



## **IMPORTANT DISCLOSURES ABOUT YOUR BROKERAGE ACCOUNT**

### **Disclosures Provided Pursuant to SEC Regulation Best Interest (Reg BI)**

These disclosures provide important facts about our relationship with retail investors. We encourage you to read these carefully and to talk to us if you have questions. You should have also received a copy of our Relationship Summary, also called Form CRS. If you have not, please call us and ask for a current copy or view the current version at .

### **Our capacity when making recommendations to you**

JWTT, LLC (“JWTT,” “we,” “our,” “us”) is a broker-dealer. We act as a broker or dealer whenever we or our associated persons make recommendations to you.

A “broker” is an agent, facilitating a trade between two parties, such as you and the client of another broker. A “dealer” acts as principal, trading with both customers and other broker-dealers for its own account. The confirmation you receive whenever we execute a trade for you discloses whether we acted as agent (broker) or principal (dealer) on that particular trade.

When we act as agent, we receive a commission for our services in connecting buyer and seller. This is expressed as a single dollar amount on the confirmation’s commission field. When we act as dealer, we are often “at risk,” meaning we’re subject to market fluctuations and may gain or lose money based on holding that position. We can also execute trades on a “riskless principal” basis. This is functionally very similar to our role when we agent as broker, but it is technically different and is subject to different reporting and regulatory obligations. Our compensation for executing trades as principal is expressed as a “mark-up” or “mark-down,” shown on your confirmation as an amount per share that reduces the price you receive when selling, or increases the amount you pay when buying. When trading on a riskless principal basis, we often convert the mark-up or mark-down to a “commission equivalent,” rather than showing an amount per share on the confirmation.

### **The material fees and costs that apply to your transactions, holdings, and accounts**

We are paid when you agree to the transactions we recommend, or when you ask us to buy or sell for you on an unsolicited basis. We earn a negotiable commission or mark-up/down on each transaction that typically equates to 1% of the principal amount of the trade. Our institutional customers also negotiate commissions and generally pay from 1-5 cents per share.

We specialize in community bank stocks and those are the only stocks we recommend to you. Even with bank stocks, though, most of our orders are unsolicited, not the result of our making a recommendation. We do allow you to trade other stocks through us, but we don’t provide any recommendations about those transactions.

You and your representative will agree to the commissions charged and the rates are negotiable, including the minimum charge.

For stock and exchange-traded fund trades, the commission charged (or the mark up/mark-down) will appear on the trade confirmation Apex Clearing sends you after each transaction.



While the vast majority of the assets held in our clients' accounts are community bank stocks, we do have clients with some other holdings. Usually this is because the client placed an unsolicited order for a different type of stock, or because the client transferred in a position from another firm ("legacy position"). If you transfer a mutual fund or exchange-traded fund position to us, those securities have built-in expenses that are paid to the manager of the funds, as well as the sponsor or administrator. Those expenses exist regardless of whether the fund pays commissions or trail commissions to brokers, and regardless of whether the fund makes or loses money for you. Over time, these internal expenses will reduce your returns and it's therefore in your interest to invest in the funds that best meet your investment needs and objectives while also having relatively low expense structures. We currently hold some legacy mutual funds for clients that pay us an ongoing trail commission. Trails are typically between .25% and .50% annually of the value of the funds. You do not receive any notice of trail commissions paid to us on mutual funds, though we can let you know if you hold a position subject to this charge.

### ***Other Charges***

Retail clients also pay a postage and handling charge of \$5.95 for each trade. Apex shares those charges with us. Apex also charges per-statement and per-confirmation fees for customers who choose to receive these documents in paper form. There is no charge for electronic statements and confirms.

We do not typically recommend margin accounts, in which you use the value of your securities as collateral for a loan from the clearing firm. If, however, you choose to open a margin account and maintain a margin (loan) balance, you will pay interest to Apex at the current lending rate, which is subject to change daily. There are other important issues you understand before opening a margin account. Our margin disclosure document can be found by visiting [this link](#). If you hold a cash credit balance with Apex, you will receive interest, if any, at a lower rate than Apex earns. Apex shares a portion of both the margin and credit interest with us.

You will pay other fees to Apex, such as annual \$30 account maintenance fees for IRA accounts, reorg fees of \$50 to \$100 for processing voluntary corporate actions, and incoming and outgoing wire fees. Apex charges physical certificate processing fees that are usually \$150 per transaction. JWTT does not share in these fees and may cover them for clients in our discretion. Apex will disclose its fees to you when you establish your account, and we will also make a comprehensive list of fees available to you upon request.

### **The type and scope of services we provide to you**

We offer recommendations only with respect to community bank stocks but will execute trades in other equities. Other broker-dealers may provide additional services, such as recommendations about bonds, options, mutual funds, or non-bank stocks. We do not offer proprietary products (i.e., products that we create or sponsor).

Our recommendations are tailored to your needs, objectives and risk tolerance. We do not provide ongoing monitoring of your investments but may periodically review your investments in order to make a recommendation. You are welcome to ask us to review your investments at any time.

