I. Introduction
First Command Brokerage Services, Inc. ("First Command," “we," “our” or “us”) is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker-dealer and is a member of FINRA and SIPC. We have been serving American families since 1958.

We have developed this Regulation Best Interest Disclosure to provide you with (1) material facts relating to the scope and terms of your relationship with us, including the capacity in which we act when providing services to you; (2) the material fees and costs that will apply to your transactions, holdings and accounts; and (3) conflicts of interest associated with us making a recommendation of a securities transaction or investment strategy involving securities to you.

This disclosure is intended to supplement other disclosures you receive from us. It will be delivered to you prior to or at the time we provide you with a recommendation in our capacity as a broker-dealer. **You should read this disclosure carefully.**

We also encourage you to ask your assigned First Command Financial Advisor (“Advisor”) any questions you may have regarding this disclosure. Advisor is a broker-dealer registered representative of First Command and separately also offers services as an investment adviser representative of First Command Advisory Services, Inc. (“FCAS”), an insurance agent of First Command Insurance Services, Inc. (“FCIS”), and a provider of referrals for banking products to First Command Bank (“FCB”). First Command, FCAS, FCIS and FCB are affiliated entities and wholly-owned subsidiaries of First Command Financial Services, Inc. Securities are not FDIC insured, have no bank guarantee, and may lose value.

You may request a copy of this disclosure at any time from your assigned Advisor, by calling First Command’s Home Office at 800-443-2104, or on our website at [www.firstcommand.com](http://www.firstcommand.com).
II. Scope and Terms of Your Relationship With Us

As a broker-dealer, we recommend and effect securities transactions for you, including buying and selling securities that can be either held in accounts at Pershing LLC, our clearing firm, or held in accounts directly with the issuer of the securities purchased (together known as “brokered accounts”). First Command Bank will be the IRA custodian for all IRA accounts held in brokered accounts at Pershing LLC.

Below is additional information regarding our standard of conduct, products, fees and costs, and limitations on recommendations for securities transactions or investment strategies involving securities:

A. Our Standard of Conduct

The SEC requires that we follow a “best interest” standard of conduct under its Regulation Best Interest when providing you with recommendations as a broker-dealer. This means that we must act in your best interests at the time the recommendation is made, without placing our financial or other interests, or those of your assigned Advisor making the recommendation, ahead of your interest. This applies to the recommendations that we make regarding the type of account you should open with us, securities transactions to effect for your brokered account, and any investment strategies to follow for your brokered account with us.

B. Our Broker-Dealer Services

Our focus as a broker-dealer is on investments in mutual funds, Section 529 Plans, variable annuities, and variable life insurance. Our recommendations will generally be limited to these types of investments only. Advisors who hold a limited securities representative registration (i.e., a Series 6 securities license) may make recommendations and effect transactions in these products only.

On a limited basis, we may also effect transactions in individual equities, ETFs or bonds, generally to allow clients to transfer such products they hold at other firms to a brokered account with us for purposes of consolidating their assets. In these instances, Advisors will be required to hold a general securities representative registration (i.e., a Series 7 license).

For purposes of this disclosure, the term “brokerage products” refers to mutual funds, Section 529 Plans, variable annuities, variable life insurance, individual equities, ETFs and bonds.

Whenever we make recommendations to you to purchase, hold or sell any of the above-referenced brokerage products, we are acting in our capacity as a broker-dealer, and Advisor is acting in his/her capacity as a registered representative of a broker-dealer. Advisor will also verbally disclose this to you prior to or at the time we provide you a recommendation for a brokerage product.

C. Product Limitations

We limit the universe of brokerage products we may recommend to you, as described below.

a) With regards to mutual funds and Section 529 Plans, we will make recommendations for mutual fund and Section 529 Plan investments in new brokered accounts from the following mutual fund families:

1) Fidelity Advisor Funds (“Fidelity”);
2) Franklin Templeton Investments (“Franklin Templeton”);
3) Invesco, Ltd (“Invesco”);
4) Amundi Pioneer Investments ("Pioneer");
5) Massachusetts Financial Services Company ("MFS"); and
6) American Funds ("American").

