



## Regulation Best Interest Disclosure Statement

This Regulation Best Interest Disclosure Statement (“Disclosure Statement”) provides clients with information about B. Riley Wealth Management, Inc. (referred to herein as “B. Riley Wealth Management,” “BRWM,” or the “Firm”) and the brokerage products and services we offer.

This Disclosure Statement applies to our relationship with retail customer—meaning individuals, including their legal representatives, who receive personalized investment advice about securities from a broker or dealer and uses such advice primarily for personal, family, or household purposes. Specifically, this Disclosure Statement provides you with important information about the scope and terms of our brokerage relationship with you, including:

- the capacity in which we are acting when we recommend account types, securities, or strategies involving securities to you;
- the type and scope of our brokerage services;
- material fees and costs that apply to your transactions, holdings, and accounts;
- material limitations on our brokerage services and recommendations; and
- conflicts of interest associated with our recommendations as your broker.

This Disclosure Document expounds on matters discussed in our Form CRS and is subject to the more complete terms and conditions of our account agreements and disclosure documentation. We encourage you to review this information carefully and to reach out to your financial professional if you have any questions.

The references in this Disclosure Statement to “Financial Professionals” refer to the associated persons who make recommendations to existing and prospective customers regarding securities related brokerage activities (also referred to as “Registered Representatives”). References to “we,” “us,” or “our” refers to B. Riley Wealth Management and/or our Financial Professionals, collectively or individually as the context requires.

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# I. Scope and Terms of Our Relationship with You

## A) Our Capacity

B. Riley Wealth Management is a broker-dealer with the U.S. Securities and Exchange Commission (“SEC”) and is also a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protections Corporation (“SIPC”). Some of our Financial Professionals are registered only with BRWM to provide you with brokerage services and cannot offer investment advisory services, while others are registered with both BRWM and our investment advisory affiliate(s) and can therefore provide you with both brokerage and investment advisory services. Your Financial Professional will discuss with you whether a brokerage or advisory account is in your best interest.

### **Broker-Dealer Capacity**

In our capacity as a broker-dealer, we can recommend and effect securities transactions for you, including buying and selling securities that can be held in your brokerage account. We offer many different options of account types for your brokerage account. We provide a number of services related to investments in securities, including taking customer orders, executing securities transactions, and providing general information regarding your investments. Our Financial Professionals also provide recommendations concerning whether to buy, sell, or hold securities.

Our Financial Professionals do not make investment decisions for you or manage your brokerage account on a discretionary basis. Because our Financial Professionals do not have discretionary investment authority, this means that we cannot buy or sell investments in your brokerage account without first obtaining your consent. Our Financial Professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only purchase or sell investments when specifically directed by you.

When we act in our capacity as a broker-dealer, we are subject to the Securities Act of 1933, the Securities Exchange Act of 1934, as amended, the rules of self-regulatory organizations, such as the Financial Industry Regulatory Authority, Inc. (“FINRA”), and applicable state laws.

### **Investment-Adviser Capacity**

Your Financial Professional may be dually registered, meaning both an associated person of B. Riley Wealth Management and a supervised person of an affiliated registered investment adviser. If servicing you in an advisory capacity, as an investment adviser representative, your Financial Professional may provide investment advice to you for a fee and offer programs where your investments are managed by your Financial Professional and/or third-party managers, including wrap programs. Your Financial Professional may also place orders for you as an investment adviser representative through a brokerage account with BRWM or through a brokerage account at another broker-dealer. When acting in the capacity as an investment adviser representative, your Financial Professional will generally do so pursuant to a written advisory agreement with you that sets forth the relationship and associated obligations to you. When acting as an investment adviser representative, the Financial Professional is considered to have a fiduciary relationship with you under the Investment Advisers Act of 1940, which requires a duty of care and a duty of loyalty.

