REID & RUDIGER

Regulation Best Interest Disclosures

Introduction.

Under SEC Regulation Best Interest, securities recommendations must be in the retail customer's best interest. Broker-dealers and associated persons may not place their interests ahead of the retail customer's. This document will provide retail customers with material facts relating to the scope and terms of our broker-customer relationship, as well as material facts relating to conflicts of interest associated with securities recommendations.

Our services.

Reid & Rudiger LLC offers brokerage services to retail customers, including buying and selling securities, and making recommendations for securities transactions. Retail customers may select investments, or we may recommend investments, but the ultimate investment decision as to investment strategy and the purchase or sale of investments will be the retail customer's. We do not accept discretionary authority.

We focus on buying and selling individual stocks and some Exchange-Traded Funds. We specialize in identifying companies that we believe have great potential for price appreciation. Our recommendations are generally limited to these types of investments. Other brokerage firms could offer a wider range of choices, some of which might have lower costs.

We serve retail customers who are seeking aggressive growth of the assets invested through our firm. Sometimes, we recommend short-term trading; other times, we recommend longer term trading. All trading involves cost and risk. We seek to help customers acquire stocks or Exchange-Traded Funds that present the possibility of higher returns. Although we may make recommendations to sell, we try to do so at the right time to capture profits or minimize losses. We do not impose a minimum account size or require a minimum investment amount.

Account recommendations.

The best interest standard explicitly applies to recommendations of types of accounts. A broker-dealer or associated person must have a reasonable basis to believe that a recommendation of a securities account type (*e.g.*, among the types of accounts offered by the firm, including IRAs), is in the retail customer's best interest at the time of the recommendation and does not place the financial or other interest of the firm or associated person ahead of the interest of the retail customer.

In general, when considering recommendations of types of accounts, we consider: (a) services and products provided in the account; (b) projected cost of the account; (c) alternative account types available; (d) services the retail customer requests; and (e) the retail customer's investment profile.

With regard to IRAs, in addition to the factors above, we consider: (a) fees and expenses; (b) level of services available; (c) ability to take penalty-free withdrawals; (d) application of required minimum distributions; (e) where appropriate, protections from creditors and legal judgments; (f) holdings of employer stock; and (g) any special features of the existing account.

Investment recommendations.

Regulation Best Interest incorporates the suitability obligations of having reasonable basis knowledge (*i.e.*, knowing the product and having a reasonable basis to believe it is appropriate for at least some investors) and customer-specific knowledge *(i.e.*, knowing the customer and having a reasonable basis to believe a particular recommendation is appropriate for a specific customer based on that customer's investment profile). All investments carry risk, some greater than others. Care, skill and costs (in addition to applying a best interest standard) are elements for consideration when making recommendations to retail customers.

Costs must always be considered when making a recommendation. Consideration of cost includes not only the cost of purchase, but also any costs that may apply to the future sale or exchange of the security, such as deferred sales charges or liquidation costs. However, while cost must always be considered, it is not dispositive and not intended to limit or foreclose a recommendation of a more costly product if there is a reasonable basis to believe that product is in the best interest of a particular retail customer.

We encourage associated persons to discuss the basis for any particular recommendation with their retail customers and the associated risks, particularly when the recommendation is significant to the customer (*e.g*., the decision to roll over a 401(k) into an IRA).

Series of investment recommendations.

We have a quantitative suitability obligation, namely, that a series of recommended transactions are appropriate and not excessive. However, the best interest standard also applies to a series of recommended transactions.

Available alternatives to the recommendation.

We consider reasonably available alternatives, if any, offered by us or other firms in evaluating a recommendation. An evaluation of reasonably available alternatives does not require us to perform an evaluation of every possible alternative (including those offered outside the firm), nor require us to recommend one "best" product.

Material fees and costs.

We charge a commission (or mark-up/mark-down) and a ticket charge for each transaction. Higher volume trading will generally cost more, although our fees vary and are negotiable. The amount retail customers pay will depend, for example, on how much they buy or sell, what type of investment they buy or sell, and what kind of account they have with us. Retail customers will also pay other fees and costs, including, for example, custodian fees, account maintenance fees, fees charged by Exchange-Traded Funds, and service fees (such as for wires, etc.). Further information about fees and costs is available from the clearing firm or from us. Retail customers will pay fees and costs whether they make or lose money on their investments. Fees and costs are deducted from the customer's account per transaction, and will reduce any amount of money retail customers make on investments over time. Retail customers should make sure they understand what fees and costs they are paying.

Monitoring.

We do not monitor accounts or investments. This would include any requirements for retail customers to open or maintain an account, or to avoid additional fees when a threshold is crossed, such as a low account balance.

Proprietary products.

We do not recommend proprietary products or a specific asset class; products with third-party arrangements (revenue sharing, mutual fund service fees); or products from a select group of issuers.

Conflicts of interest.

When we provide a retail customer with a recommendation, we have to act in the customer's best interest and not put our interest ahead of the customer's. At the same time, the way we make money creates some conflicts with the customer's interests. Retail customers should understand and ask us about these conflicts because they can affect the recommendations that we provide. There is an inherent conflict of interest whenever a broker-dealer charges transaction-based fees, as the firm has a financial incentive to encourage investors to trade often.

In some transactions, we buy or sell securities for customers in firm accounts. This is sometimes referred to as "principal" trading. We sell securities at a price that is greater than the market price, or buy securities that is lower than the market price. This mark-up or mark-down is instead of a commission. We do not charge commissions on these trades.

Our representatives are compensated by a share of the commissions, mark-up or mark-down on customer transactions. This is a conflict of interest because the representatives have a financial incentive to encourage investors to trade often.

Oral disclosures.

Oral disclosures of a material fact by the firm or associated persons may be required to supplement, clarify or update written disclosures made previously.