We are a small firm and our officers and supervisors provide all financial recommendations, while also serving as traders for the company. Our focus is on in-depth analysis of community bank



stocks, and we maintain a comprehensive data base concerning this sector. We obtain financial profile information from you when you open an account. This helps ensure that our recommendations are suitable for you and that we can make them in your best interest. Because of the limits on the securities we recommend, you will need to have specific diversification needs met elsewhere. Such diversification needs could include investments in fixed income, different equity industry sectors, or international markets, among others. Not all broker-dealers limit their recommendations as we have. Similarly, few broker-dealers have the depth of knowledge in community bank stocks that we do.

### **Conflicts of interest**

*Conflict of interest* means an interest that might incline the firm or our representatives—consciously or unconsciously—to make a recommendation that is not disinterested.

Our primary conflict of interest is that we are paid when you agree to a recommendation we make or when we execute an order you request on an unsolicited basis. We are paid based on transactions, which means we have a financial incentive to recommend that you make transactions more frequently, rather than less frequently. You do not have to agree to the trades we recommend and we encourage you to confirm what commissions apply to any transaction we execute on your behalf.

Our other major conflict of interest is the fact that we trade on a principal basis for our own account. We are also a “market maker” in over 400 community bank stocks. As a market maker, we provide price quotes and help create liquidity by buying from interested sellers and selling to interested buyers. Price quotes are typically two-sided, including a bid (the price we’re willing to pay to buy the stock) and an offer (the price where we’re willing to sell the stock). At any given time, the offer is always higher than the bid. The difference between the two is called the “spread” and it represents a form of built-in profit for market makers, assuming they engage in a buy and a sell at around the same time. When we trade as principal, our intention is always to buy at a lower price than we sell. That doesn’t always work, however, and because market makers are obligated to provide liquidity (ongoing ability to buy and sell) to the market place they can end up buying shares when no one else wants to and therefore end up with unprofitable positions.

We routinely hold inventory positions in community bank stocks. When we enter a trade on your behalf, we may be selling you a position we already own in our inventory, or acquiring from you a stock that we might be able to sell to someone else at a higher price. We can earn both a transaction commission and trading profit (or trading loss) on the same trade. If we hold a security that has been unprofitable for us, we could have an incentive to try to sell it to you at a price that helps us recoup our losses or earn a profit we wouldn’t have otherwise. We are, however, obligated to provide “best execution” to you and also to execute trades at prevailing prices. Similarly, when we make a recommendation to you, we have to act in your best interest and not put our financial interests ahead of yours.

Because we trade in securities for numerous customers, including both retail customers and large institutional customers, while also trading on our own behalf, we have a potential conflict of interest in managing those different relationships. Generally, our institutional customers place larger trades and trade more frequently than our retail customers. This can give us an incentive to



give institutional customers more favorable pricing or access to attractive blocks of stock. We work hard to manage these conflicts. For example, if we acquire a block of stock, we often tell both retail and institutional customers about it and can easily split many blocks into smaller pieces to permit retail customers to have access.

If we don't have an order from a customer, we may buy a stock for the firm or the personal accounts of our traders. If we do have an order, though, we will always fill the customer order before filling firm or employee orders.

Some of the stocks we trade have very little activity and may have few market makers providing competitive quotes. This means our own quotations will have more impact on what the "market price" of the security is than for stocks with more volume and more market makers. It's possible that you could get a higher or lower price from a different broker-dealer.

We provide investment banking services to community banks. This means we help them structure new offerings and sell private placements of securities to investors. We receive a commission on shares we place, and the commission is generally higher—2-6% of the principal value in many cases—than the commissions on stock trades. For the most part, we offer private securities only to institutional investors who have experience evaluating private bank offerings and are able to negotiate terms and commissions. The reason we usually don't offer these to retail investors is because the risks of private placements are significant and we don't think they're generally appropriate for our retail customers, although there may be some exceptions. Another reason is that the administrative work associated with a private placement is complex and generally issuers prefer to have a few larger owners, rather than multiple smaller investors. It is also easier for us to place a private offering with a small number of investors. There are other broker-dealers who regularly make private placements available to their retail investors.

Our traders and supervisors hold board of directors roles with some community banks. Because this role creates inherent conflicts of interest with respect to managing material non-public information, we do not make markets or any recommendations in the securities of company where our associated persons have a board role, and we can accept only unsolicited orders. The list of securities where our associates have a board role is subject to change; please ask for the current list. Further, if you request an unsolicited trade in one of the affected securities, the trader will notify you at that time of the board role.

It is possible that your representative could have a conflict related to the representative's own interest in a transaction that goes beyond the transaction-based commission, market making compensation, or board role conflicts we've described here. If that occurs, your representative is required to disclose the conflict to you at the time of the recommendation.

Contact us at [compliance@jwttinc.com](mailto:compliance@jwttinc.com) or (971) 323-0700 if you have any questions about these disclosures.