At the outset of an investment advisory relationship with you, you will also receive a disclosure document that describes our affiliate’s investment advisory services and includes important information about, among other things, fees, personnel, other business activities, and conflicts between our affiliate’s interests and your interests. This is available in our affiliate’s Form ADV, Part 2A Brochure. This Brochure is available at [brileywealth.com/disclosures/ADV.pdf](http://brileywealth.com/disclosures/ADV.pdf).

## **ACKNOWLEDGMENT OF OUR FIDUCIARY STATUS WITH RESPECT TO RETIREMENT ACCOUNTS**

When any of our financial professionals provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

## **B) Type and Scope of Brokerage Services**

### **Brokerage Service Models and Products**

B. Riley Wealth Management is an introducing, full-service brokerage firm, clearing through Wells Fargo Clearing Services, LLC ("First Clearing"), National Financial Services, LLC ("NFS"), and Axos Clearing, LLC ("Axos"). Your account will be assigned to a Financial Professional through which all trades and other service requests should be routed.

We have trading capabilities in certain fixed income instruments such as corporate, government, and municipal securities. We also make recommendations and can enter trades for equity securities, options, exchange traded products, mutual funds, variable and fixed annuities, life insurance, and long-term care policies. Except in very limited circumstances, we do not recommend trading in "penny stocks," "pink sheet" stocks, or any securities listed on "bulletin boards."

For high net worth or "accredited investors," we provide access to hedge funds and other alternative investments. Some of these alternative investments are offered through our affiliated registered investment advisers, B. Riley Capital Management, LLC and B. Riley Wealth Private Shares, LLC.

We offer research through our affiliated broker-dealer, B. Riley Securities, Inc. ("B. Riley Securities"), as well as from other third-party providers through our clearing arrangements with First Clearing, NFS, & Axos. Through B. Riley Securities, we provide access to primary (IPO) and secondary (follow-on) offerings, corporate bonds, and preferred securities.

We offer a full range of insurance products including variable and fixed annuities, life insurance, and long-term care policies, among others.

### **Brokerage Services**

When you establish a brokerage account with B. Riley Wealth Management, you have the ability to buy, sell, and hold investments within your account. The primary service we provide is our trading capability. We execute purchases and sales on your behalf, and as directed by you. In a brokerage services relationship, we can trade with you for our own account, for an affiliate, or for another client at the same time as we trade with you, and we can earn a profit on those trades. The capacity in which we act is disclosed on your trade confirmation. However, we are not required to communicate it in advance, obtain your consent, or inform you of any profit earned on trades.

### **Brokerage Account Types**

We offer many different types of brokerage accounts including individual and joint accounts, estate and trust accounts, partnership accounts, custodial accounts, education accounts (e.g., college savings plans),

Delivery Versus Payment (DVP) accounts, retirement accounts (e.g., IRA), and other types as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a Financial Professional.

### **Cash and Margin Accounts**

We provide brokerage services through either a cash brokerage account or margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full by the settlement date provided on your trade confirmation. In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from either of our clearing firms, First Clearing, NFS, or Axos. This is generally referred to as a “margin loan.” The portion of the purchase price that is loaned to you is secured by securities in your account, also referred to as “collateral.” You will incur interest costs as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets and/or accounts are not eligible for margin collateral purposes.

If you elect to open a margin account, you must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact a Financial Professional or refer to our Margin Disclosure Statement available at <https://brileywealth.com/legal-disclosures/margin-disclosure-statement>.

### **Incidental Brokerage Services, Recommendations, and Account Monitoring**

Within your brokerage account, we may also provide other incidental services such as research reports and recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account, the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made verbally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our Financial Professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives and based on your individual investment profile. Your investment profile includes, but is not limited to, your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation.

It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a Financial Professional about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account; they do not contain specific investment recommendations about investment holdings; and they do not create an implied agreement with you to monitor the account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are under no specific obligation to do so.

