

SecFi Securities, LLC
Regulation Best Interest Disclosure FAQs
July 28, 2020

Overview:

These disclosure FAQs expand upon the topics addressed in SecFi Securities, LLC's ("SecFi Securities") Form CRS, a copy of which is available online at [Secfi Form CRS](#). SecFi Securities is registered as a broker-dealer with the U.S. Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). SecFi Securities is a wholly owned subsidiary of SecFi, Inc. ("Parent"). The Parent operates and manages the SecFi.com platform (the "Platform"). Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at: [Investor.gov/CRS](#), which also provides educational materials about broker-dealers, investment advisers, and investing.

SecFi Securities operates as a private placement broker-dealer. Specifically, SecFi Securities brings together buyers and sellers of private securities contracts ("securities contracts"). Typically, these securities contracts are between (1) current and former employees or investors (collectively, "Shareholders") of primarily mid to late stage start-up companies that hold privately held shares or stock options with respect to such start-up companies ("Portfolio Companies") and (2) institutional investors that seek to acquire exposure to Portfolio Company stock ("Investors"). The securities contracts are structured to preserve the applicable private placement exemptions under the Securities Act of 1933, as amended, pursuant to which the Portfolio Company issued those shares, and potentially acquired by Shareholder directly from the Portfolio Company in a primary issuance of Shares.

The Platform contains Investor and Shareholder educational materials. The Platform allows Shareholders to provide certain information and to request SecFi Securities' personnel to contact them for additional information. SecFi Securities personnel may also prospect certain Shareholders and Investors.

Capacity:

In what capacity does SecFi Securities operate when facilitating execution to Shareholders?

SecFi Securities operates solely on an agency basis as a private placement broker-dealer and brokers securities contracts between Shareholders and Investors. Certain SecFi Inc. affiliates provide additional services to Shareholders in connection with or related to the execution services provided by SecFi Securities. These services and affiliates are detailed further below.

In what capacity does SecFi Securities operate when facilitating execution to Investors?

SecFi Securities operates solely on an agency basis as a private placement broker-dealer and brokers securities contracts between Shareholders and Investors. Certain SecFi affiliates provide additional services to Investors in connection with or related to the execution services provided by SecFi Securities. These services and affiliates are detailed further below.

Does SecFi Securities clear, or hold customer securities?

SecFi Securities does not perform any type of clearing functions for itself or others and does not handle or hold customer funds or securities.

Does SecFi Securities provide recommendations to customers?

With respect to Shareholders, SecFi Securities may recommend that a Shareholder enter into a

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securities contract based upon the Shareholder's investment profile and what it believes is in the Shareholder's best interest. SecFi Securities does not have discretion over a Shareholder's account and therefore the decision to enter into a securities contract is up to a Shareholder. SecFi Securities does not trade principally for its own account, but it may facilitate securities contracts between Shareholders and Investors for which the investment adviser may be an affiliate of SecFi Securities.

Does SecFi Securities actively monitor its customers' accounts?

SecFi Securities may periodically monitor a Shareholder's account to determine whether other services that its affiliates offer may be appropriate. This monitoring is not done on a regular basis and therefore the absence of further information from SecFi Securities should not be relied upon as an implicit recommendation to hold a position.

How will SecFi Securities choose investments to recommend to its customers?

SecFi Securities bases all investment recommendations on each customer's investment profile. It is important to note that SecFi Securities offers a narrow selection of securities consisting solely of securities contracts. All recommendations provided as a broker-dealer shall be in the best interests of SecFi Securities customers.

SecFi Securities personnel may solicit potential Shareholders or Investors. When reaching out to these prospective customers SecFi Securities will provide appropriate disclosure such as Form CRS and these FAQs.

What is SecFi Securities' relevant experience, including your registrations, education, and other qualifications? What do these qualifications mean?

SecFi Securities is a SEC-registered broker-dealer and FINRA member. As such SecFi Securities is subject to review and examination by these various regulators and subject to their laws, rules, regulations and bylaws, as applicable. Additionally, all SecFi Securities employees who solicit, propose and/or consummate transactions with customers are registered representatives with FINRA and certain states and jurisdictions, and must meet certain exam qualification and continuing education requirements.

Fees:

What type of fees and costs are associated with SecFi Securities?

SecFi Securities typically charges Shareholders a brokerage commission that is a percentage of the notional value of the securities contract. This percentage is based upon the size, complexity and other varying factors and will be prominently displayed to a Shareholder prior to entering into a securities contract. Customers may also be subject to additional associated administrative fees such as trust administration, transfer taxes, and wire charges. These fees may be charged by an affiliate or related entity and will be disclosed when applicable.

How might these fees and costs affect a Shareholder's return on a securities contract? For example, if \$10,000 is invested, how much will go to fees and costs, and how much will be invested?

Any fee or cost incurred by the customer will reduce the amount of a customer's investment and

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will reduce any amount of money made on investments over time. Shareholders will pay fees and costs whether they make or lose money on their investments. For example, if a Shareholder enters into a securities contract with a value of \$10,000, SecFi Securities will typically charge a \$500 brokerage commission. In connection with entering into a securities contract often Shareholders enlist additional services that are provided by the Parent such as trust set up, administration, and ongoing maintenance fees. While these fees are not charged by SecFi Securities it is important to understand all applicable fees as this may affect your return. Fees charged by the Parent will be disclosed to you at the time, or prior to a Shareholder entering into a securities contract. As a Shareholder, please make sure you understand what fees and costs you are paying.

