

## Third-Party Revenue – Product Sponsors

**Trail Compensation.** Certain products pay us on-going compensation for fees you pay to hold (referred to as 12B-1 trail commissions or trails). Trails typically range from 0.25% to 1.00% however most of the trails we receive are 0.25%. Trails are deducted from trail-paying assets in your account and paid to us as ongoing compensation. The more you invest in trail-paying assets, the more trails we will be paid. Therefore, we benefit, and your Financial Professional has an incentive to encourage you to increase the size of your investment or holdings in trail-paying assets. The trail we receive also varies from product to product and for mutual funds, varies by the share class you select. This creates an incentive for your Financial Professional to recommend products that pay a trail over those that do not and to recommend share classes that pay higher trails compared to other share classes.

**Non-Cash Compensation.** We and our Financial Professionals receive non-cash compensation from sponsors of products that we distribute, including mutual fund companies, annuity providers, and insurance vendors. This compensation includes:

- Occasional gifts up to \$100 per vendor per year
- Occasional meals, tickets or other entertainment of reasonable and customary value
- Product sponsor support of educational or training events (which include educational events Financial Professionals arrange for clients and prospects) and seminars and/or payment of expenses related to training and education of Financial Professionals, which can (and often do) include a non-training element of the event.

## Revenue Sharing – Clearing Firm Arrangements

**Cash Sweep Program.** The Cash Sweep Program is offered by the clearing firm. It allows you to earn a return on the uninvested cash balances in your clearing account by automatically placing (sweeping) cash balances into an interest-bearing FDIC insured cash account. The banks participating in the program share a portion of the revenue the bank earns on the investor's deposits with the clearing firm who in turn shares a portion of this revenue with CCS. Because these payments are not shared with Financial Professionals, a conflict exists only at the Firm level but can create incentives for CCS to promote the cash sweep program to receive revenue sharing payments. It is important that you monitor and determine the best cash sweep for you under this program. More information about the Cash Sweep Program can be found in the Cash Sweep Program Disclosure Statement available at our website <http://www.ccsmadison.com/#disclosures.html> under the heading "Clearing Firm Accounts".

**Margin Balance.** When you open an account with the clearing firm you have the ability to purchase securities on credit, also known as margin purchases. When you purchase securities on margin you are charged interest on the margin balance. We will earn the difference between the interest rate charged to you and our cost of funds. This conflict exists only at the Firm level but can create incentives for CCS to encourage margin borrowing to receive this compensation. To mitigate this conflict our default clearing option at account opening is a cash account and customers must sign a separate margin agreement before the account will be margin-enabled.

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## Revenue Sharing (continued)– Clearing Firm Arrangements

**Correcting trading and other errors.** We have procedures for resolving trading and other errors that occur from time to time. We maintain an error account to facilitate handling trading and other errors. Gains attributable to trading errors are retained by the Firm and are a financial benefit to us.

**Standard Clearing Account Fee Schedule.** We add a markup to certain fees in our Standard Clearing Account Fee Schedule for that are assessed by the clearing firm and paid by you or Financial Professionals. This compensates us for the cost of our resources utilized in processing accounts and transactions and generate additional revenue to us. This compensation presents a conflict of interest because we have an incentive for you to open accounts or conduct transactions for which we receive this compensation.

**Collateralized Lending Program.** Our clearing firm provides access to a lending program that enables customers to collateralize certain clearing accounts in order to obtain secured loans through banking institutions. We typically receive 0.70% from participant banks based on the amount of the outstanding loans. Compensation we receive varies on the bank you select, so we can earn more or less. This creates a conflict of interest in that we and your Financial Professional have a financial incentive for you to choose a bank in the lending program that pays more than other banks. Please be aware that the lending program offered by our clearing firm is one way, of many, to obtain a secured loan.

**Advisory Wrap Program Clearing Fees.** Clearing firm program fees are deducted from the wrap fee program assets as negotiated with your financial professional. For some wrap-fee programs, we retain a portion of the fee paid by you after payment to the clearing firm. The retained portion is additional compensation to us that is not shared with your Financial Adviser. This additional compensation presents a conflict of interest because we are paid financial benefit when you open certain wrap-fee accounts but not others or receive a higher financial benefit depending on the wrap fee program you choose. CCS addresses this conflict of interest by disclosing the conflict to you before or at the time you enter into a wrap-fee program Agreement with our firm.

### Still Have Questions?

Please contact your CCS financial professional or for additional information, visit the Disclosure page of our website at <http://ccsmadison.com/#disclosure>