### **Clearing Services**

We have entered into agreements with First Clearing, NFS, and Axos (collectively the “Clearing Agents”) to carry your account and provide certain backoffice functions. We and the Clearing Agents share responsibilities with respect to your account as set forth in your new account agreement that was delivered to you upon opening of your account. Please refer to your New Account Agreement for more information on how such responsibilities have been allocated between us.

**Understanding Risk**

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see next page). You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs. Please notify your Financial Professional promptly if your financial situation or investment objectives change.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Income” investors typically holding the smallest percentage of higher-risk investments, followed by “Growth and Income” investors holding some higher-risk investments, and finally “Growth” investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies, and we measure it on a continuum that increases from “Conservative” to “Moderate” to “Aggressive” and finally “Trading and Speculation.” See the chart below for details.

The following investment objectives and risk tolerance levels are applicable to customers with accounts custodied at Wells Fargo Clearing Services, LLC:

<b>Investment Objective</b>	<b>Investment Objective Description</b>	<b>Risk Tolerance</b>	<b>Risk Tolerance Definition</b>
<b>Income</b>	Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	<b>Conservative</b>	Generally assume lower risk but may still experience losses or have lower expected income returns
		<b>Moderate</b>	Willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns
		<b>Aggressive</b>	Seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses
<b>Growth &amp; Income</b>	Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets	<b>Conservative</b>	Generally assume a lower amount of risk but may still experience losses or have lower expected returns
		<b>Moderate</b>	Willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns
		<b>Aggressive</b>	Seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses
<b>Growth</b>	Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have	<b>Conservative</b>	Generally assume a lower amount of risk but may still experience increased losses or have lower expected growth returns
		<b>Moderate</b>	Willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns

	significant exposure to more volatile growth assets.	<b>Aggressive</b>	Seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses
<b>Trading and Speculation</b>	Seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital		

The following investment objectives and risk tolerance levels are applicable to customers with account custodied at National Financial Services, LLC:

<b>Investment Objective</b>	<b>Typical Investments</b>
<b>Preservation of Capital</b> <ul style="list-style-type: none"> <li>• Seek to maintain principal</li> <li>• Interested in investments with very low historical risk of loss of principal</li> </ul>	<ul style="list-style-type: none"> <li>• Money Market Funds</li> <li>• High-Quality Short-Term Fixed-Income Investments</li> </ul>
<b>Income</b> <ul style="list-style-type: none"> <li>• Seek to generate income from investments</li> <li>• Interested in investments with low historical risk of loss of principal</li> </ul>	<ul style="list-style-type: none"> <li>• High-Quality Short- &amp; Medium-Term Fixed-Income Investments</li> <li>• Short-Term Bond Funds</li> <li>• Covered Call Options</li> </ul>
<b>Capital Appreciation</b> <ul style="list-style-type: none"> <li>• Seek to grow principal value over time</li> <li>• Willing to invest in securities with moderate to above-average historical risk of loss of principal</li> </ul>	<ul style="list-style-type: none"> <li>• Common Stocks</li> <li>• Lower-Quality Medium-Term Fixed-Income Investments</li> <li>• Equity Mutual Funds or Index Funds</li> </ul>
<b>Speculation</b> <ul style="list-style-type: none"> <li>• Seek a significant increase in principal</li> <li>• Willing to accept a correspondingly greater degree of risk by investing in securities with high historical risk of loss of principal</li> </ul>	<ul style="list-style-type: none"> <li>• Lower-Quality Long-Term Fixed-Income Investments</li> <li>• Initial Public Offerings (IPOs)</li> <li>• Volatile or Low-Priced Common Stocks</li> <li>• Equity or Index Options Strategies such as Puts or Calls, Spreads, Straddles, and Combinations</li> <li>• Short-Term or Day-Trading Strategies</li> </ul>
<b>Trading Profits</b> <ul style="list-style-type: none"> <li>• Seek to take advantage of short-term trading opportunities (a high-risk strategy)</li> </ul>	<ul style="list-style-type: none"> <li>• Short-Term Purchases and Sales of Volatile or Low-Priced Common Stocks</li> <li>• Equity or Index Options Strategies such as Puts or Calls, Spreads, Straddles, and Combinations</li> </ul>
<b>Growth and Income</b> <ul style="list-style-type: none"> <li>• Seek a mix of growing principal value and generating income from investments</li> <li>• Willing to invest in securities with moderate historical risk of loss of principal while having the potential to pay income</li> </ul>	<ul style="list-style-type: none"> <li>• Common Stocks</li> <li>• Medium-Term Fixed-Income Investments</li> <li>• Growth and Income Mutual Funds</li> </ul>

