

## REGISTERED REPRESENTATIVE AGREEMENT



***THIS AGREEMENT***, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 201\_ between \_\_\_\_\_ (hereinafter “Agent”) and KCD Financial, Inc., (hereinafter “Company”);

### *WITNESSETH:*

***WHEREAS***, Company is a licensed broker/dealer and Agent desires to sell securities as a Registered Representative of Company, ***NOW, THEREFORE***, the parties, in consideration of the mutual covenants hereinafter stated, agree as follows:

#### 1. **APPOINTMENT**

- a. Company hereby appoints Agent as a Registered Representative for the sale of securities. This appointment is contingent on Agent being duly licensed as a Registered Representative for the Company by the Securities Division of the state/s in which Agent proposes to sell, as well as being licensed by any other required regulatory authorities. Agent must be registered as a Registered Representative by the Financial Industry Regulatory Authority (hereinafter “FINRA”) and possess the appropriate FINRA and state licenses for the types of securities Agent will sell.
- b. Notwithstanding this appointment, Agent is free to exercise Agent’s own judgment as to the time, place, and means of performing all acts under this Agreement and nothing contained herein shall be construed to create the relationship of employer and employee between Agent and Company.

#### 2. **RESPONSIBILITIES**

Agent Agrees:

- a. To comply with all of the provisions and with the Agreement and with the Statement of Policy promulgated by the Securities and Exchange Commission and all Federal and State Laws, Rules and Regulations pertaining to the sale of securities.
- b. Prior to making any sale of securities pursuant to this Agreement, to furnish the prospective purchaser with the current prospectus or offering circular of the security involved, unless it is not required. Agent is not authorized to make any representation concerning any security except as contained in the then effective prospectus for said security, or as may be officially designated as information supplemental to the prospectus.
- c. To forward promptly to Company at the above stated address, all applications for the purchase of securities and all amounts collected in payment for such securities, unless other arrangements are made.

- d. To read and become familiar with the provisions of the prospectus of each security which Agent sells, together with any sales literature furnished Agent by the Company, and to make no claims or representations which are in any way inconsistent or incompatible with statements made in said prospectus or sales literature.
- e. Not to use any promotional material, advertising copy or correspondence which has not been first filed and approved as to legality by a Registered Securities Principal of the Company.
- f. To comply with all of the Standards of Conduct as set forth in the COMPLIANCE DECLARATION and to comply with other policies as well as the SUPERVISORY POLICIES AND PROCEDURES MANUAL provided through the Company's website. Agent agrees to maintain the Company's Manual, have it available during business hours, and return any printed versions to the Company in the event the Agent's engagement under this Agreement is terminated. The manual may be maintained electronically.

### **3. SELLING PROVISIONS**

- a. Sales of securities pursuant to this Agreement are made subject to acceptance and confirmation by the Company. The Company, in its sole discretion, may reject any and all applications or orders submitted to it by Agent and may refuse to accept any payment on such rejected applications or orders. Agent represents that his or her investor solicitation and securities selling activities will be performed alone or in conjunction with other Company Agents registered with the FINRA and registered with the securities administrators of the states in which business is conducted.
- b. All sales of securities hereunder shall be made only at the applicable offering price for such securities. The minimum payment on sales by Agent which will be accepted are those set forth in the prospectus or offering circular of the particular security being purchased. Credit sales may occasionally be allowed on regular way purchases when approved by the Company provided full payment is received by the Company in accordance with Federal regulations. In the event that the customer shall fail to make payment within such time, Agent shall be immediately liable to the Company for any loss resulting from cancellation of such sale.
- c. Agent shall not, while registered and licensed for the Company, represent any other securities broker/dealer or issuer in any capacity, unless written permission is granted by Company and appropriate regulatory agencies. Agent shall not, while registered with the Company, engage in any other business or employment, except with full disclosure and consent of the Company and, if necessary, with the approval of regulatory agencies.

#### 4. **COMMISSIONS**

The Company and the Agent, \_\_\_\_\_ shall agree to a commission rate of \_\_\_\_\_% on gross dealer concessions processed through the Company. Production will be reviewed at the end of each calendar year and commissions may be reset if necessary.

