credit union; are not issued by, guaranteed by, or obligations of a bank, savings and loan, or credit union; and are not insured or guaranteed by the FDIC, SIPC, NCUSIF or any other agency.

Item 9 – Disciplinary Information

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of ProEquities or the integrity of ProEquities' management. ProEquities reports the following disclosure events:

- An administrative proceeding was filed against ProEquities, Inc. by NASD (now known as FINRA) in 2002. The NASD alleged that ProEquities engaged in the securities business when the firm's net capital was below the required minimum and failed to notify the NASD of such. Without admitting or denying the findings, ProEquities entered an Acceptance, Waiver and Consent whereby the firm was censured and fined \$7,500.00. This was a technical violation of the SEC and NASD Net Capital rules whereby the firm's banking account funds were swept into an overnight repurchase, as is done with most corporate banking accounts. Corrective actions have been taken to prevent future similar technical violations.

- On March, 18, 2004, ProEquities entered into a Stipulation and Consent Agreement with the Office of Financial Regulation of the State of Florida. From 1998-2001, ProEquities violated section 517.161(a)(h), Florida Statutes, Rule 3E-600.013(1)(p)1, Florida Administrative Code, and NASD Conduct Rule 3010(a)(1) by failing to maintain a system to supervise the activities of an associated person on a registration agreement to ensure that this representative was properly supervised. Also, from 1998-2001, an associated person of ProEquities violated section 517.161(1)(h), Florida Statutes, Rule 3E-600.013(2) by engaging in a prohibited business practice, failing to comply with a registration agreement executed on March 25, 1998 and demonstrating unworthiness to transact the business of a dealer, investment advisor or associated person. As a result of these findings and ProEquities' agreeing to the Stipulation and Consent, the firm was fined \$5,000 and agreed to cease and desist from all present and future violations of Chapter 517, Florida Statutes, and Chapter 3E, Florida Administrative Code, and the NASD Conduct Rules.
- On March 23, 2009, ProEquities entered a Letter of Acceptance, Waiver and Consent with FINRA. FINRA alleged that, during a breakpoint self-assessment conducted in 2004, ProEquities failed to timely conduct account reviews requested by customers and failed to timely provide refunds to customers to whom a refund was due, in violation of NASD Conduct Rule 2110. Without admitting or denying the allegations, ProEquities consented to the findings by FINRA and was fined \$25,000.
- On August 30, 2010, ProEquities entered a Stipulation with the New York Department of Insurance. The New York Department of Insurance alleged that the firm violated its rules by failing to report on the firm's March, 2009 Corporate license renewal that ProEquities was involved in an administrative proceeding that was commenced by the then NASD prior to 3/18/2009 (see above 3/23/09 action). The firm did not believe that this matter was reportable at the time of the March, 2009 corporate license renewal as it had not yet been finalized by the NASD/FINRA until May, 2009, as FINRA had indicated that the firm's Acceptance, Waiver and Consent might not be accepted. This was not an intentional failure to report, but rather the firm did not believe the matter was reportable at the time of the renewal. The firm was fined \$750.00.
- On October 26, 2010, ProEquities entered a Consent Agreement with the Indiana Securities Division, after the Division alleged that ProEquities violated Indiana Code by failing to timely respond to a customer complaint. The complaint in dispute was received by the firm in January, 2009 and was submitted to the firm's employee who was then responsible for reviewing and providing a response to such complaint. This employee was terminated through a reduction in force, and the firm learned after termination that this employee had not responded to a number of complaints. In review of the complaint in dispute, the representative informed the firm that the customer had withdrawn the complaint and therefore no response was necessary. Over a year later, this customer filed a complaint with Indiana; the firm provided a timely response and made settlement with the customer to correct an error that prompted the original complaint. Although ProEquities believed that this was an extraordinary circumstance of an employee's failure to adequately perform their job function, and not an indication of systemic issues with ProEquities' procedures, the state determined that this was nonetheless a violation of the Indiana Code. Without admitting or denying the state's allegations, but rather to avoid the expense and inherent uncertainty of a formal hearing, ProEquities entered into a Consent Agreement and was fined \$9,000.00.