Our recommendations are based in part on your risk tolerance and investment objective as outlined above. We encourage you to carefully consider your investment objective and risk tolerance before investing.

### **Cash Sweep Program Feature**

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle,” until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s). Please see “Revenue Sharing” under the Conflicts of Interest section below. More information about the

Cash Sweep Program can be found in the Cash Sweep Program Disclosure Statement available at <https://brileywealth.com/legal-disclosures/cash-sweep>.

### **Account Minimums**

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum on-going balance requirements that must be maintained for access to certain product types. You should also understand that our Financial Professionals may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated Financial Professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your Financial Professional.

## **C) Brokerage Fees and Costs**

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs. We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the affected account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account.

This section provides information about the materials fees and costs associated with your account, transactions, and holdings. Because our fees vary depending on the specific transaction or service provided, part (i) below describes the fees and costs associated with your account and part (ii) details the fees and costs associated with transactions and investment holdings that our Financial Professionals may recommend.

### **i. Fees and Costs Associated with Account**

You must first open an account with us to use our brokerage services. Our platform offers an array of account types with different features and benefits that are intended to address different needs and objectives of our clients. Depending on the type of account you open, you will pay certain fees and incur certain costs associated with your account and holdings. Unlike the transaction-based fees described in part (ii), the fees associated with your account and holdings are typically paid annually, although some account-based fees are associated with specific transactions. In some cases, the fees and costs associated with your account and holdings are assessed indirectly by third parties, such as custodial firms or clearing firms, which we then pass along to you in addition to any fees we may charge. The following are the material fees and costs associated with your account:

- **Account, Operational, and Service Fees:** You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.
- **Margin Interest Fees:** If you elect to utilize margin on your account, you will be charged interest for any credit extended to you for the purpose of buying, trading, or carrying any securities, for cash withdrawals made against the collateral of securities, or for any other extension of credit. When funds are paid in advance of settlement on the sale of securities, interest will be charged on such amount from date of payment until settlement date.
- **Wire Transfer Fees:** We generally charge you a “wire transfer fee” to wire cash from your account to another account held outside our firm. The wire transfer fee varies based on where your account is custodied and whether the wire transfer is domestic or international.
- **Compensation for Termination of Services:** Other than any contingent deferred sales charge for a fund (as described under the Mutual Funds section below, if applicable), IRA termination fees

(when applicable), and account transfer fees (“ACAT”), the Firm would not receive any additional compensation in connection with the termination of its services.

You should understand that based on the brokerage service model you choose, the same or similar products, accounts, and services may vary in the fees and costs charged to you. For more information concerning our administrative, operational, service, and other fees, please visit: <https://brileyfin.com/disclosures#wealth-management-disclosures>.

## **ii. Fees and Costs Associated with Transactions and Holdings**

You will pay **transaction-based fees** for trades you decide to enter into. These transaction-based fees are generally referred to as a “commission,” a “mark up,” a “sales load,” or a “sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to: the underlying product; your brokerage service model and account type; the size of the transaction and/or overall value of your account; frequency of your trade activity; and available discounts and/or fee waivers.

These fees are charged to your account at the time of the transaction. Transaction-based fees and costs may present a conflict of interest between the client and the Financial Professional as the Financial Professional is compensated by such fees and costs which also lower the client’s return in investment. Please review your confirmations and statements to ensure that all trading is consistent with your investment objectives.