However, for accounts already in existence with us, we may recommend purchases from mutual fund companies in which you currently hold positions in mutual funds or Section 529 Plans. Such recommendations may allow you to benefit from breakpoints. Of course, we will evaluate each transaction as it occurs and make recommendations based on your circumstances at that time, including your current mutual fund and Section 529 Plan holdings.

b) With regards to variable life insurance and variable annuity contracts, we will make recommendations:

1) for variable life insurance from the following company:
   - Lincoln National Group
2) for variable annuity contracts from the following companies:
   - AXA (Equitable);
   - Lincoln Financial Group;
   - Brighthouse Securities, LLC (formerly MetLife); and
   - Transamerica.

D. Holding Assets in Accounts at Pershing LLC vs. Directly with the Issuer

We will typically recommend that you hold assets in brokered accounts at Pershing LLC instead of directly with the issuer of the securities purchased. Holding assets in accounts at Pershing LLC offers several benefits to clients including:

- A single platform through which to view all investment holdings in one place,
- Consolidated statements/confirms,
- Consolidated tax reporting,
- A single, consistent way to do business across different investment holdings,
- Timely, accurate data across all investment holdings, and
- Greater efficiencies in the services that Advisors are able to offer clients.

We are the introducing broker for accounts held at Pershing LLC, and Pershing LLC is the custodian of assets and executes and settles all trades for such accounts pursuant to its clearing agreement with us. Pershing LLC and First Command are not affiliated entities of each other. Pershing LLC is a subsidiary of BNY Mellon and a member of SIPC. Pershing LLC will mail you a disclosure statement with important information about itself and its clearing agreement with us upon account opening. You may also visit Pershing LLC’s website at www.Pershing.com.

E. Our Investment Philosophy for Recommendations

Our investment philosophy for making recommendations to you for brokerage products is as follows:

- We will tailor our recommendations to align and be consistent with the Financial Plan or any financial planning recommendations provided to you by our affiliate, First Command Advisory Services, Inc.
• We will generally recommend long-term investments for long-term goals. We will also recommend investments for short-term goals that focus less on total return and more on preservation of capital or income when appropriate.

• We will generally recommend investments that offer asset allocation and diversification. While these strategies do not protect you against a loss, they can help you maximize potential return for any given level of targeted risk or reduce potential risk for any given level of targeted return.

While we take reasonable care in developing and making recommendations to you, you should keep in mind that there is an inherent risk in investing in securities and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you, or help you to find them.

F. No Discretionary Authority

We do not have discretionary investment authority over your brokered accounts, which means that we cannot buy or sell securities in your account without first obtaining your consent. You make the ultimate decision regarding the purchase or sale of securities in your brokered account.

G. No Monitoring

While we remain available to assist you, after effecting a securities transaction for you (including those we recommend to you), we do not monitor your brokered account.

H. No Minimums

We do not have minimum account size or investment amount requirements. However, some of the companies that offer securities you can purchase through us may have minimum investment or other requirements.

I. No Proprietary Products

We do not offer any proprietary products.

III. Fees and Costs

You will typically pay a fee when you make a new investment or when you trade in your existing brokered account. This fee is typically called a “commission.” The commission rate or amount varies, depending on the investment and the size or amount of the transaction. In addition, mutual funds, Section 529 Plans and insurance products, bear ongoing fees and expenses, which you pay indirectly because they are factored into the cost of the investment.

Below is a summary of the typical fees and costs you will pay for the types of brokerage products we offer:

• Mutual Funds and Section 529 Plans: You will typically pay an up-front sales charge or load when you buy shares in a mutual fund or Section 529 Plan, depending on the share class of the mutual fund or Section 529 Plan chosen. We will typically recommend the “A” share-class of most mutual funds and Section 529 Plans, which normally charge an up-front sales charge of 5.75% of your investment amount. This fee is shared with us by the mutual fund company for the services we provide as your broker-dealer. Depending on the amount invested in a particular family of funds, you may qualify for a breakpoint discount on the up-front sales charge
with a letter of intent or rights of accumulation. We do not recommend no-load funds or no-load Section 529 Plans for brokered accounts.

