



**Financial Services Institute
Political Action Committee**

Support the Fight — Join FSI PAC!

A NOTE FROM DALE BROWN



Thank you for your support of the Financial Services Institute Political Action Committee (FSI PAC). In 2017, we accomplished a great deal for our members, I am pleased to share our current annual report and our greatest accomplishments so far.

Through FSI PAC and the efforts of our FSI Legislative Affairs Team, we have continued our advocacy work in Congress and state capitals throughout the United States. Advocacy is all about building and maintaining relationships and FSI PAC is an essential tool.

We cannot escape the fact that government plays a massive role in determining the conditions of our industry. The reality is that one harmful law or regulation has the potential of destroying years of hard work. It is critical for FSI to be at the table so we can ensure that all individuals have access to competent and affordable financial advice, products and services.

By collaborating with those who impact important policies, we can help our industry and FSI members more effectively. A most recent example is H.R. 1: Tax Cuts and Jobs Act: FSI's advocacy efforts during this process focused on (1) Opposing "Rothification" of retirement accounts, (2) opposing mandatory FIFO tax lot accounting, (3) expanding ABLE Act account flexibility and utility and (4) preserving the viability of deferred compensation plans.

In 2018, our goal for FSI PAC is to continue our growth path, both in terms of FSI members participating and total dollars raised, so that we can ensure our views are heard.

Please take a moment to review this report, as it provides details on FSI PAC's 2017 financial contributions, new fundraising plans and more.

We sincerely thank you for the difference your support has made. Together we can achieve continued success for our clients, colleagues and industry!

A handwritten signature in black ink that reads "Dale".

Dale E. Brown, CAE
President & CEO

FSI PAC MISSION

The mission of FSI PAC is to build strong relationships with lawmakers, and to ensure that all individuals have access to competent and affordable advice, products and services delivered by a growing network of independent financial advisors and independent financial services firms.

By pooling financial resources and supporting candidates who share our vision, members of FSI PAC help protect and enhance our industry.

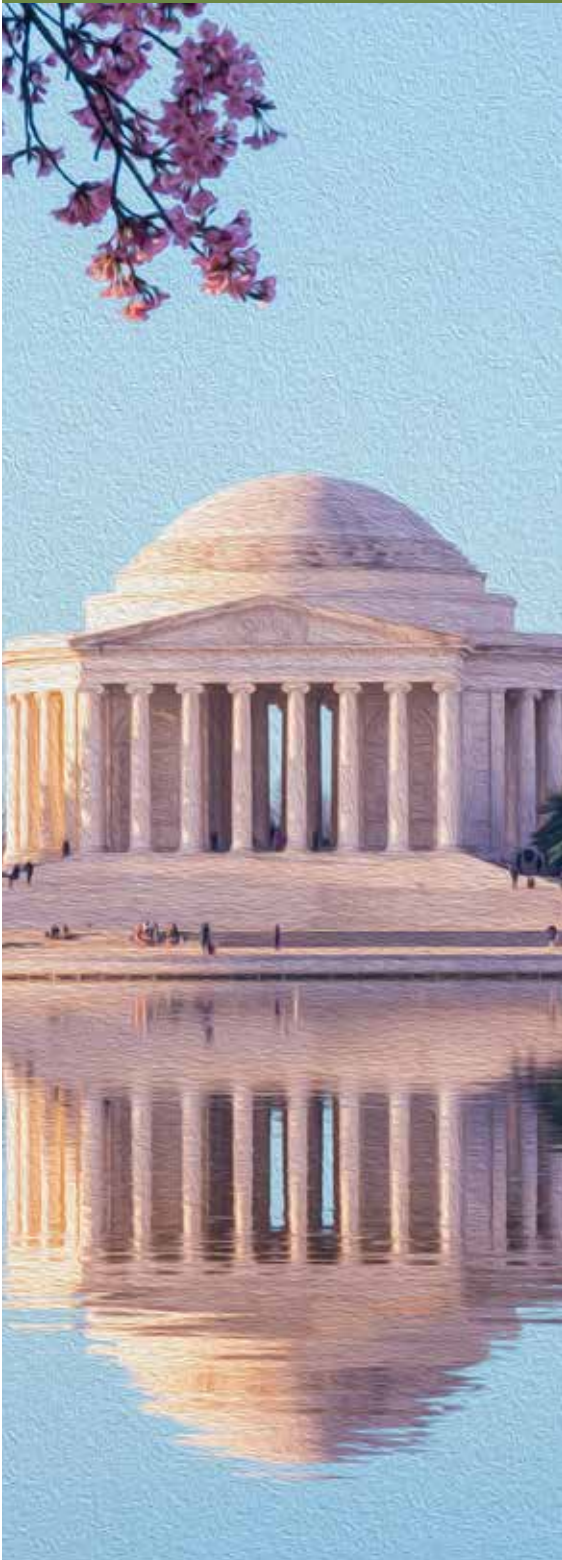


WHAT IS A PAC?

