



Private Wealth Management Solutions, LLC

INSIDER TRADING POLICY

All employees, IARs and Independent Contractors, (collectively “employees” of Private Wealth Management Solutions, LLC (“PWMS” or “Firm”) must comply with the procedures governing the detection and prevention of insider trading set forth below. PWMS currently consists of only one IAR, who is also the Firm’s CCO and managing member. We have drafted this policy with a mind towards potential growth, however, given our current organization structure, if a policy requires escalation or further review or assessment, PWMS will discuss with outside legal counsel and/or outside consultants.

Introduction

The Insider Trading and Securities Fraud Enforcement Act of 1988 (the “Insider Trading Act”) contains significant provisions relating to investment adviser employee supervision. Under the Insider Trading Act, investment advisers have an affirmative statutory obligation to establish, maintain and enforce written policies and procedures reasonably designed to prevent misuse of inside information by investment advisers and their employees. The Insider Trading Act also expands the potential exposure to civil penalties beyond the primary insider trading violators to securities firms and other “controlling persons” who knowingly or recklessly fail to take appropriate measures to prevent insider trading violations by their employees.

In addition, the Insider Trading Act specifies that investment advisers may be liable for failing to establish, maintain and enforce appropriate policies and procedures where such failure “substantially contributed to or permitted” a violation. This Policy to Detect and Prevent Insider Trading (“Insider Trading Policy”) has been adopted pursuant to the requirements and considerations mentioned above.

Strict compliance with this Insider Trading Policy is essential to PWMS and its reputation. This Insider Trading Policy is in addition to and separate from the Firm’s personal trading account policies for employees of the Firm and other provisions of law applicable to individual transactions by investment advisory personnel, securities industry employees and fiduciaries generally. **NONCOMPLIANCE WITH THIS Insider Trading Policy CAN BE GROUNDS FOR IMMEDIATE DISMISSAL.** Every employee is expected to be familiar with this Insider Trading Policy and the procedures contained herein. These matters can be reviewed with the CCO at any time.

Inside information obtained by any employee with respect to any client from any source must be kept strictly confidential. Employees shall not act upon or disclose to any person material non-public or inside information except as may be necessary for legitimate business purposes. Questions regarding this area should be promptly directed to the CCO.

Inside information may include, but is not limited to, knowledge of pending orders or research recommendations, corporate finance activity, mergers or acquisitions, and other such non-public information. PWMS clients’ background and financial and other business information, securities holdings, balances, etc., are also confidential and must not be discussed with any persons who are either not affiliated with PWMS or are otherwise held to strict confidentiality about such information, e.g. accountants and compliance consultants.

1. Policy Statement on Insider Trading.

No Firm employee may trade, either personally or on behalf of another, on material non-public information or communicate material non-public information to another in violation of the law. This Insider Trading Policy

applies to every employee of PWMS and extends to one's activities both within and outside of their duties at PWMS. Each employee must read and acknowledge receipt of this Insider Trading Policy and retain a copy. Any questions regarding this Insider Trading Policy and the related procedures should be referred to the CCO, legal counsel, or the Firm's outside compliance consultants.

The term "insider trading" generally refers to trading in securities while "aware" (i.e., having knowing possession) of material non-public information regarding such securities or the issuer of such securities, or to communications of material non-public information to others.

While the law concerning insider trading is not static, it is generally understood that the law prohibits:

1. trading by an insider, while aware (i.e., having, knowing, possession) of material non-public information; or
2. trading by a non-insider, while aware (i.e., having, knowing, possession) of material non-public information, where the information either was disclosed to the non-insider in violation of an insider's duty to keep it confidential or was misappropriated; or
3. communicating material non-public information to others.

The elements of insider trading and the penalties for such unlawful conduct are discussed below. Any questions should be addressed with the CCO.

2. Who is an Insider?

The concept of "insider" is broad. It includes officers, directors, and employees. In addition, a person can be a "temporary insider" if he or she enters into a special confidential relationship in the conduct of a company's affairs and as a result is given access to information solely for the company's purposes. A temporary insider can include, among others, a Firm's attorneys, accountants, consultants, bank lending officers, shareholders, and the employees of such organizations. In addition, PWMS may become a temporary insider of another company that it is a shareholder of or for which it performs services. According to the U.S. Supreme Court, a company must expect an outsider to keep the disclosed non-public information confidential and the relationship must at least imply such a duty before the outsider will be considered an insider.