Mutual funds and Section 529 Plans also deduct other ongoing fees and expenses, such as 12b-1 fees, management fees, and servicing fees, from fund assets. Ongoing fees and expenses for mutual funds vary from one fund to the next depending on the investment style, market capitalization, fund assets, fund company, and share class of the fund. The annual expense ratio for most mutual funds and Section 529 Plans we recommend is between 0.5% and 1.5% of assets, including 12b-1 fees if applicable. More detailed information about the expenses for a mutual fund or Section 529 Plan can be found in its prospectus or offering statement.

12b-1 fees are shared with us as your broker-dealer for the ongoing service and support related to the sale and marketing of certain mutual funds and Section 529 Plans. A 12b-1 fee is a marketing or distribution fee calculated as a percentage of a mutual fund or Section 529 Plan assets based on an annualized rate. The 12b-1 fee is considered to be an operational expense and, as such, is included in a fund's expense ratio. It is generally 0.25% of a fund's net assets for the “A” share-class of most mutual funds and Section 529 Plans.

Commissions, sales charges, or fees associated with your mutual fund and Section 529 Plan purchases and redemptions will be described in fee schedules, prospectuses, other offering documents and other disclosures which we will provide to you.

- **Variable Annuities and Variable Life Insurance:** When you purchase a variable annuity or variable life policy, you will indirectly pay a commission, which is paid by the issuing insurance company to First Command or our affiliate, First Command Insurance Services, Inc., in its capacity as an insurance general agent, and is factored into the ongoing costs and fees of the insurance. Your insurance purchase will be subject to these ongoing costs and fees, including mortality and expense risk charges, administrative charges, cost of insurance charges (in the case of variable life) and operating expenses of the underlying funds in which contract value is invested. You may also pay a surrender charge when you withdraw funds or surrender your insurance product. Surrender charges for the variable annuities and variable life insurance products we typically recommend start at 7% of the contract value and then decline over the course of time. More detailed information about the fees and expenses for an insurance product can be found in fee schedules, prospectuses, other offering documents and other disclosures which we will provide to you.

- **Exchange Traded Funds (ETFs):** You will pay a commission when you buy or sell shares in an ETF. ETFs also deduct other fees and expenses from ETF assets, such as the operating expenses and management fees of the ETF and the valuation of their shares reflects the impact of the Bid-Ask Spread. The operating expenses for most ETFs are lower than those for mutual funds because ETFs are passively managed. The "ask" is the market price at which an ETF can be bought, and the "bid" is the market price at which the same ETF can be sold. Many complicated factors drive bid/ask spreads, including the extent of market maker competition, market maker inventory management costs, and the liquidity of the ETF itself. More detailed information about the operating expenses for an ETF can be found in its prospectus. Our current fee schedule for trading in ETFs is attached at the end of this disclosure and can also be found on our website at [www.firstcommand.com](http://www.firstcommand.com). As noted above, we will effect transactions in ETFs on a limited basis only, generally when clients wish to transfer ETFs held at other firms to us for purposes of consolidating their assets.

- **Equities:** You will pay a commission when you buy or sell an equity, such as a stock of a publicly traded company. Our current fee schedule for trading in equities is attached at the end
of this disclosure and can also be found on our website at www.firstcommand.com. As noted above, we will effect transactions in equities on a limited basis only, generally in the case of transactions in when clients wish to transfer equities that clients have transferred held at other firms to us for purposes of consolidating their assets.

- **Bonds**: You will pay a commission when you buy or sell a bond, such as a corporate, government, or municipal bond. Our current fee schedule for trading in bonds is attached at the end of this disclosure and can also be found on our website at www.firstcommand.com. As noted above, we will effect transactions in bonds on a limited basis only, generally in the case of transactions in bonds that clients have transferred to us for purposes of consolidating their assets.