A political action committee, or PAC, is organized for the purpose of raising money for political campaign donations. PACs can donate \$5,000 per election to a candidate's election committee.

WHY IS FSI PAC IMPORTANT?

Through FSI PAC, we can influence Congress, both on specific legislation and to enlist their support to ensure effective oversight of regulators. FSI PAC pools the resources of our members so we can support the election of candidates who share our views on the appropriate role of regulation and the value of financial advice for all Americans.



WHAT IS THE PURPOSE OF FSI PAC?

The FSI PAC is an important tool in FSI's advocacy tool chest for maximizing our impact on issues critical to your business.

FSI PAC is a separate fund from membership dues that supports candidates who understand and influence issues important to independent broker-dealers and independent financial advisors. FSI PAC's goal is to advance the legislative and regulatory interests of FSI members on the national level.

FSI member dues income may not be used to support candidates.

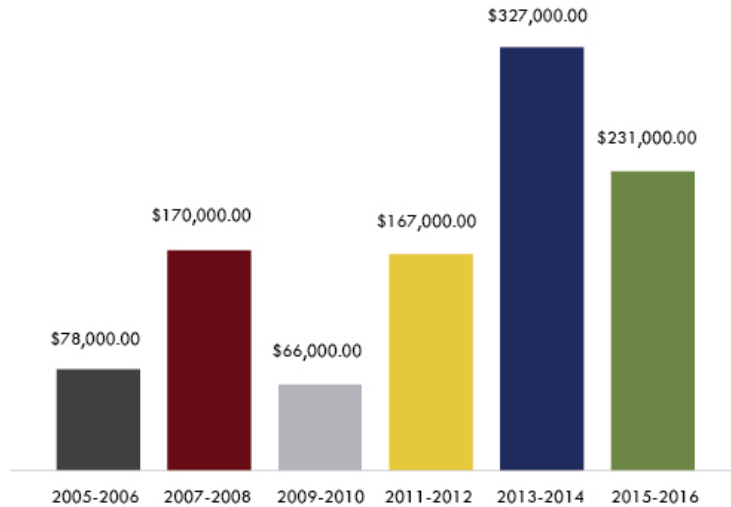
WHO RECEIVES FSI PAC CONTRIBUTIONS?

FSI PAC supports candidates who demonstrate an understanding of the issues that are important to FSI's members and share our vision of investment advice for all. In determining how funds shall be distributed, FSI PAC considers these criteria:

- Whether the candidate holds a leadership or policy-shaping position or is likely to hold such a position in the future
- Geographic location of the candidate's district as it relates to FSI members; and
- Voting record on financial issues that are of importance to FSI and our members

