

# ProEquities, Inc.

## Customer Relationship Summary (CRS)



### INTRODUCTION

ProEquities is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer (BD) and an investment adviser and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. This relationship summary will explain the various services we offer, how we charge for those services, and conflicts of interest that exist when we provide our services. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

#### Brokerage Services

As a BD, ProEquities can recommend and effect securities transactions for you, including buying and selling securities that can be either held in accounts with Pershing, LLC, our clearing firm (brokerage accounts), or held in accounts directly with the issuer of the securities purchased (sometimes referred to as “directly held accounts”). If you hold securities directly with the product sponsor, you will receive statements directly from the sponsor. Pershing sends statements directly to clients holding brokerage accounts. More information about our BD services is available in our Regulation Best Interest Disclosure Document (RBIDD) available at [www.proequities.com/disclosures](http://www.proequities.com/disclosures).

**Limits on Investment Offerings:** ProEquities offers a broad range of BD investment products and services through our network of Financial Professionals (FPs), who are independent contractors. The investments our FPs offer depend on the securities license(s) they hold. A FP with a Series 6 license may only offer mutual funds, variable annuities, unit investment trusts, section 529 college savings plans, and variable life insurance. A FP with a Series 7 license may offer the securities listed above and stocks, bonds (corporate, government, municipal), ETFs, options, and alternative investments. Visit [brokercheck.finra.org](http://brokercheck.finra.org) for information on your FP’s licenses.

We do not limit investment offerings to specific proprietary products although our investment menu does include products issued by our parent and an associated firm. FPs can offer these products or any other products we make available.

ProEquities does not impose any minimums on investment purchases although our clearing firm (Pershing) and product sponsors do. For example, some mutual fund companies impose a \$1,000 minimum purchase requirement, which will be disclosed in the fund prospectus. Similarly, Pershing imposes minimum purchase requirements of \$2,500 and \$500 for nonqualified and qualified mutual fund purchases, respectively.

**Account Monitoring:** We do not provide ongoing or continuous monitoring of your account. We suggest you meet with your FP at least annually to discuss your investments.

**Investment Authority:** We do not have any discretionary investment authority, which means that we cannot buy or sell investments in your account without first obtaining your consent. We recommend investments to you, but you are responsible for making the decision whether to buy or sell.

#### Advisory Services

Our advisory services include programs that provide ongoing investment advice and management services by ProEquities, your ProEquities FP, or a third-party asset manager we help you select, and financial planning services. Financial planning services include education, advice, and the preparation and delivery of a written financial plan.

Depending on which advisory program you select, we will either recommend investments to you and you will make the decision (non-discretionary), or you will delegate investment decision-making authority to either your FP or a third-party asset manager and they will make the investment decisions for you (discretionary). Your FP will determine which program is appropriate based on your stated investment objectives, goals, and other factors. For advisory programs, either we or the third-party asset manager will provide ongoing monitoring of the investments in your advisory account.

You must meet certain investment minimums to open an advisory account. Current account minimums for each proprietary program are detailed in ProEquities’ Wrap-Fee Program Brochure (Wrap Brochure). If you plan to hold your investments for relatively long periods of time and are not interested in your FP monitoring your holdings, a brokerage account might better suit your needs.

We do not limit our platform to particular asset classes, proprietary investments or to investments that result in our receipt of third-party compensation. However, we expect to receive third-party compensation from many of the investments we sell. Not all FPs offer advisory services.

Investments Carry Risk: Please be aware that investments have risk and there is no guarantee the value of your investment will not decline. Additionally, many investments are not liquid and/or impose early termination/surrender charges if you exit the investment early. Be sure to make your FP aware of your risk tolerance and liquidity needs prior to investing.

**For additional information:** For information on our brokerage offerings, revenue sources, and conflicts, please review our RBIDD. For additional information on advisory offerings, please see our Form ADV, Part 2A and our Wrap Brochure. These documents are available at: [www.proequities.com/disclosures](http://www.proequities.com/disclosures).

<p><b>Questions to ask your FP:</b></p>	<ul style="list-style-type: none"> <li>• Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?</li> <li>• How will you choose investments to recommend to me?</li> <li>• What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?</li> </ul>
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## WHAT FEES WILL I PAY?