Because the fees and costs vary among investments, set forth below and on the following pages is particularized fee and cost information regarding the types of transactions and investment holdings generally purchased or traded by our clients.

- **Equities**

Buying and selling stocks is received as direct compensation. You will typically pay a commission every time you buy or sell an equity security. You will pay this commission in addition to the price you pay for the equity security you choose to buy or sell. The commission averages \$1.25 to \$1.50 per \$100 (1.25% to 1.50%) of the value of the trade. For example, if you purchase \$10,000 of stock in a public company, you will typically pay commission between \$125 and \$150 in addition to the \$10,000 investment. Actual charges will vary by account and client.

- **Debt Securities**

As most bonds are traded on a principal (dealer) basis in the OTC market, you will typically pay a “markup” of up to 2.50% of the amount of your secondary market transaction. When you buy bonds through us on the secondary market, the markup represents the difference between the price we paid for a bond and the price at which it is sold to you by us. Additionally, we may incur gains (or losses) on positions we hold in inventory in response to market movements or other events that impact the value of the securities we own. The average markup/markdown is typically \$1.20 to \$1.70 per \$100 invested or \$12 to \$17 per bond. For example, if you purchase 10 corporate bonds priced at \$1000 per bond, and the markup is \$15 per \$1000 of the bond, you would pay \$10,000 for the market price and then an additional \$150 markup, which means you would pay \$10,150 in total to purchase the bonds.

With new issues of bonds, the markup generally is included in the par value, so you do not pay separate transaction costs. Everyone who buys a new issue pays the same price, known as the offering price. If you are interested in a new issue of a bond, you can get an offering document describing the bond’s features and risks. The amount of a markup/markdown charged on a bond transaction will depend on a number of factors and particular circumstances for each transaction, including the type of bond (corporate, government, or municipal), transaction size, credit quality, unit price, maturity, liquidity, and market scarcity.

- **Option Rates Equity and Index**



Options compensation is received as direct compensation. Options are contracts that give you the right, but not the obligation, to buy or sell an underlying asset at a fixed price within a certain period of time. Various exchanges operating in the United States and regulated by the SEC offer public trading markets where different types of options are bought and sold, such as equity, index, and interest rate options. Option contracts may also be traded on certain European markets. Options, like other securities, carry no guarantees, and investors should be aware that it is possible to lose all of your initial investment, and sometimes more. For example, option holders risk the entire amount of the premium paid to purchase the option. If a holder's option expires "out-of-the-money" the entire premium will be lost. Option writers may carry an even higher level of risk since certain types of options contracts can expose writers to unlimited potential losses.

You will typically pay a commission every time you buy or sell an option contract. You will pay this commission in addition to the premium associated with the option contract, which you will pay regardless of whether you choose to exercise the option to buy or sell the underlying asset. The premium is not a standardized term of the option contract and is a non-refundable payment in addition to the commission. The commission is a one-time fee and can vary based on the number of contracts bought or sold. Actual charges will vary by account and client.

- **Mutual Funds**

We currently offer thousands of mutual funds varying in share class structure and investment style. You should note that the amount of time you expect to hold your investment in a mutual fund may play an important role in determining which share class is most appropriate for you. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments, as described below.

***12b-1/Shareholder Service Fees:***

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. These ongoing fees are paid to respond to investor inquiries and provide investors with information about their investments. They are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%, but the majority are below 0.85%. These fees may be passed on to us and may in turn be passed on to your Financial Professional as a commission.

***Front-End Sales Charge & Contingent Deferred Sales Charge (CDSC):***

A front-end sales charge is typically assessed as a percentage of your investment and is paid to us, including your Financial Professional, when you purchase a mutual fund. The front-end sales charge is deducted from the initial investment on certain share classes, typically Class A shares. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Financial Professional if you believe you are eligible for sales charge waivers.