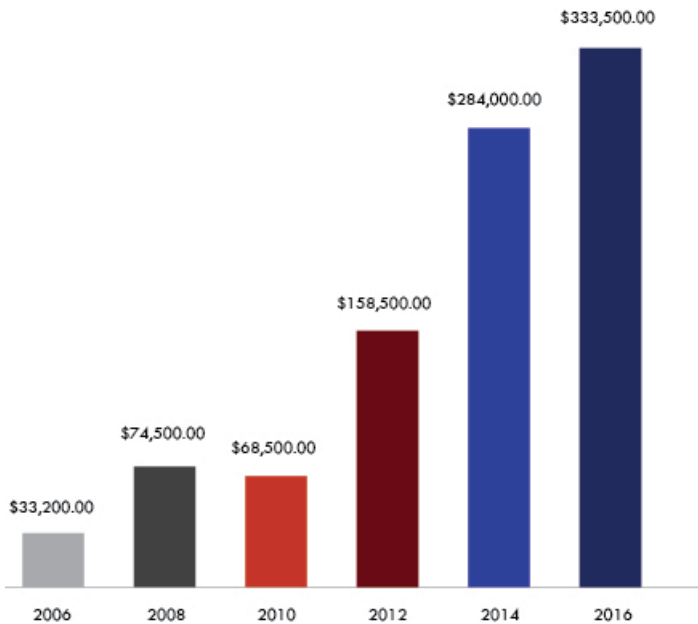
FINANCIAL HIGHLIGHTS

GROWING INFLUENCE OF FSI PAC

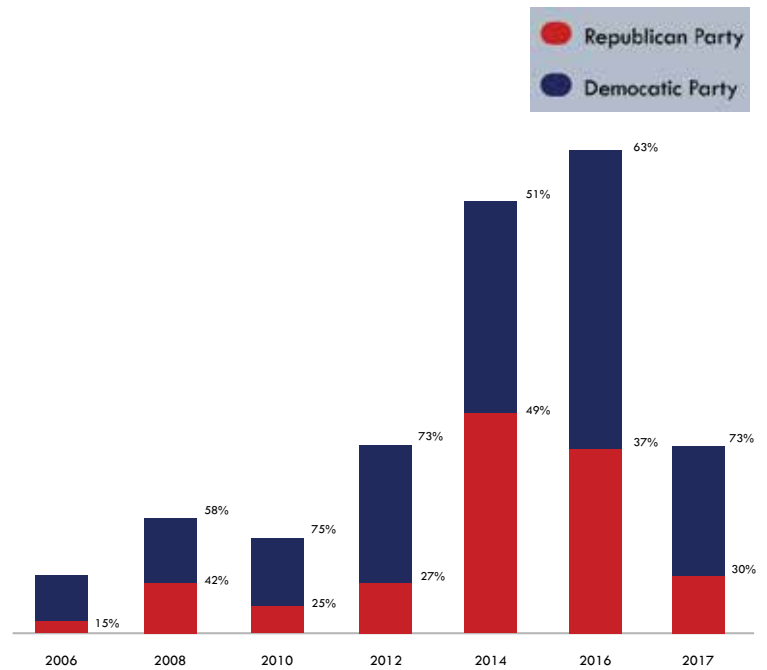


FSI PAC RECEIPTS: Half of FSI's PAC's total lifetime receipts were received in the last two election cycles.

CONTRIBUTIONS TO CANDIDATES BY ELECTION CYCLE



CONTRIBUTIONS BY PARTY



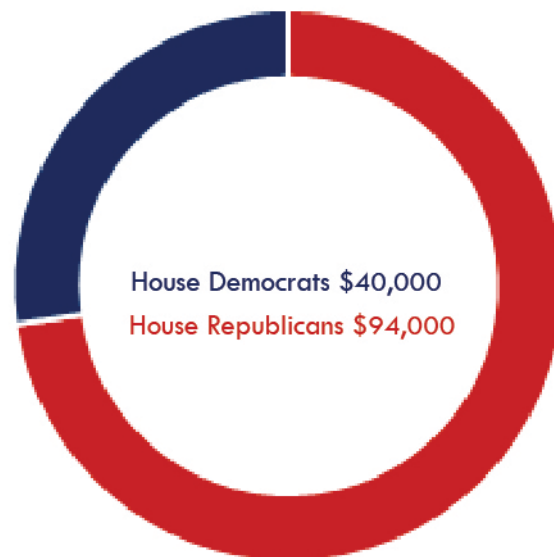
FSI PAC has contributed \$134,000 to candidates since the beginning of the 2017–2018 election cycle. A total of 36 members of congress so far. Each election cycle is a new opportunity for influence.

The FSI PAC is bipartisan to ensure we can be effective no matter which party controls the legislative branch of government.

2017 FSI PAC CONTRIBUTIONS

U.S. HOUSE OF REPRESENTATIVES

RECIPIENT	AMOUNT	RECIPIENT	AMOUNT
Andy Barr (R-KY)	\$2,500	Alma Adams (D-NC)	\$1,000
Ann Wagner (R-MO)	\$10,000	David Scott (D-GA)	\$1,000
Bill Huizenga (R-MI)	\$2,000	Emanuel Cleaver (D-MO)	\$3,000
Billy Long (R-MO)	\$2,000	Frederica Wilson (D-FL)	\$2,000
Bruce Poliquin (R-ME)	\$1,500	Gregory Meeks (D-NY)	\$5,000
Chis Collins (R-NY)	\$5,000	Gwen Moore (D-WI)	\$2,500
David Schwikert (R-AZ)	\$1,000	Joyce Beatty (D-OH)	\$5,000
Dennis Ross (R-FL)	\$5,500	Kyrsten Sinema (D-AZ)	\$2,500
Drew Ferguson (R-GA)	\$1,000	William Lacy Clay, Jr. (D-MO)	\$1,000
Ed Royce (R-CA)*	\$6,500	Maxine Waters (D-CA)	\$5,000
Francis Rooney (R-FL)	\$2,500	Raja Krishnamoorthi (D-IL)	\$5,000
Jason Lewis (R-MN)	\$1,000	Terri Sewell (D-AL)	\$4,000
Jeb Hensarling (R-TX)	\$5,000	Benni Thompson (D-MS)	\$3,000
Kevin Brady (R-TX)	\$5,000		
Kevin Cramer (R-ND)	\$2,500		
Kevin McCarthy (R-CA)	\$10,000		
Lloyd Smucker (R-PA)	\$1,000		
Paul Mitchell (R-MI)	\$1,000		
Rick Allen (R-GA)	\$7,000		
Sean Duffy (R-WI)	\$5,000		
Tom Garrett (R-VA)	\$1,000		
Virginia Foxx (R-NC)	\$5,000		



*LPAC CONTRIBUTIONS ¹

¹ A LPAC is a political action committee that is used to fund expenses that are ineligible to be paid by campaign committees or congressional offices. These costs can include travel to raise a politician's profile, contributions to other candidates who are running for office and other expenses. FSI made the decision to contribute to LPAC's in 2017 after consulting an election law attorney. FSI PAC does not contribute to LPAC's supporting state and local candidates.