### Fees Associated with Brokerage Services

Each time you buy or sell a security, you will pay a transaction based charge, often called a sales charge or commission. The sales charge is not the same for every investment type. Mutual funds, annuities, and alternative investments typically charge sales loads that are percentages based on the principal amount invested, whereas transactions in investments such as stocks, ETFs, and bond/fixed income products involve commissions based on our schedule that are either added to or deducted from the principal amount invested. This structure creates incentives for us to recommend you trade more frequently and/or purchase products with higher sales charges.

Depending on your investments, you will pay certain ongoing fees and costs. For example, mutual funds typically deduct other ongoing fees and expenses, such as management fees or servicing fees, from fund assets; these fees are separate from the brokerage commissions. In the case of variable life and annuity products, additional fees and costs associated with benefits and features also apply, and surrender fees can be charged on withdrawals. Brokerage accounts also have assorted fees imposed by our clearing firm, which we typically mark up. Also, depending on the product(s) purchased and trading frequency, you may pay more commissions in a broker-dealer account than you would pay fees in an advisory account, which is an incentive for us to recommend a broker-dealer account. Please see our Brokerage and Account Fees schedule on our website Disclosures page..

### Fees Associated with Investment Advisory Accounts

For asset management services, you pay a fee that is a percentage of the assets under management (AUM) with us. This AUM fee is negotiated between you, your FP, and/or third-party manager. For most advisory programs the fee includes the cost of advisory services and certain transaction costs and administrative fees. Depending on the account type, there are

typically other additional fees, such as IRA fees, termination fees, transfer fees and low balance fees, which are described in the account opening documentation.

Certain proprietary wrap programs (e.g., PreTrade, ProTrade, Strategists SMA/UMA) have higher AUM fees because they include the cost of multiple services, including trade execution, reporting, and custody. These programs create incentives for us to encourage you to trade less since we must pay the costs of trading. Other proprietary wrap programs (e.g., PreTradePlus, ProTradePlus, CAM) include custody and other services but have lower AUM fees because they exclude trading costs, which the client must pay. In some instances, by agreement, your FP will pay these trade costs, which creates an incentive for the FP to trade your account less frequently. Specific details on the costs of all wrap programs is available in the Wrap Brochure. Discuss with your FP which program is most appropriate for you. Many investments held within advisory accounts, including mutual funds, ETFs, and variable annuities, have imbedded expenses that are in addition to the advisory fee.

The more assets you invest in your account, the more you will pay in fees, creating an incentive for us to encourage you to increase your advisory account assets. Depending on the advisory program, we can receive more compensation when our FPs provide advisory services than when they provide broker-dealer services, which creates an incentive for us to recommend an advisory account. FPs may provide individual financial planning and consulting services for an hourly fee, fixed dollar fee, or as a percentage of assets.

Additionally, in certain programs you pay, and we receive, a portion of certain fees associated with your advisory account, such as account termination fees and account transfer or liquidation fees. Accounts may be subject to transaction-based ticket charges assessed by the custodian for the purchase of certain mutual funds.

**Additional Information:** You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you may make on your investments over time. Please make sure you understand what

fees and costs you are paying. For information on our brokerage offerings, revenue sources, and conflicts, please review our RBIDD. For additional information on advisory offerings, please see our Form ADV, Part 2A and our Wrap Brochure. These documents are available at: [www.proequities.com/disclosures](http://www.proequities.com/disclosures).

Depending on the investment product, additional information is also available in the prospectus or offering document or, in the case of a third-party manager, in that manager's ADV and wrap brochure.

**Questions to ask your FP:** Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS AS MY BROKER-DEALER OR WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money inherently creates some conflicts with your interests. You should understand and ask us about these conflicts because they can influence the recommendations we provide you. Here are some examples to help you understand what this means.

**Proprietary Investments:** We offer variable insurance products issued by our parent Protective Life and mutual funds issued by Praxis, which is affiliated with Everence Financial, which is associated with ProEquities. Proprietary investments create a conflict because Protective and Praxis receive fees and compensation when you purchase a product they issue. We also recommend advisory programs that we sponsor, creating a conflict because we receive fees based on your advisory program assets. A proprietary program is more profitable to us than programs sponsored by unaffiliated firms.