A CDSC is a charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. The amount of the CDSC is assessed as a percentage of our investment and typically range from 0.00% to 5.50%. The CDSC periods can range from zero to seven years based on the share class. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the "back-end load" as it is not charged at the time you purchase the fund. A CDSC is not passed on to your Financial Professional.

You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

- **Unit Investment Trusts (UITs)**

UITs are pooled investment vehicles in which a portfolio of securities is selected by the trust's sponsor and deposited into the trust for a specified period. UITs also have a fixed termination date, typically 15 to 24 months from the initial offering. UITs provide for payment of a sales charge if purchased in the initial offering or a commission if bought or sold in a secondary trading market. If the UIT is sold prior to the maturity date, a commission will be charged. A UIT may also be "called" into the next series or to another UIT at a discount to the commission charged for the new UIT. A Financial Professional may have a financial incentive to recommend selling a UIT close to its maturity date to realize a commission on the sale and reinvest the proceeds in a new UIT at full commission.

- **Market-Linked Investments**

BRWM offers primary and secondary access to market linked notes and CDs. We receive compensation on primary issuance market linked notes and CDs consistent with the description in the prospectus. Compensation on secondary transactions varies depending on whether we execute as an "agent" or as a "principal."

- **Alternative Investments**

We offer a wide range of alternative investments, including private placements, with the goal of providing additional diversification outside of the traditional equity and fixed income markets. Unlike traditional equity and fixed income, alternative investments lack the same level of liquidity and available public information which may cause investors to be locked up for extended periods of time without complete knowledge of what the fund is invested in. Alternative investments are sold via a subscription agreement, an offering memorandum, or other disclosure documents. Those documents describe the compensation to be paid to the selling firm, a portion of which will be paid to the individual Financial Professional. Sales compensation will be paid via commissions at the point of sale and additional trail commissions may be paid to the Financial Professional over the life of the investment.

- **Annuities**

Our annuity offerings consist of fixed, index, and variable annuities. Under arrangements with insurance companies, we, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, and they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier. Commissions on annuities may be paid in full up front at the time of sale or can be paid in part up front with the remainder paid overtime. Financial Professionals are paid commissions based on a percentage of the assets invested in the annuity or life insurance product. Please note that some of the Firm's Financial Professionals may not be authorized to offer variable products.

- **Cash Sweep Program/Bank Deposit Sweep/Other Float Compensation**

Our Clearing Agents offer bank deposit sweep products. Under these arrangements, our Clearing Agents sweep idle cash into an FDIC (Federal Deposit Insurance Corporation) insured interest-bearing fund. The revenue that the Clearing Agents derive from these products is shared, in part, with B. Riley Wealth Management.

- **Training and Education**

We work closely with many product and service providers who provide training and education compensation to offset or reimburse us for costs incurred in conducting comprehensive training and educational meetings for our Financial Professionals. These meetings or events are held to educate

Financial Professionals on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics. In addition, certain vendors provide free or discounted research or other vendor products and services, which can assist our Financial Professionals with providing services to you.

Likewise, from time to time, product providers will reimburse us for expenses incurred by individual branch offices in connection with conducting training and educational meetings, conferences, or seminars for Financial Professionals and participants. Also, Financial Professionals may receive promotional items, meals or entertainment or other non-cash compensation from product providers. Product and service providers may provide meals and/or entertainment subject to a \$100 maximum per employee. No product or service provider may establish a sales minimum or similar requirement related to any training, meeting, conference, or seminar offered to the Financial Professional.

Although training and education compensation is not related to individual transactions or assets held in client accounts, it is important to understand that, due to the total number of product providers whose products are offered by us, it is not possible for all companies to participate in a single meeting or event. Consequently, those product providers that do participate in training or educational meetings, seminars or other events gain an opportunity to build relationships with Financial Professionals; these relationships could lead to sales of that company's products.