Item 10 – Other Financial Industry Activities and Affiliations

10A. ProEquities is also registered as a broker/dealer with the SEC and FINRA; and as a municipal securities deal and municipal financial advisor with the Municipal Securities Rulemaking Board (MSRB). ProEquities'

management personnel, as well as each of our IARs, are also registered representatives of ProEquities' broker/dealer.

10B. ProEquities is not a futures commission merchant, commodity pool operator or commodity trading advisor. ProEquities'

10C. Other Industry Arrangements

ProEquities is a wholly-owned subsidiary of Protective Life Corporation (NYSE Symbol "PL"). Other subsidiaries of Protective Life Corporation which are registered as either broker/dealers or registered investment advisors include:

- Investment Distributors, Inc. is a registered broker/dealer that wholesales Protective Life Insurance Company's variable insurance products. As such, Investment Distributors solely distributes products and does not open or maintain customers' accounts or hold customer funds or securities. Although under common ownership, the relationship to Investment Distributors, Inc. does not present a conflict of interest to ProEquities, its IARs or our clients.
- First Variable Capital Services, Inc. serves as the broker/dealer for the First Variable Life policies. Although under common ownership, the relationship to First Variable Life does not present a conflict of interest to ProEquities, its IARs or our clients.
- Protective Investment Advisors is a registered investment advisor with the SEC. Although under common ownership, the relationship to Protective Investment Advisors does not present a conflict of interest to ProEquities, its IARs or our clients.

ProEquities has networking agreements with several banks or other financial institutions, whereby our IARs market investments, insurance and annuities in these financial institutions. ProEquities is solely responsible for the suitability of sales made to customers; therefore the contractual relationship with these financial institutions which allows ProEquities to offer financial products in these institutions does not present a conflict of interest to ProEquities, its IARs or our clients.

ProEquities' affiliated broker/dealer is a fully disclosed/introducing broker to Pershing, LLC. As such, all client trades are cleared through Pershing, LLC and all client accounts are held with Pershing, LLC. All accounts in ProEquities sponsored wrap-fee programs are held at Pershing. Consult the wrap-fee brochures for more information related to ProEquities sponsored wrap fee programs.

As discussed more fully in Section 5, ProEquities may also receive additional compensation as reimbursement for training and educational expenses; reimbursement for product marketing efforts or attendance at due diligence meetings; and research and due diligence. ProEquities has also entered into marketing arrangements with a number of mutual fund, variable contract and alternative investment product sponsors and third-party money managers. These "product partners" are sometimes invited to attend or participate in educational meetings and conferences for ProEquities IARs, and may be featured more prominently on the ProEquities website or other communications than other product sponsors. As a result, these product partners may have greater access to our registered representatives than other product sponsors. Also, if a customer holds mutual funds in a brokerage account, the customer's registered representative may not be assessed certain ticket charges by ProEquities if the customer invests in mutual funds issued by a product partner.

Please refer to Section 5 for complete details on these arrangements.

Although an inherent conflict of interest results as a result of ProEquities receiving such payments, all investments made by ProEquities' clients, including those investments with third party money managers, are evaluated by a supervising principal for suitability, based on the client's individual needs and objectives.

Item 11 – Code of Ethics

ProEquities gives full disclosure to its clients as to its position as a broker/dealer. ProEquities will not allow any of its personnel to participate in the selection of investments for clients until the needs of the have been determined. ProEquities' advisory personnel will be restricted in accordance with the firm's internal guidelines and procedures.

ProEquities has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at ProEquities must acknowledge the terms of the Code of Ethics annually, or as amended.

ProEquities' Code of Ethics requires that its employees and IARs conduct themselves in a manner such that the interests of our clients take precedence over all others and effect securities transactions in such a way as to avoid any conflict between the interest of any customer and the interests of the IAR.

ProEquities anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which ProEquities has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which ProEquities, its affiliates and/or clients, directly or indirectly, have a position of interest. ProEquities employees and persons associated with ProEquities are required to follow ProEquities' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of ProEquities and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for ProEquities' clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of ProEquities will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of ProEquities' clients. In addition, the Code restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between ProEquities and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with ProEquities' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. ProEquities will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

ProEquities or its IARs may buy or sell for itself investment products which are recommended to clients. Records will be maintained of all securities bought or sold by ProEquities and its IARs. These records will be reviewed by a compliance principal to ensure no conflicts exist with client executions.

