

INTRODUCTION

Johnstone Brokerage Services, LLC (JBS) is registered with the Securities and Exchange Commission (SEC) as a securities broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA). Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing.

WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

JBS is an introducing broker-dealer for retail investors, meaning JBS doesn't take custody of any investments or accounts. JBS sells and supports insurance and annuity contracts as well as 529 and mutual funds (Account-Contracts). JBS maintains no client accounts and does not use a clearing firm. JBS does not monitor accounts, but rather, relies on you and your Independent Investment Advisor (IIA) to provide updates regarding the suitability of your investment. More information regarding our brokerage services is available in our Regulation BI Disclosure [johnstonebrokerage.com/REGBI](https://www.johnstonebrokerage.com/REGBI).

Other important information you should know about our brokerage services:

- We do not require investment minimums, but some individual products may require investment minimums.
- We do not provide account monitoring services for our brokerage accounts and related investments, and we do not offer investment advisory programs. Instead, we encourage you work with an IIA to provide you financial planning advice and analysis.
- We do not act with investment discretion when providing brokerage services. You make the ultimate decision to purchase, hold or sell brokerage investments.
- We have affiliates and representatives who may provide comparative analysis to identify exchange opportunities that may be suitable and in your best interest. Our affiliates may also operate as general agents wherein they recommend insurance and investments that do not require a broker-dealer. When JBS is not the broker-dealer for your insurance or investment account, JBS is not associated with or responsible for your account.

HOW DOES JBS MAKE MONEY?

As an introducing Broker-Dealer, JBS is compensated in two different ways. First, JBS may be paid a one-time up-front commission from an insurance, annuity, 529 or mutual fund company when making an investment recommendation. Second, JBS may be paid a recurring commission for providing ongoing broker-dealer operational support services.

Since JBS is not an Investment Advisory Firm and does not monitor accounts, JBS may pay your IIA an advisory fee to serve as your relationship manager and provide you with Account-Contract advice and analysis.

JBS does not pay or share recurring trails or selling commissions with Client's IIA, instead JBS may pay your IIA an advisory fee based on the assets your IIA manages for JBS for your benefit.

JBS is often introduced to clients by their IIA, and JBS may pay those IIA for assigning those Account-Contracts to JBS. When Client Account-Contracts are assigned to JBS, JBS stands to gain the recurring trails commissions.

WHAT FEES WILL I PAY?

When you assign, purchase or add to your Account-Contracts at JBS, JBS may receive a commission and recurring revenues from the annuity, insurance, 529 or investment companies who custody your investments. JBS does not charge any additional fees for your Account-Contracts above what your annuity, insurance, 529 or investment company already charge in accordance with the terms of your agreements with them. More information regarding our brokerage fees is available in our Regulation BI Disclosure.

WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS?

When JBS, its representatives or its affiliates provide you with a recommendation, they must act in your best interest and screen investments for suitability. In short, JBS may not put its interest, or the interest of its affiliates, ahead of yours.

WHAT ARE YOUR CONFLICTS OF INTEREST?

JBS benefits when you assign JBS Account-Contracts that pay recurring revenues through trails-commissions. JBS also benefits when you purchase or exchange into new commission paying Account-Contracts. When your Account-Contracts do not pay recurring revenues a conflict of interest arises because JBS, its affiliates, and its Registered Representatives stand to benefit by recommending alternate Account-Contracts for exchange that may provide up-front commissions or recurring revenues.

To mitigate this conflict, JBS, its representatives or its affiliates will disclose detailed feature and compensation comparisons for any recommended annuity, insurance or investment exchanges so you can evaluate the benefits against any changes in costs or features.

JBS has an insurance networking arrangement with DPL Financial Partners (DPL), wherein DPL consults with JBS clients and their IIAs to identify lower cost or greater benefit alternatives to client existing investments. JBS receives and pays commissions or compensation directly and indirectly to and from DPL's recommendations and referrals.

DPL offers annuity and insurance solutions that are limited to a preferred list of insurance and investment providers who have agreed to pay DPL commissions, service fees, and networking arrangements. Consequently, DPL is limited in its comparisons and filters to the product inventory offered by its insurance and investment providers.

To mitigate the risk, you should compare DPL's recommendations against products that may not be offered by DPL. You are under no obligation to work with DPL or any other JBS affiliate for insurance, annuities or investment products or services. The purchase of variable annuities, insurance or investment products are being provided by JBS and not by DPL.

WHAT ARE YOUR LIMITATIONS?

JBS may not be involved in all of your transactions or investments, because some Account-Contracts do not require a broker-dealer to be involved. When JBS is not making a recommendation, JBS cannot provide you any support or suitability analysis. When JBS affiliates, such as DPL, make recommendations as General Agents for fixed and indexed life and annuities products, JBS may not be a party to the transactions or privy to any transaction details with which to provide you any support or suitability analysis.

DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes. We encourage you to visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research any of our financial professionals.

ARE THE INVESTMENTS GUARANTEED

The securities products purchased or sold through DPL or JBS are:

- **Not FDIC Insured** - Not insured by the Federal Deposit Insurance Corporation ("FDIC");
- **Not Bank Guaranteed** - Not deposits or other obligations of the financial institution and are not guaranteed by the financial institution; and
- **May Lose Value** - Subject to investment risks, including possible loss of the principal invested.

CONVERSATION STARTERS

Here are examples of questions you may wish to ask JBS, its RRs, and its affiliates:

- How does my Independent Investment Advisor get paid by JBS?
- What is the nature of the disciplinary history of JBS or its RRs?
- What is the nature of the relationship between JBS and DPL or other affiliates?
- How will my personal and financial information be shared with DPL or other affiliates?
- How can I compare JBS recommendations against similar products that may be available?
- How are RRs assigned to me?

ADDITIONAL INFORMATION

To report a problem to the SEC, visit [Investor.gov](https://www.investor.gov) or call the SEC's toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, call (301) 590-6500.

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FINRA BrokerCheck Hotline Number (800) 289-9999
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More information can be found at brokercheck.finra.org