- **Trade Corrections**

From time to time, a trade may be executed in error resulting in a trade correction. All trade errors are to be immediately reported to the designated supervisor for resolution and correction. Financial Professionals are not permitted to correct errors themselves and the Firm may not cover losses for investors by treating transactions as errors when, in fact, they are not errors. Some customers may request such an accommodation in exchange for future business, however, absorbing losses is a violation of SRO rules and is not permitted. Trade corrections and errors can be costly. It is the client's responsibility to review each trade confirmation promptly after execution and immediately notify his or her Financial Professional if he or she believes an error has occurred.

- **Brokerage – Excluded Advisory Assets**

As described above, our brokerage services differ from our affiliate's advisory services. However, in some instances we may allow an advisory client to trade what are referred to as "excluded assets" within their advisory services account. Excluded assets are not subject to our affiliate's advisory program fees. Instead of our affiliate's advisory fees, these excluded assets are subject to BRWM's standard brokerage charges when traded.

## **II. Conflicts of Interest**

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Financial Professionals, our clients and third parties. We offer a broad range of investment services and products, and we receive various forms of compensation from our clients, affiliated and non-affiliated product providers and money managers, and other third parties as described above. Securities rules allow for us, our Financial Professionals, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our Financial Professionals receive

from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. On the following pages you will find additional information related to our conflicts of interest.

From time to time, our Financial Professionals may recommend products or services offered by one our affiliates. Such recommendations may provide additional compensation to the Financial Professional over third-party products and service which could represent a conflict of interest. The Firm will take steps to mitigate such conflicts and will notify you whenever we recommend products or services offered by our affiliates.

This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

## **A) Compensation We Receive from Clients**

- **Transaction-Based Conflicts**

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, variable annuities, alternative investments, ETPs, equity securities, and bonds. Where these fees apply, the more transactions you enter, the more compensation that we and your Financial Professional receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all.

- **Markups and Markdowns for Principal Transactions**

When you buy or sell securities in a brokerage account, and in accordance with industry regulations, we may impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules.

- **Account Maintenance and Other Administrative Fees**

For the services we provide or make available to you with respect to your brokerage account, we charge certain account maintenance and other administrative fees, including transfer, wire, or other miscellaneous fees, as described in the fee schedule provided to you on an annual basis. The higher the fees we charge, the more we are compensated.

## **B) Compensation We Receive from Third Parties**

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you, including advisory

services. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

- **Revenue Sharing**

Our Clearing Agents offer a “cash sweep” product. Under the terms of this arrangement idle cash is “swept” into an interest-bearing bank deposit fund. Our Clearing Agents share the revenue generated from these arrangements with B. Riley Wealth Management. In addition, the Firm has a fee sharing arrangement with Tri-State Bank, Wells Fargo Bank, and Priority Credit Line (“PCL”) whereby the Firm will share in the revenues related to securities-based loans sponsored by the bank(s). For Tri-State Bank and Wells Fargo Bank, the Firm collects a fee that is a percentage of the outstanding balance, typically 0.70%, from the bank. With PCL, the Firm collects part of the cost of funds loaned to the client, which is also typically 0.70%. In both instances the Financial Professional is also compensated part of the fees collected.

- **Trail Compensation**

Ongoing compensation from Product Sponsors may be received by us and shared with our Financial Professionals. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

- **Additional Compensation from Product Sponsors and Other Third Parties**

We and our Financial Professionals, associates, employees, and agents receive additional compensation from Product Sponsors and other third parties including:

Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective clients.

Payment or reimbursement for the costs associated with education or training events that are attended by our employees, agents, and Financial Professionals, and for conferences and events that we sponsor.

Reimbursement from Product Sponsors for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients. Additionally, we and our affiliates receive compensation from Product Sponsors to provide aggregate sales data.

Note: The amount of these payments is not dependent or related to the level of assets you or any other client invests in or with the Product Sponsor.

- **Product Share Classes**

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us.