ProEquities may act as principal for client transactions in fixed income securities. The firm's fixed income traders will only act as principal for advisory clients in effort to obtain a more favorable price for the client or to obtain better execution of the transaction. In these instances, the firm does not mark up the price at which these investments are sold to or bought from clients.

A copy of ProEquities' Code of Ethics may be obtained by contacting the firm at 800-288-3035.

Item 12 – Brokerage Practices

Please consult the brochures related to ProEquities' wrap-fee programs for information on brokerage practices for investment in these accounts.

For clients investing and/or participating in third party money manager programs, ProEquities has no control over the broker/dealers selected by the money manager.

Clients wishing to implement advice rendered under a financial planning or financial advice agreement may choose to implement these recommendations with the ProEquities IAR. The firm's IARs are not permitted to open or assist clients with opening accounts with other broker/dealers.

Item 13 – Review of Accounts

A representative sample of all accounts may be reviewed on a periodic basis by the Chief Compliance Officer of ProEquities' advisory firm, or a registered principal under their supervision. This review will be based on the customer's investment objectives, risk tolerance and financial and personal profile. There are three levels of accounts that will be reviewed: (1) advice rendered under financial planning or financial advice agreement; (2) investments in ProEquities-sponsored wrap-fee programs; and investments in third party money manager arrangements. Supervisory review of these accounts will include general account activity and other triggering factors such as (1) fees charged; account performance and performance reports; (3) customer complaints; (4) products used; (5) securities concentration; and other triggering factors as determined by the reviewing principal.

With regard to investments in ProEquities-sponsored wrap-fee programs or third party money manager programs, the clients are provided account statements directly from the account custodian, as well as periodic performance reports. Clients are urged to compare the information provided on performance closely to the information presented on the account statements provided by the account custodian. Where discrepancies are noted, the client should defer to the custodian's account statements.

Item 14 – Client Referrals and Other Compensation

Refer to Section 5 for details related to other Compensation. Outside of this compensation, neither ProEquities nor its IARs receive an economic benefit for the recommendation of a particular security, investment strategy or third party money manager.

Through certain of the third party money manager arrangements, ProEquities' IARs are deemed by the third party manager to be solicitors for these companies. The compensation paid to ProEquities by these third party managers may be classified as solicitor or referral fees, regardless of the services provided to the client by the IAR.

From time to time, investment advisory business is referred to ProEquities' IARs through solicitors. Compensation may be paid to the solicitor either by a flat fee arrangement or a percentage of the total

management fee charged to the client. Under such arrangements, the client will receive a Solicitor Disclosure Document which details the payment of these fees.

Item 15 – Custody

For those investments in ProEquities-sponsored wrap-fee programs, ProEquities has custody of its clients' funds and/or securities in that it deducts fees from client accounts, pursuant to the client's advisory agreement. Clients should receive at least quarterly statements from the broker dealer that holds and maintains client's investment assets. ProEquities urges you to carefully review such statements and compare such official custodial records to the account performance reports that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

For those investments in third party money manager programs, ProEquities does not have custody of client funds and/or securities. Clients should carefully review the third party manager's disclosures and advisory agreements to determine if the manager has custody. ProEquities urges our clients to carefully review all statements and performance reports provided to you, as statements from custodians may vary based on accounting procedures, reporting dates or valuation methodologies.

Item 16 – Investment Discretion

ProEquities usually receives discretionary authority from the client at the outset of an advisory relationship, as indicated on the client's investment management agreement, to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, ProEquities observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, ProEquities' authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to ProEquities and the client's IAR in writing.

Item 17 – Voting *Client* Securities

As a matter of firm policy and practice, ProEquities does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

ProEquities' clearing broker/dealer, Pershing, LLC utilized the services of Broadridge, whereby on record date, Broadridge sends to Pershing a list of the applicable securities for which a proxy must be provided to the beneficial owner. Pershing, in turn, will provide Broadridge a list of the names and addresses of customers holding that security. Broadridge mails hard copies of proxy notices to these customers; and instructions for electronic voting of proxies is included.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about ProEquities' financial condition. ProEquities has no financial commitment, at this time, that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.