



XYZ SECURITIES, INC.

CONFIDENTIAL PROPOSAL FOR ERISA COMPLIANCE CONSULTING SERVICES

PREPARED BY:

Jason C. Roberts, Esq., AIFA®

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I. GLOBAL REVIEW, GAP/RISK ANALYSIS AND ACTION PLAN

PRI will conduct a global review of Company's broker-dealer and/or registered investment adviser lines of business impacted by ERISA regulations with three core areas of focus:

- (1) Corporate – documents and information produced by the broker-dealer or investment adviser, including new account forms; ERISA advisory/consulting agreements, due diligence, operational procedures, written supervisory and compliance procedures, regulatory disclosures;
- (2) Third-Party – documents and information produced by unaffiliated product and service providers, including product/selling agreements, investment policy statements, plan documents, and client-facing value adds;
- (3) Sales/Marketing – tools, resources and metrics supporting retirement advisers, including adviser demographics, sales strategies, marketing support, training, client profiles, account-level activities, range of services, and related technology and tools.

The initial review is designed to identify activities of registered persons and potential conflicts for purposes of creating Company's written disclosures required under ERISA 408(b)(2), mitigating fiduciary risk and enhancing sales and distribution strategies. The review process begins with the Company's completion of PRI's proprietary Request for Information ("RFI") and the formation of Company's ERISA "task force." The initial review takes approximately six-to-eight weeks to complete once the information is received by PRI.

Upon conclusion of the initial review, PRI will conduct follow-up interviews with key personnel to confirm findings and action items for Company's ERISA task force. PRI will provide Company with a preliminary risk/gap analysis and a high level strategic summary including suggested actionable steps for remediation and/or migration of problematic arrangements as well as forward-looking initiatives to enhance Company's posture relative to retention and recruitment of retirement plan advisers and ERISA clients.

II. STRATEGIC CONSULTING AND IMPLEMENTATION SUPPORT

PRI will assist Company through project coordination, alignment of goals to current resources, identification of stakeholders, development and maintenance of project plan(s). After determining which of the projects Company is capable of completing using internal resources, PRI may be engaged to support the client with respect to any or all of the following activities:

A. Broker-Dealer

1. Assist with the establishment of a "suite" of permissible ERISA non-fiduciary services.
2. Development of recommendations for modifications and/or enhancements to existing services and ERISA plan (non-fiduciary) brokerage services agreement, required disclosures and related forms.
3. Assist in remediating identified gaps in written supervisory procedures and the integration of approved ERISA non-fiduciary services.
4. Assist in the development of work-flow and related procedures (including identifying opportunities to leverage existing/available technology-based resources), from account opening to termination, to operations, compliance and supervision (e.g., client activity worksheets and document management) of ERISA-covered services.
5. Assist client in managing ongoing reporting requirements under ERISA 408(b)(2):
 - a. Provide advice on methodology of identifying all covered products, services and relationships;
 - b. Assist in the establishment of ongoing, information-gathering processes;



- c. Assist in identifying opportunities for coordinating efforts with plan providers and determine the extent to which the client may rely on third-party data and/or distribution of program-specific disclosures; and
- d. Assist with coordination and tracking of disclosure implementation plan.

B. Registered Investment Adviser

1. Assist in establishing a suite of permissible fee-based ERISA fiduciary and non-fiduciary investment advisory services to include; non-discretionary ERISA 3(21) services, discretionary ERISA 3(38) services, participant investment advice, and/or programs using third-party investment managers.
2. Assist in the development of work-flow and related procedures (including identifying opportunities to leverage existing/available technology-based resources), from account opening to termination, to operations, compliance and supervision (e.g., client activity worksheets and document management) of ERISA-covered services.
3. Assist in remediating gaps in investment advisory compliance procedures and the integration of approved ERISA fiduciary and non-fiduciary services.
4. Consult on the development of ERISA plan advisory agreements, services and fee schedules, participant-level agreements and questionnaires and recommend program-specific supplements to Form ADV Part II.
5. Assist in managing ongoing reporting requirements under ERISA 408(b)(2):
 - a. Provide advice on methodology of identifying all covered products, services and relationships;
 - b. Assist in the establishment of ongoing, information-gathering processes;
 - c. Assist in identifying opportunities for coordinating efforts with plan providers and determine the extent to which the client may rely on third-party data and/or distribution of program-specific disclosures; and
 - d. Assist with coordination and tracking of disclosure implementation plan.