- **Compensation Related to Our Affiliates**

Our affiliates, including B. Riley Securities, act as underwriters of stock, bonds, preferred stock, and other securities. Those shares are sometimes sold through B. Riley Wealth Management. As underwriters, our affiliates may receive compensation in the form of management.

- **Related to Proprietary Products**

Brokerage recommendations can include a recommendation to invest in a product or service that is managed, issued, or sponsored by us or our affiliates. We and our affiliates will receive additional compensation or economic benefits from investments by you in such products, including, but not limited to, management credits, service fees and similar revenue sharing arrangements. The compensation related to these may be greater than similar products provided. Sale of proprietary products generated by our affiliates may also be beneficial to the stock price of our publicly traded parent company.

### **C) Compensation Received by Your Financial Professional(s)**

Financial Professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients and/or total assets under advisement, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront transaction-based compensation, some products feature on-going residual or “trail” payments. Thus, Financial Professionals are incentivized to recommend products that have higher fees as well as those with on-going payments.

Typically, a Financial Professional’s payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. The same payout schedule is reduced when Financial Professionals discount certain client fees and commissions, or client relationship asset levels are below minimums established by us from time to time. Financial Professionals also may be eligible for annual or ongoing bonuses and deferred compensation awards based upon a variety of factors that may include reaching certain production levels, tenure with the firm, client product mix, asset gathering, referrals to affiliates or other targets, as well as compliance with our policies and procedures and meeting best business practices.

As a result, Financial Professionals have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Financial Professionals also have an incentive to provide brokerage recommendations to gather more assets under management and to increase brokerage trading activity, and to reduce the amount of discounts available to you.

Financial Professionals have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Financial Professionals are incentivized to recommend you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. Further, Financial Professionals are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Financial Professionals also have an incentive to provide higher levels of service to those clients who generate the most fees.

Recruitment compensation is provided to Financial Professionals who join our Firm from another financial firm. This compensation, which may vary by Financial Professional, often includes either an upfront or backend award based upon new client assets to the Firm and/or revenue generated from such client assets. This creates an incentive for the Financial Professional to recommend the transfer of assets to the Firm, including brokerage assets, in order to earn this compensation.

Non-cash compensation is provided to Financial Professionals in the form of credits toward business expense accounts and certain titles. Financial Professionals are also compensated in the form of education meetings and recognition trips. Portions of these programs is subsidized by external vendors and affiliates, such as mutual fund companies, insurance carriers, or money managers. Consequently, product providers

that sponsor and/or participate in education meetings and recognition trips gain opportunities to build relations with Financial Professionals, which could lead to sales of such product provider's products. Financial Professionals also receive promotional items, meals, entertainment, and other noncash compensation from product providers up to \$100 per year for gifts per vendor and \$1,000 per year for meals per vendor.

### **Other Financial Professional Activities**

Financial Professionals may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients. Financial Professionals who are transitioning through a succession plan may be incentivized to make brokerage recommendations designed to increase the value of their "book of business" through asset accumulation or brokerage trades that are not in your best interest. Financial Professionals who receive clients from a retiring Financial Professional are incentivized to meet growth goals and may make recommendations not in your best interest.

Internal campaigns and recognition efforts incentivize Financial Professionals to engage in activities to reach incentive goals.

If you have any questions regarding this material or have a change in your financial circumstances or investment objective, please contact your Financial Professional.

### **Additional Resources**

For additional information on the material included herein, you may visit the following web pages.

<b>B. Riley Wealth Management, Inc.</b>	<a href="https://brileywealth.com">https://brileywealth.com</a>
<b>Form CRS</b>	<a href="https://brileywealth.com/disclosures/FormCRS.pdf">https://brileywealth.com/disclosures/FormCRS.pdf</a>
<b>Legal Disclosures &amp; Fee Information</b>	<a href="https://brileyfin.com/disclosures#wealth-management-disclosures">https://brileyfin.com/disclosures#wealth-management-disclosures</a>

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