3. What is Material Information?

Trading on inside information is not a basis for liability unless the information is material. "Material information" generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that is reasonably certain to have a substantial effect on the price of a company's securities. Information that officers, directors and employees should consider material includes, but is not limited to, dividend changes, earnings estimates, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidation problems, and extraordinary management developments. Material information does not have to relate to a company's business. For example, in *Carpenter v. U.S.*, 108 U.S. 316 (1987), the Supreme

Court considered as material certain information about the contents of a forthcoming newspaper column that was expected to affect the market price of a security. In that case, a Wall Street Journal reporter was found criminally liable for disclosing to others the dates that reports on various companies would appear in the Wall Street Journal and whether those reports would be favorable or not.

4. What is Non-public Information?

Information is non-public until it has been effectively communicated to the market place. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the Securities and Exchange Commission, or appearing in Dow Jones, Reuters Economic Services, the Wall Street Journal or other publications of general circulation would be considered public.

5. Bases for Liability.

a. Fiduciary Duty Theory.

In 1980, the Supreme Court found that there is no general duty to disclose before trading on material non-public information, but that such a duty arises only where there is a fiduciary relationship. That is, there must be a relationship between the parties to the transaction such that one party has a right to expect that the other party will not disclose any material non-public information or refrain from trading. *Chiarella v. U.S.*, 445 U.S. 22 (1980).

In *Dirks v. SEC*, 463 U.S. 646 (1983), the Supreme Court discussed alternate theories under which non-insiders can acquire the fiduciary duties of insiders: (i) non-insiders can enter into a confidential relationship with PWMS through which they gain information (e.g., attorneys, accountants); or (ii) non-insiders can acquire a fiduciary duty to PWMS's shareholders as "tippees" if they are aware or should have been aware that they have been given confidential information by an insider who has violated his fiduciary duty to PWMS's shareholders.

In the "tippee" situation, however, a breach of duty occurs only if the insider personally benefits, directly or indirectly, from the disclosure. The benefit does not have to be pecuniary, but can be a gift, a reputational benefit that will translate into future earnings, or even evidence of a relationship that suggests a *quid pro quo*.

b. Misappropriation Theory.

Another basis for insider trading liability is the "misappropriation" theory, where liability is established when trading occurs on material non-public information that was stolen or misappropriated from any other person. In *U.S. v. Carpenter*, *supra*, the Court found, in 1987, that a columnist defrauded The Wall Street Journal when he stole information from the Wall Street Journal and used it for trading in the securities markets. In *United States v. O'Hagan*, 521 U.S. 642 (1997), the Supreme Court found that an attorney had defrauded his law firm when he used material non-public information in PWMS's file to trade in securities. Although the attorney did not trade in a client's securities, he nevertheless was found criminally liable for insider trading because his trading had breached the confidences of his law firm.

It should be noted that the misappropriation theory can be used to reach a variety of individuals not previously included under the fiduciary duty theory. Furthermore, the Securities and Exchange Commission has adopted a regulation which explicitly sets forth three situations in which a duty of trust or confidence is deemed to exist for purposes of the misappropriation theory including, without limitation: certain family relationships; where a person agrees to maintain information in confidence; and where the person communicating the material non-public information and the person to whom it is communicated have a history or pattern of sharing confidences such that the recipient of the information knows or should reasonably know that the other person expects the recipient to maintain the confidentiality of the information.

6. Penalties for Insider Trading.

Penalties for trading on or communicating material non-public information are severe, both for individuals involved in such unlawful conduct and for their employers. A person can be subject to some or all of the penalties below even if he or she does not personally benefit from the violation. Penalties include:

- civil injunctions;
- treble damages;
- disgorgement of profit;
- jail sentences;
- fines, for the person who committed the violation, of up to three times the profit gained or loss avoided, whether or not the person actually benefited therefrom; and
- fines, for the employer or other controlling person, of up to the greater of \$1,000,000 or three times the amount of the profit gained or loss avoided.