III. DUE DILIGENCE SUPPORT: THIRD-PARTY RESOURCES

PRI will assist Company in identifying and evaluating select third-party solutions to support retirement plan advisers and clients that align with compliance and supervisory infrastructure. PRI may consult on the development and deployment of resource-specific RFIs or review and enhance Company's existing RFI templates for the following:

- (1) Third-party retirement plan adviser credential/designation programs designed to qualify advisers for firm-approved services;
- (2) Investment policy statement and investment performance monitoring tools;
- (3) Fee analysis and benchmarking software; and
- (4) Retirement plan product providers.

The RFI's will serve to establish the criteria and methodology for the client to employ when conducting initial and ongoing due diligence of third-party resources. PRI will assist Company in reviewing the curriculum, methodology output, etc. developed for or generated by such resources in light of new and proposed Department of Labor regulations and SEC/SRO rules governing correspondence, sales literature, etc., if applicable. PRI may facilitate the gathering of information and scheduling of introductory calls between Company and prospective vendors representing each of the above-referenced resources to review, among



other things, pricing, data management and verification, supporting contracts and allocation of responsibilities/liabilities and program integration.

IV. PROGRAM TRAINING AND ONGOING EDUCATION

PRI will assist Company in the development and delivery of program-specific training and ongoing ERISA education for both home office personnel and advisers. Program training is provided upon completion of the foregoing services and addresses Company’s approved services, products, and third-party resources as well as ERISA-related procedures, program qualifications and applicable legal and regulatory requirements and required documentation. Adviser program training may include recommended strategies for prospecting and retaining clients through approved programs and resources. PRI also offers ongoing education (e.g., Firm Element) to firms seeking to stay competitive and abreast of the rapidly evolving requirements of the ERISA marketplace.

V. FEE RANGES AND ESTIMATES OF TIME TO COMPLETION

I. Global Review, Risk Analysis & Action Plan	\$20,000 – \$30,000	45-60 days
II. Strategic Consulting & Implementation Support	TBD ¹	Ongoing
III. Due Diligence Support: Third-Party Resources	\$20,000 - \$30,000	30-60 days
IV. Program-Specific Training ²	\$10,000 - \$15,000	30-45 days

VI. CONTACT PRI



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¹ Consulting fees are based on the complexity of the engagement and vary from client to client. Upon completion of the Global Review and delivery of the Gap/Risk Analysis and Action Items, PRI will develop a custom proposal for Company based upon the scope of additional support and anticipated deliverables from PRI.

² Fees for ongoing education are negotiable and are based upon the desired nature, frequency and format.

VII. PRI TEAM BIOGRAPHIES



JASON C. ROBERTS

Chief Executive Officer

Pension Resource Institute, LLC

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Jason C. Roberts is the Founder and CEO of the Pension Resource Institute (PRI) providing strategic consulting and training to retirement plan service providers (broker-dealers, RIAs, investment managers, recordkeepers, TPAs, etc.) and fiduciary education to plan sponsors. He is primarily responsible for tactical planning and business development at PRI and actively leads many of PRI's consulting projects.

Prior to founding PRI, Jason was a partner and co-chair of the Financial Services Group at Reish & Reicher, a leading ERISA law firm, where his practice focused on employee benefits and securities regulation. He continues to provide legal counsel on ERISA- and investment-related matters through the law firm of Roberts Elliott and is frequently retained as an expert on fiduciary claims. Jason represents clients in federal and state court at the trial and appellate level (including the U.S. Supreme Court), FINRA arbitrations and government enforcement proceedings.