**Third-Party/Trail Compensation:** In addition to commissions and sales loads, we collect payments from mutual fund and insurance companies, alternative product issuers, and other sponsors (or their affiliates) in the form of distribution and/or service fees (12b-1 fees), trail commissions, or renewal

commissions. These payments create an incentive for us to sell you investments that have such payments and to maintain these relationships. Since the compensation we receive varies by issuer and investment type, we have an incentive to sell you products paying more compensation.

**Principal Trading:** When we buy bonds from you or sell them to you from our inventory, known as "principal trading," we earn compensation by marking up the price of the bonds we sell you or by marking down the price of the bonds we buy from you. That creates an incentive for us to either buy the bonds from you at the lowest price possible or sell the bonds to you at the highest price possible and maximize our profit.

**Revenue Sharing:** Sponsors, service providers and third-party managers make "revenue sharing" payments to us as a way to share the revenue they earn on your investments in their products. These payments are an incentive for us to offer and encourage you to invest more in products paying revenue sharing. Pershing also shares some of the fees and revenues it earns on assets in your account. In some accounts, uninvested cash is automatically placed into an interest bearing account. We receive fees for your participation in these "cash sweep" programs. This creates an incentive for us to have you maintain a cash balance in your account.

This document is, by definition, a summary and cannot contain all information you might consider relevant regarding products, fees, conflicts, and compensation. For a more thorough discussion on fees, compensation, and conflicts, see our RBIDD, Form ADV Part 2A, and Wrap Brochure.

**Question to ask your FP:** How might your conflicts of interest affect me, and how will you address them?

**HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

**Brokerage Compensation**

Our FPs make money in the form of a commission or sales charge each time you place a trade. This creates an incentive for your FP to recommend that you trade more often. Depending on the investment product, your FP can also receive a share of 12b-1 fees or trails paid to the firm by the product issuer. These forms of compensation are not the same for every product,

creating an incentive for your FP to recommend products that pay more compensation. We count the receipt of commissions toward certain qualifying rewards for our FPs, including trips and awards..

Sponsors of investment products provide our FPs "noncash" forms of compensation, including business entertainment and

financial assistance in covering the cost of marketing and sales events such as client appreciation events, and gifts (e.g., mugs, logo shirts, etc.). The receipt of noncash compensation creates an incentive for FPs to recommend products issued by sponsors who make these payments.

### Advisory Fees

ProEquities pays a portion of the advisory and financial planning fees we receive to our FPs (and potentially their supervisors) and we retain a portion. This is a conflict because it creates an incentive for the FP to encourage you to invest more assets. We count the receipt of advisory fees toward qualifying rewards for our FPs, including trips and awards. Some FPs receive other compensation from the sponsors or managers of advisory programs, including business entertainment and client appreciation event reimbursements. The receipt of these payments presents a conflict because it creates an incentive for the FP to recommend those investments from sponsors paying this compensation.

**Other Compensation:** Your FP can also earn compensation from their participation in other activities, such as insurance

sales (e.g., health, casualty, etc.) and tax preparation. This creates an incentive for your FP to offer these services to you. These services are not offered through ProEquities.

FPs that move between investment firms can receive a significant amount of additional compensation as an incentive for the FP to move. ProEquities offers these payments, which creates an incentive for an FP to change firms and move accounts from the old firm to the new firm.

### DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes. Please visit [Investor.gov/CRS](https://Investor.gov/CRS) and [brokercheck.finra.org](https://brokercheck.finra.org) for a free and simple search tool to research us and our FPs.

#### Question to ask your FP:

- As a FP, do you have any disciplinary history?
- For what type of conduct?

### ADDITIONAL INFORMATION

For additional information, please review the following, all of which are available at <https://ProEquities.com/disclosures>. You may obtain a copy of our Form CRS at this website or by asking your FP or by calling us at 1-800-288-3035.

- Form ADV, Part 2A
- Wrap Fee Brochure
- Regulation Best Interest Disclosure Document (RBIDD)
- Understanding Advisory and Brokerage Relationships Brochure
- Brokerage Account Service Fees

We also encourage you to review the general information provided by the U.S. Securities and Exchange Commission regarding investing, choosing an investment professional, and related considerations, available by visiting [www.investor.gov](https://www.investor.gov).

#### Questions to ask your FP:

- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?

Eff. June 30, 2020