Affiliates

What affiliates of SecFi Securities provide financial services?

SecFi Securities is wholly owned by its Parent. The Parent has a controlling ownership interest in a number of additional affiliated entities. Below is a summary of these affiliates and their activities. For further information please contact us at info@secfi.com. Alternatively, additional information regarding certain of the below affiliates that are investment advisers is available through www.Adviserinfo.sec.gov.

SecFi, Inc. provides certain ongoing monthly trust administration services, as well as advisory and one-time trust engagement and setup services to Shareholders in connection with the execution and facilitation of securities contracts.

CoVenture-SecFi Management Limited is an exempted company incorporated in the Cayman Islands that serves as a discretionary investment adviser to a Fund. The sole purpose of the Fund is to acquire and invest in late-stage and growth-stage private technology companies through the use of securities contracts consistent with the Fund's operating documentation.

SecFi Advisory Limited is an Amsterdam-based investment adviser. SecFi Advisory Limited provides investment management services to a Fund client. SecFi Advisory Limited provides investment management services to the Fund on a non-discretionary basis solely with respect to the recommendation, negotiation and execution of securities contracts to facilitate the Fund's desired exposure to Portfolio Companies.

SecFi Limited is an Amsterdam-based Cayman Islands limited company that serves as a non-discretionary investment adviser to certain pooled investment vehicles (each, a "Fund" and collectively, the "Funds"). SecFi Limited provides investment advice to the Funds on a non-discretionary basis solely with respect to the recommendation, negotiation and execution of securities contracts.

Conflicts of Interest:

SecFi Securities, acting in an agency broker-dealer capacity, is committed to ensuring that both SecFi Securities and its financial professionals always act in the best interest of its retail customers and does not place its financial, or other interest ahead of its customers when making a recommendation. Conflicts are caused by a variety of arrangements, including but not limited to, when SecFi Securities affiliates play a role in a transaction.

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What conflicts of interest exist for SecFi Securities and SecFi affiliates?

SecFi Securities brokers securities contracts between Shareholders and Fund Investors that are advised by either SecFi Advisory Limited, SecFi Limited or CoVenture-SecFi Management Limited. Each of SecFi Advisory Limited, SecFi Limited and CoVenture SecFi Management Limited may receive advisory fees from each of the relevant Fund Investors that they advise. In this capacity, SecFi Securities may receive an economic benefit from such investment advisory fees. This presents a conflict of interest for SecFi Securities with respect to such activities.

In addition, since a portion of the potential profits derived from our investment advisory affiliates will indirectly benefit SecFi Securities, there is an incentive to broker securities contracts between Shareholders and Fund Investors and to promote securities contract transactions to Shareholders with greater frequency and for larger amounts than otherwise may be advisable.

In connection with the execution of a securities contract between a Shareholder and an Investor, the Parent is also engaged in certain trust advisory and engagement services. The Parent will charge Shareholders ongoing monthly trust administration fees as well as advisory and one-time trust engagement and setup fees in connection with such services. In this capacity, SecFi Securities will receive an economic benefit from the trust administration services offered by the Parent to Shareholders. This presents a conflict of interest for SecFi Securities with respect to such activities.

As indicated above, given that SecFi Securities' affiliates provide additional financial services and charge fees for such services, SecFi Securities is incented to promote these services.

How does SecFi Securities earn fees?

SecFi Securities earns brokerage commissions from Shareholders based on, among other factors, the size of a securities transaction brokered on behalf of a Shareholder. Therefore, SecFi Securities is incented to encourage customers to transact at the highest frequency and largest size.

How might your conflicts of interest affect me, and how will you address them?

SecFi Securities mitigates all of the foregoing conflicts of interest by disclosing all compensation received by SecFi Securities to Shareholders as well as the clients and customers of its affiliates. Further, as indicated above, SecFi Limited and SecFi Advisory Limited only provide non-discretionary investment advisory services such that all transactions are pre-approved by each of the relevant Fund Investors. Further, SecFi Securities is subject to extensive policies and procedures, as part of, and in addition to, applicable FINRA and SEC regulations and oversight.

Is SecFi Securities subject to Best Execution Obligations?

As a broker-dealer, SecFi Securities is obligated to meet best execution obligations. It must conduct reasonable diligence to ensure the securities contract execution is as favorable as possible to buy and sell under the prevailing market conditions. Given the very limited liquidity for securities contracts, review of available venues is limited. That being said, securities contracts are only executed following negotiation between a Shareholder and an Investor and all securities contracts are executed by SecFi Securities on a non-discretionary basis.

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How do your financial professionals make money?

SecFi Securities' financial professionals receive a salary and have the possibility of earning a discretionary bonus based upon individual job performance and our overall performance. SecFi Securities' financial professionals while not directly compensated based upon the performance of our affiliates, do indirectly benefit from the services and revenues generated from such affiliate activity. This creates a potential conflict of interest.

Additional Information:

If you would like the most current information about SecFi Securities or to request a copy of additional disclosures please see our website or contact us at info@secfi.com.

For additional information about securities investments generally you may visit the SEC's website at Investor.gov.