- **Other Fees and Costs**: In addition to the fees discussed above, you will pay administrative fees for certain requested services and specific account actions (e.g., overnight courier fees, paper confirmation fees, stop payment fees, ACAT transfer fees, etc.) for brokered accounts held at Pershing LLC. If you have an IRA account, you will also pay administrative fees for services provided by First Command Bank (i.e., an annual fee and a termination fee), as the IRA custodian for IRA accounts. Our current fee schedule, which is attached at the end of this disclosure and also can be found at www.firstcommand.com, includes further information regarding these fees.

If you hold your mutual funds or Section 529 Plans in a brokered account at the issuer of the securities purchased instead of at Pershing LLC, the administrative fees for certain requested services and specific account actions discussed above may not apply. Your brokered account will still be subject to fees for services provided by an IRA custodian if you have an IRA account, depending on the mutual fund company chosen and the applicable IRA custodian. Such IRA custodial fees may be higher or lower than those charged by First Command Bank. All other fees and costs applicable to mutual funds and Section 529 Plans (as discussed above) are the same whether held in a brokered account at Pershing LLC or directly at the issuer of the securities purchased.

Note: The above described fees and costs are applicable to brokerage products provided by First Command Brokerage Services, Inc. They are separate and different from fees and costs that apply to products and services provided by our affiliated entities, including but not limited to fees for financial planning services provided by First Command Advisory Services, Inc.

**IV. Conflicts of Interest**

We and Advisors have conflicts of interest when making recommendations to you for securities transactions, investment strategies involving securities or accounts for securities transactions. Below we disclose material facts relating to such conflicts of interest. For purposes of this disclosure, a “conflict of interest” is defined as an interest that might incline First Command or any of its associated persons (including Advisors), consciously or unconsciously, to make a recommendation that is not disinterested.

These conflicts arise from the payment and receipt of compensation types that are common in the broker-dealer industry. We receive compensation when we effect recommendations for securities transactions or investment strategies involving securities. We also receive additional compensation that is not directly tied to effecting transactions, such as revenue sharing payments. The compensation that we receive differs depending on the type of brokerage product you purchase, the nature of the transaction, the amount, who pays the compensation and other considerations.
Below is more detailed information about the conflicts of interest created by the compensation First Command (and in certain circumstances its affiliates) receive:

- **Third Party Payments:** We receive third party payments for sales of certain brokerage products you purchase based on our recommendations to you. Third party payments are considered a conflict of interest because a third party (such as a mutual fund, Section 529 plan or insurance company) pays us and determines our compensation (rather than you). Third party payments are also considered conflicts of interest because they are “differential compensation,” which means that the amount and rate of compensation differs from one product category to the next, between investments in a category, and between share classes (in the case of investments available on a multi-class basis). These forms of compensation create financial incentives for us to recommend certain brokerage products and classes based on the potentially greater compensation that can be received.

The various types of Third Party Payments that we receive are described below:

- **Commissions and 12b-1 Fees for Mutual Fund and Section 529 Plan Shares.** Mutual fund companies generally pay us commissions and 12b-1 fees for selling their mutual fund and Section 529 Plan shares and providing related services. The commissions and 12b-1 fee rates that we receive are generally set by the mutual fund company and vary from one fund to the next, and from one share class to the next. This creates a financial incentive for us to recommend mutual funds and 529 Plans and classes for which we will receive higher commissions and 12b-1 fees.

- **Insurance Commissions and Trails (Including Annuities).** Insurance companies generally pay us and/or our affiliate First Command Insurance Services, Inc. commissions on premiums for certain life insurance and annuity contracts, and may also pay ongoing trail compensation based on the insurance or annuity contract value, for so long as the contracts remain in effect. The commission and trail rates are generally set by the insurance company and vary from one insurer to the next, and from one product to the next, creating financial incentives for us to recommend those insurance products paying higher commission and trail rates.

- **Administrative Fees.** For brokered accounts held at Pershing LLC, you will pay administrative fees for certain requested services and specific account actions (e.g., overnight courier fees, paper confirmation fees, stop payment fees, ACAT transfer fees, etc.) and, if you have an IRA account, administrative fees for services provided by First Command Bank as the IRA custodian for IRA accounts (i.e., an annual fee and a termination fee). These fees are shared by Pershing LLC and First Command Bank with us and create a financial incentive for us to recommend that you hold mutual funds and Section 529 Plans in brokered accounts at Pershing LLC vs. directly at the issuer, and transact in such brokered accounts in a manner that could generate administrative fees for us that we would not receive if your brokered account was held directly with the issuer.