If a higher level is reached during a calendar year, the higher rate will start immediately following the sale that reached target, but the higher level will not be retroactive. It is the representative's responsibility to request the higher payout when targets are reached.

The following special circumstances will apply as described below:

---

---

---

- a. Agent shall be paid, either directly or by a paying agent approved by the Company, as full compensation for services and expenses incurred hereunder, a commission based upon the dollar amount of the particular security sold by Agent. Such commission will be computed according to the commission schedule in effect at the time of sale. The Company reserves the right to change the commission schedule at any time without notice, but will attempt to notify Agent promptly of any such change.
- b. The Company reserves the right to offset against any commission/s and fee/s due Agent hereunder any amount now due or which may become due at any time from Agent to the Company or any of the Company's affiliates, and such amount shall be a first lien against any payment due Agent under this Agreement.
- c. Commissions shall not be due or payable to Agent until such are received by the Company from the issuer and/or underwriting group. In the event any sale in which the Agent has earned a commission is cancelled, declared void or voidable, or is declared to be illegal, and the right of the Company to a commission is terminated and a refund thereof required, the Agent's right to a commission, if earned, shall terminate. If the Agent shall have been paid a commission on any such sale, he or she shall promptly refund the same to the Company. In the event the Company does not require an actual refund on any such commission, it may, in lieu thereof, offset refundable commissions against other commissions or debts owed by the Company to the Agent.

#### 5. **FEES**

Agent Agrees:

- a. To pay all licensing fees, annual renewal fees and assessments, and license testing fees associated with their individual securities and insurance licenses.
- b. To promptly pay their individual portion of the annual Errors & Omissions insurance premiums. Agent further understands that these premiums are not refundable if the agent's registration with KCD is terminated for any reason.

- c. To promptly pay the \$40.00 FINRA termination fee if terminated from KCD for any reason and to pay any other outstanding invoices that may be in place at the time.
- d. That there may be fines imposed for failing to complete Annual Compliance Review Programs, Annual Firm Element CE Programs, and periodic Regulatory CE requirements and to promptly remit payment for any fines incurred by failure to meet these requirements.
- e. That there will be fines imposed for failing to provide KCD with requested documentation (for example, monthly blotters) and to promptly remit payments for any fines incurred by failure to meet the requirements or requests.
- f. That any disclosure change to the U4 will result in a fee from FINRA, and it is his obligation to pay this fee. There will also be a late fee imposed by FINRA if not disclosed in a timely manner (30 days).
- g. That in the event KCD incurs any expense in defending themselves in matters pertaining to any outside business activities or activities that occurred away from KCD, that KCD reserves the right to seek reimbursement of those expenses from me and I will agree to an arrangement that will provide for reimbursement, or some other form of retribution to KCD as may be agreed upon at the time of occurrence.
- h. That the Company will notify agents of their current license registration status and associated fees to be paid and will receive fees from Agent.

## **6. TERMINATION**

- a. This Agreement may be terminated by either party giving the other party written notice of such termination. Termination shall be effective upon personal delivery of the written notice to the other party or upon sending the same in the United States mail, certified or return receipt requested, to the last known address of the other party. Upon termination, Agent shall no longer be authorized to act or make sales as a Registered Representative of the Company.
- b. In the event of termination of this Agreement for any reason, Agent shall return promptly to the Company all books, records, sales literature, manuals, order forms, pamphlets, or other materials of any nature whatsoever supplied to the Agent by the Company. It is understood and agreed that these items are the sole property of the Company and have been supplied to the Agent for the sole purpose of assisting him or her in the performance of his or her activities as outlined in this Agreement and shall not be duplicated without written authorization of the Company. This does not pertain to the representative's personal client/s files obtained by the representative.

## **7. RIGHTS AFTER TERMINATION**

Upon termination of this Agreement, Agent shall have only the following rights, but such rights shall be forfeited unless Agent furnished the Company, at such times as the Company may

reasonably request, with such proof as the Company may require that all licenses required of Agent are current and effective:

- a. With respect to Voluntary Accounts, Agent shall have no continuing or vested right to securities commissions or other securities compensations following the date of termination of this Agreement except with respect to sales of securities of Agent which shall have been completed prior to the said date of termination. If Agent's termination is for a violation of State and/or Federal regulations, no commissions shall be paid to the Agent by the Company after the termination.