Jason was recently named as one of the "100 Most Influential in Defined Contribution" by the 401(k) Wire and a "Rising Star" by SuperLawyers Magazine. He currently serves on the steering committee for the American Society of Pension Professionals and Actuaries (ASPPA) 401(k) Summit and the membership committee for the National Association of Plan Advisers (NAPA).

Jason is a nationally-recognized speaker and has published numerous articles on fiduciary best practices, ERISA compliance and securities regulation. He is frequently quoted and interviewed by both professional and public publications, including *The Wall Street Journal*, *InvestmentNews*, *Dow Jones News*, *Registered Rep. Magazine*, *Reuters*, *Ignites*, *PLANSPONSOR Magazine*, *PlanAdviser Magazine*, *Institutional Investor*, *Fund Action*, and *FSI Voice*.

Jason received his B.S.B.A. in Finance & Banking from the University of Missouri and his J.D. from the University of California, Los Angeles (UCLA) School of Law. He is a graduate of FINRA's Compliance Boot Camp and has obtained the designation of Accredited Investment Fiduciary Analyst™ from the Center for Fiduciary Studies.



AMY GLYNN, CRPS

President

Pension Resource Institute, LLC

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Amy Glynn is President and Founder of the Pension Resource Institute, a nationwide consulting firm founded to assist organizations in establishing efficient, compliant and profitable strategies in the qualified marketplace. Amy leads the firm's initiatives as they relate to developing and deploying sustainable sales and distribution. In addition, Amy leads the development and implementation of adviser-based sales and distribution strategies.

Amy has been in the 401(k) and pension marketplace for over 20 years, and in 2010, Amy was ranked #39 on 401kwire.com's list of the top 100 most influential people.

From 2008 until 2010, Amy served as Director of Retirements for indie hybrid firm, Commonwealth Financial Network (CFN), leading the firm's efforts to support advisers in all aspects of the marketplace, both individual and workplace. At CFN she: re-architected and developed the firm's strategic direction in the qualified marketplace and its integration with the nonqualified marketplace for both broker-dealer and RIA business lines; built the industry's first universal fee-based Retirement Plan Consulting Program contractually supporting co-fiduciary investment advisory services at both plan sponsor and participant levels; developed and implemented compliance protocols across the organization; led the oversight and development of adviser training, sales and business development; built a web-based resource center; implemented diligence on 30-plus providers; rebuilt a team with a staff of 7, averaging 11 years industry experience and doubled the firm's qualified fee-based activity.

Prior to joining CFN, Amy ran a successful consulting organization integrating ERISA practices into existing businesses. She has also served as vice president of institutional retirement plan sales at New York Life; founded a web-based job placement and career resource center for women; was named Start-Up of the Year in Women's Business Journal in 2000; and she led the #1-producing retirement plan division in the country at Smith Barney for five consecutive years.

Amy is frequently a keynote speaker and panelist in the industry and has been published and quoted in the following publications: *WorkingWoman*, *Women's Business Journal*, *Boomer Magazine*, *Registered Rep. Magazine*, *PlanAdviser Magazine*, *PLANSPONSOR Magazine* and *InvestmentNews*.

Amy is a graduate of Colgate University with a B.A. in English and Women's Studies, a member of the American Society of Pension Professionals and Actuaries and on the Board of the Women in Pensions Network.



JOHN S. SIMMERS

Founder

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John Simmers is a Founder of the Pension Resource Institute, bringing over 30 years of experience ranging from executive, sales and operations to compliance and supervision. John is a recognized expert and thought leader on industry regulations, and he leads all aspects of the development and implementation of client strategy.

John was formerly the Chairman and CEO of the ING Advisors Network (n.k.a. Cetera Financial Group) from 2000 until 2009, where he worked closely with ING U.S. Retail Financial Services leadership and the executive members of the broker-dealer firms to lead the network and its 10,000 independent financial professionals.