- **Revenue Sharing.** First Command receives payments for the distribution, marketing support and client service it provides on behalf of the distributors of certain mutual fund companies. These payments are in addition to the third party payments discussed above. Currently, Invesco, Fidelity, Amundi Pioneer, Franklin Templeton, and MFS pay fees that range from 0.01% to 0.15% of net assets invested and/or fund sales to us. In addition, Blackrock pays us an annual fee (which ranges from $0 to $300,000) based upon total combined eligible assets. American Funds does not pay us revenue sharing. Similar arrangements may be established with additional mutual fund companies in the
future. These fees are paid to us by the distributors of the funds from their own assets and resources (not the assets of the funds). There is no additional cost to you as a shareholder or to the funds. These payments, which are referred to as revenue sharing, create an incentive for us to offer or continue offering mutual funds that entail such payments and to encourage you to increase the amount of assets in those investments, instead of other investments.

- **Reimbursement for Training, Education, and Due Diligence Meetings.** The issuer or the sponsor of certain products will occasionally reimburse us for costs related to:
  - their participation in training and education sessions that we conduct for Advisors at companywide or regional meetings;
  - educational sessions we hold for clients;
  - reasonable expenses associated with conducting due diligence review of their companies and their products; or
  - our attendance at their training and educational conferences, including travel and other related expenses.

This reimbursement is applied to offset the expenses of the applicable event and is not based on any particular sales target. For mutual funds and Section 529 Plans, the reimbursement is paid by the distributors from their own assets and resources (not the assets of the funds). There is no additional cost to you as a shareholder or to the funds. These payments create an incentive for us to select products from the issuers or sponsors that offer such payments and participate in the above listed types of events over issuers or sponsors that do not, even if such investments are not necessarily in the client’s best interest.

- **Differential Compensation.** We have a conflict when we receive different compensation for selling one product vs. another similar product (e.g., a mutual fund from one mutual fund company versus a mutual from a different mutual fund company), or for selling you one type of product versus a different type of product (e.g., a mutual fund versus a variable annuity). This differential compensation creates an incentive for us to recommend a product that offers higher compensation than a similar product that offers lower compensation.

- **Rollovers.** We have a conflict of interest when making a recommendation to you to take a distribution from an existing retirement account or other existing holding to transfer the distribution proceeds to a brokered account with us, as we will be compensated for providing services to you only if you decide to transfer the distributed funds to a brokered account with us and use the funds to purchase products in such brokered account.

- **Advisor Production.** First Command’s revenue is based upon sales made by Advisors. This creates a conflict of interest as we have an incentive to encourage Advisors to increase sales, and we have an incentive to take into account an Advisor’s production when making hiring, termination and other decisions related to Advisors.

- **Products from our Affiliated Entities.** You may also receive recommendations for investment advisory, insurance and banking products from our affiliates, First Command Advisory Services, Inc., First Command Insurance Services, Inc. and First Command Bank, respectively.

First Command Advisory Services, Inc. is an SEC registered investment adviser. Its advisory product offerings including financial planning services and a discretionary wrap program called Asset Management Solutions. Advisors are investment adviser representatives of First
Command Advisory Services, Inc. and are compensated by First Command Advisory Services, Inc. for advising clients on its advisory products.

First Command Insurance Services, Inc. is a life insurance general agency. Its insurance product offerings include life insurance, long term care insurance, disability income insurance, and annuities. Advisors are also insurance agents for First Command Insurance Services, Inc. and are compensated by First Command Insurance Services, Inc. for sales of insurance products.

First Command Bank is a federally chartered savings and loan association and a member of the Federal Deposit Insurance Corporation (FDIC). Personal banking products and services offered by First Command Bank include checking and savings accounts, money market accounts, certificates of deposit, automobile loans, secured and unsecured personal loans, debt consolidation loans, credit and debit cards, online banking services, investment management services, and trust services. Commercial banking products and services offered by First Command Bank include commercial checking accounts, money market savings accounts, commercial loans, business credit and debit cards and online banking services. Advisors are compensated by First Command Bank for referring clients to it for banking products.