In addition, any violation of this Insider Trading Policy can be expected to result in the imposition of serious sanctions by PWMS, including dismissal of the persons involved.

Procedures to Implement Policy to Detect and Prevent Insider Trading.

1. Identifying Insider Information. Before trading for themselves or others including, without limitation, personal or client brokerage accounts, in the securities of a company about which an employee may have potential insider information, the employee should ask himself or herself the following questions:

- a. Is the information material? Is this information that an investor would consider important in making his or her investment decisions? Is this information that would substantially affect the market price of the securities if generally disclosed?
- b. Is the information non-public? To whom has this information been provided? Has the information been effectively communicated to the marketplace through publication in Reuters, the Wall Street Journal or other publications of general circulation?

If, after consideration of the above, an employee believes that the information is material and non-public, or if the employee has questions as to whether the information is material and non-public, the employee should take the following steps:

- Immediately report the matter to the CCO or the Firm’s legal counsel or outside compliance consultants.
- Refrain from purchasing or selling the securities on behalf of the employee or others, including family members or client accounts.
- Refrain from communicating the information to anyone outside of compliance or legal personnel as noted above.
- If outside consultants or legal counsel have reviewed the issue, the employee will be instructed to continue the prohibitions against trading and communication, or the employee will be allowed to trade and communicate the information.

Personal Securities Trading

All employees of PWMS are required to comply with PWMS’s personal securities trading policies, whether written or not.

Restricting Access to Material Non-public Information

Information in an employee’s possession that he identifies as material and non-public may not be communicated to anyone, including persons within PWMS, except as provided in the above paragraphs. In addition, care should be taken so that such information is secure. For example, files containing material non-public information should be sealed; access to computer files containing material non-public information should be restricted.

Resolving Issues Concerning Insider Trading

If, after consideration of the items noted in the above paragraphs about identifying inside information, doubt remains as to whether information is material or non-public, or if there are any unresolved questions as to the applicability or interpretation of the foregoing procedures, or with respect to the propriety of any action, employees should err on the side of caution and presume the information to be material or non-public. Any further action taken will be documented with the rationale and explanation of any steps taken.

Supervision and Review

The role of Compliance is crucial to the implementation and maintenance of this Insider Trading Policy.

1. Prevention of Insider Trading. In order to prevent insider trading, Compliance will:
 - a. provide, on at least an annual basis, information to familiarize Firm employees with this Insider Trading Policy;
 - b. answer questions regarding this Insider Trading Policy;
 - c. resolve issues of whether information received by an employee is material and nonpublic;
 - d. review periodically and update as necessary this Insider Trading Policy; and
 - e. when it has been determined that an employee has material non-public information:
 - i. implement measures to prevent dissemination of such information; and
 - ii. if necessary, restrict employees from trading the securities.

2. Detection of Insider Trading. In order to detect insider trading, Compliance will:
 - a. review the trading activity reports filed by each employee.

Serving as Officers, Trustees and/or Directors of Outside Organizations

Employees may, under certain circumstances, be granted permission to serve as directors, trustees or officers of outside organizations. These organizations can include public or private corporations, partnerships, charitable foundations and other not-for-profit institutions. Employees may also receive compensation for such activities.

As an outside board member or officer, an employee may come into possession of material non-public information about the outside company, or other public companies. It is critical that a proper information barrier be in place between PWMS and the outside organization, and that the employee does not communicate such information to other Firm employees or other associated persons in violation of the information barrier.

Similarly, PWMS may have a business relationship with the outside organization or may seek a relationship in the future. In those circumstances, the employee must not be involved in the decision to retain or hire PWMS.

Firm employees are prohibited from engaging in such outside activities without the prior written approval from the CCO. Approval will be granted on a case-by-case basis, subject to proper resolution of potential conflicts of interest. Outside activities will be approved only if any conflict of interest issues can be satisfactorily resolved and all of the necessary disclosures are made on Part 2A of Form ADV.

Responsibility

The CCO will be responsible for administering the Policy to Prevent and Detect Insider Trading. All questions regarding this policy should be directed to the CCO.