John's experiences include both the regulatory and industry sides of financial services. He began his career in 1974 as an NASD (n.k.a. FINRA) examiner and rose to supervisor. In 1983, John co-founded and was Executive VP, COO and CCO of Financial Network Investment Corporation, now a member of the Cetera Financial Group.

John has served as an executive leader for numerous industry-related associations, including FINRA, where he served on the Board of Governors, as well as the following national committees: Membership; Independent Firms; Direct Participation Program; Insurance Affiliated Firms; and Joint FINRA/NYSE Continuing Education. He was also a board member of NASDR, which was the subsidiary responsible for all rule making before the NASD became FINRA. John was a former chairman of the Financial Services Institute (FSI) and a member of its board of directors. He was also a past president and director of the California Association of Independent Broker-Dealers and a former member of the Investment Adviser Committee and Independent Firms Committee for the Securities Industry and Financial Markets Association (SIFMA). He served on the Compliance Council, Due Diligence Steering Committee, and Broker-Dealer Advisory Council for the Financial Planning Association (FPA).

John is a frequent speaker at industry conferences and is regularly quoted in industry publications and articles. In 2007 and 2008, John was named in Investment Adviser Magazine as one of the top 25 most influential people in the industry.

John earned his bachelor's degree in Business from Ohio State University.



TOM CLOUGH

Vice President – Compliance & Regulatory Services

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Tom leads initiatives related to the development and distribution of PRI's ERISA Compliance Subscription services. He also participates in the compliance reviews and custom consulting projects with an emphasis on broker-dealers and registered investment advisers.

Tom began his professional career in 1984 with the NASD (now FINRA). During the next 13 years Tom was responsible for conducting (and managing) regulatory examinations of broker-dealers. In 1997 Tom resigned to become Chief Compliance Officer of BMA Financial Services, Inc., a broker-dealer and registered investment adviser. In this role, He was responsible for the firm's overall compliance with NASD, SEC and MSRB rules.

In 2000, Tom returned to FINRA to become District Director of the Kansas City District Office where he was responsible for overseeing the annual execution of FINRA's regulatory programs throughout a seven state territory that included 250 broker-dealers, 15,000 branch offices and 115,000 registered representatives. While serving as District Director, Tom represented FINRA at numerous industry conferences including the FINRA Small Firm Conference, CCO outreach, SIFMA Compliance and Legal as well as numerous roundtables and broker-dealer conferences. Tom earned a President's Award for his role in helping to develop the FINRA Small Firm Conference.

Tom obtained a Bachelor of Science, Business Administration – Finance from the University of Missouri in Columbia, MO in 1984. He is also a graduate of the Securities Industry Institute at the Wharton School, University of Pennsylvania in 2006. Tom also successfully completed the Leadership Development Program at the Center for Creative Leadership in Colorado Springs, CO and the FINRA Leadership Program at the Wharton School, University of Pennsylvania.

KIM SHAW ELLIOTT

General Counsel

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Kim provides legal and regulatory guidance to PRI in connection with the development and distribution of its products and services. She also performs legal services on ERISA- and investment-related matters through the law firm of Roberts Elliott.

Prior to joining PRI and Roberts Elliott, Kim served as chief world markets counsel for Everbank – a federal thrift savings institution, broker-dealer and investment adviser. From 2006 - 2010, she was associate general counsel for Edward Jones – a dually registered broker-dealer/investment adviser – and oversaw compliance and legal matters arising from the intersection of ERISA and securities laws. Prior to 2006, Kim was general counsel for First Financial Planners, Inc. (n.k.a. First Allied) and served in a variety of legal and regulatory roles with Zurich Life and GenAmerica Companies.

Kim is a three-time graduate of Washington University, having earned her JD, LLM, and executive MBA there. She was FINRA licensed while in-house and holds the Fellow, Life Management Institute designation. In addition to various civic activities, Kim was a long-time director of the Association of Corporate Counsel (St. Louis Chapter) and a frequent speaker on employee benefits and securities-related topics.