First Command, First Command Advisory Services, Inc., First Command Insurance Services, Inc. and First Command Bank are each wholly owned subsidiaries of First Command Financial Services, Inc.

The compensation our affiliates receive, and share with Advisors, related to sales of their products and services may be greater or less than for effecting a recommendation in a brokerage product. This could create an incentive to recommend a product from one of our affiliates instead of a brokerage product which may be more appropriate for you, or to give preference to a brokerage product when a product from one of our affiliates is more appropriate for you.

- **Referral of Services to Affiliated Companies.** We will refer all requests for investment advisory services to our affiliate First Command Advisory Services, Inc.; all requests for insurance agency services to our affiliate First Command Insurance Services, Inc.; and all requests for banking services to our affiliate First Command Bank. This is a conflict of interest as other non-affiliated companies may offer the same or similar products or services at a lower cost.

- **IRA Custodial Services.** If you own an IRA account within a brokered account held at Pershing LLC, First Command Bank will serve as your IRA custodian. First Command Bank will charge fees for certain administrative services it performs as your IRA custodian. You are not permitted to choose another firm to serve as your IRA Custodian for brokered accounts held at Pershing LLC. This is a conflict of interest as our affiliate First Command Bank benefits from this arrangement, and you are restricted from engaging another IRA Custodian that may offer the same or similar products or services at a lower cost.

- **Our Investment Holdings.** We and our affiliates hold many of the same brokerage products we recommend to you. This creates a conflict of interest as we have an incentive to recommend the purchase or sale of certain securities or to effect securities transactions in a manner that could positively impact the value of our and our affiliates' holdings.

- **Product Limitations.** As discussed previously, we do not have proprietary products. However, we do limit the universe of products we may recommend to you, as described above. For some of these products we receive revenue sharing payments and other benefits. These product limitations are a conflict of interest because we may not be able to recommend certain types of brokerage products or other products that may be more appropriate for your financial needs and circumstances or lower in cost.
As we pay Advisors a portion of the commissions and trails we receive (not including revenue sharing and administrative fees), they have the same conflicts of interest discussed above. In addition, other conflicts of interest which are applicable to Advisors are as follows:

- **Payments We Make to Advisors.** The portion of the commissions and trails we pay to Advisors generally varies based on the products you purchase and sell. It also varies among Advisors depending on various factors, including but not limited to the aggregate amount of brokerage commissions that the Financial Advisor receives. First Command also uses quotas, gates, appraisals, performance or personnel actions, bonuses, multipliers, other sales incentives and recognition programs (such as trips and awards) to help motivate and compensate Advisors. Certain incentives may also be tied to selling investments, insurance and/or banking products at the same time to a client. Compensation and rewards programs create incentives for Advisors to sell more products (including investment, insurance banking products) and to sell products that pay higher commissions than others in order to qualify for a higher portion of fees and commissions and increased rewards.

- **Benefits Advisors Receive Directly from Third-Parties.** The issuer or the sponsor of certain products may also provide Advisors other benefits considered to be non-cash compensation, including business entertainment, expense reimbursement for travel associated with educational or similar business meetings, financial assistance in covering the cost of marketing and sales events, and small gifts. The receipt of these benefits presents a conflict because they create an incentive for Advisors to recommend those investments or funds whose issuers or sponsors offer such non-cash compensation.

District Advisors, who supervise the day-to-day activities of Advisors, also have the same conflicts. This is because the payments they receive are calculated as a percentage of the payments that we make to the Advisors under their supervision. Other First Command associated persons, including but not limited to senior management and IMT members, may also receive non-cash compensation benefits from third parties as described above, and therefore, may be subject to this conflict.

V. Mitigation of Conflicts of Interest

We have disclosed the above-described conflicts of interests to you so that you may take them into account when deciding whether to engage in a relationship with us or to effect our recommendations as a broker-dealer. We maintain policies, procedures, supervision systems and other measures to help mitigate these conflicts of interest.