## **8. INDEMNIFICATION PROVISION**

Agent shall hold harmless and promptly indemnify Company against any damage, liability, loss, costs or deficiency, including but not limited to, reasonable attorneys' fees, and other costs and expenses incident to proceedings or investigations for the defense or settlement of any claim, incurred by Company, arising out of or in connection with the following:

- a. Allegations or claims that Agent violated Federal or State Securities Law or Common Law standards as to fraud or misrepresentation arising out of intentional wrongdoing or gross negligence by Agent in the course of activities performed on behalf of the Company.
- b. Allegations or claims against the Agent or Company that Agent violated any other laws or common law standards arising out of intentional wrongdoing or negligence on the part of Agent while performing activities for employers other than the Company or as an independent contractor for firms other than the Company.
- c. Allegations or claims against the Agent or Company that Agent violated any agreement, including any past or present employment or non-competition agreement with another firm, or any law, rule, regulation or court or administrative order.

## **9. CONFIDENTIALITY PROVISION**

Agent acknowledges that all customer lists, sales materials, lists of agents and any and all materials given to Agent or compiled by Agent relating to the business of the Company are confidential and agrees not to use such materials contrary to the interests of the Company both while affiliated with the Company and in the event Agent's affiliation becomes terminated.

## **10. ARBITRATION AGREEMENT**

The Form U-4 contains a pre-dispute arbitration clause, which can be found in Item 5 of Section 15A of the Form U-4. You should read that clause now. After reading it, and before signing the Form U-4, you should understand the following:

- a. You are agreeing to arbitrate any dispute, claim or controversy that may arise between you and your firm, or a customer, or any other person that is required to be arbitrated under the rules of the self-regulatory organizations with which you are registering. This means you are giving up the right to sue a member, customer, or

another associated person in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.

- b. A claim alleging employment discrimination, including a sexual harassment claim, in violation of a statute is not required to be arbitrated under FINRA rules. Such a claim may be arbitrated at FINRA only if the parties have agreed to arbitrate it, either before or after the dispute arose. The rules of other arbitration forums may be different.
- c. A dispute arising under a whistleblower statute that prohibits the use of predispute arbitration agreements is not required to be arbitrated under FINRA rules. Such a dispute may be arbitrated only if the parties have agreed to arbitrate it after the dispute arose.
- d. Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- e. The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- f. The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- g. The panel of arbitrators may include arbitrators who were or are affiliated with the securities industry, or public arbitrators, as provided by the rules of the arbitration forum in which a claim is filed.
- h. The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- i. You are agreeing to be responsible for all costs involved in the arbitration process for yourself and the Firm. You agree to arbitrate in the state of the home office.

## **11. GENERAL PROVISIONS**

- a. Failure of the Company to insist upon strict compliance with any of the conditions of this Agreement or the rules of the Company shall not be construed as a waiver of any such conditions or rules, but such conditions and rules shall continue to be in full force and effect.
- b. No oral warranties or representations shall be binding, nor shall this Agreement be modified, except by agreement in writing executed on behalf of the Company by a duly authorized officer or Registered Securities Principal employed by the Company.
- c. No right, benefit or interest hereunder may be assigned without the prior written consent of the Company. This Agreement supersedes all previous agreements, whether oral or written, between the parties hereto.

- d. Whenever written notice is issued by either party, the mailing of a notice, postage prepaid, except when certified mail return receipt is specifically required, to the last known address of the other party shall constitute notice.
- e. In the event that any part, term or provision of this Agreement shall be determined to be invalid pursuant to a valid judicial or administrative decision, with the decision-maker having jurisdiction regarding the matter, the remaining portions, terms and provisions shall not be effected thereby, but shall continue in full force and effect as though the invalid provisions were not a part of the Agreement.
- f. This Agreement shall be governed by the laws of the State of Wisconsin.

***IN WITNESS WHEREOF***, the parties hereto have signed this Agreement, effective the date first written above.

\_\_\_\_\_  
Registered Representative (Agent) – *Please Print Name*

\_\_\_\_\_  
Registered Representative (Agent) – *Signature*

**KCD FINANCIAL, INC**

By: \_\_\_\_\_

Title: \_\_\_\_\_