FSI PAC MEMBERSHIP & MANAGEMENT

FSI PAC is governed by a Board of Directors that determines which candidates to support. The Board of Directors is comprised of:

- An FSI PAC Chairman, (Nominated by the Chair of FSI's Board of Directors)
- FSI's President & CEO, (Serves as Treasurer of FSI PAC)
- FSI's Executive Vice President & General Counsel, (Serves as Assistant Treasurer) and
- No More than four other members of the association who serve two year election-cycle terms.

FSI PAC MEMBERSHIP

Your involvement in FSI PAC is vital to helping the independent financial services industry succeed. We are supported by our members by collecting voluntary contributions. Please get engaged and join today!

FSI PAC MEMBERSHIP TIERS AND BENEFITS

FSI PAC CHAMPIONS <i>Contributors maximum of \$5,000 annually</i>	FSI PAC EXECUTIVES <i>Contributors up to \$2,500 and \$4,999 annually</i>	FSI PAC PARTNERS <i>Contributors up to \$1,000 and \$2,499 annually</i>	FSI PAC FRIENDS <i>Contributors up to \$999 annually</i>
<p>All FSI PAC Champions receive:</p> <ul style="list-style-type: none"> • Access to invitation-only events with top FSI executive leadership and board members • Special Congressional-themed, year-end gift • All benefits of the FSI PAC Executives, Partners and Friends Level 	<p>All FSI PAC Executives receive:</p> <ul style="list-style-type: none"> • Personal outreach from the FSI Legislative Team through the year • Tailored federal and state election guides • All benefits of the FSI PAC Partners and Friends Levels 	<p>All FSI PAC Partners receive:</p> <ul style="list-style-type: none"> • Invitation to FSI PAC Member-Only events at FSI conferences • All benefits of the FSI PAC Friends Level 	<p>All FSI PAC Friends receive:</p> <ul style="list-style-type: none"> • FSI PAC Ribbon recognition at FSI conferences • Quarterly FSI PAC Newsletter

WHO CAN JOIN FSI PAC?

Only FSI members may be solicited to contribute to FSI PAC.

IS YOUR PAC CONTRIBUTION PUBLIC?

Yes, by law FSI must report all donations over \$200 to the Federal Election Commission. This disclosure includes the full name, address and occupation of the contributor. However, your contribution amount is listed as a contribution to FSI PAC and not to a specific candidate or party.

HOW CAN YOU JOIN FSI PAC?

Visit the [FSI PAC website](#) to [complete the member form](#) and send via email to claudia.salinas@financialservices.org or send in the mail to FSI PAC, 1201 Pennsylvania Ave. NW, Suite 700 Washington, D.C. 20004.

PAY-TO-PLAY COMPLIANCE

CONCERNED ABOUT PAY-TO-PLAY RULES?

No need! FSI PAC avoids pay-to-play concerns by limiting its contributions to candidates who are not covered by the rules. More specifically, FSI PAC contributes only to incumbent candidates for federal office or their Leadership PAC's.

However, we understand your concerns, so we received a third-party opinion to make sure you are covered.



NOSSAMAN LLP

Memorandum

TO: David Bellaire
FROM: Kate A. Belinski
DATE: January 12, 2018
RE: Pay-to-Play Compliance Certification for FSI PAC

This memorandum provides an overview of the procedures that are in place to ensure that the Financial Services Institute Political Action Committee ("FSI PAC") is in compliance with the Securities and Exchange Commission's ("SEC") Rule 17 C.F.R. 275.206(4)-5, Municipal Securities Rulemaking Board ("MSRB") Rule G-37 and Financial Industry Regulatory Authority ("FINRA") Rule 2030.

In July 2010, the SEC adopted Rule 206(4)-5 under the Investment Advisers Act of 1940 (Advisers Act) addressing pay-to-play practices by investment advisers (the SEC Pay-to-Play Rule, cited above). The SEC Pay-to-Play Rule prohibits, in part, an investment adviser and its covered associates from receiving payments if they provide or agree to provide, directly or indirectly, certain political contributions to officials of municipal entities. FINRA Rule 2030 is modeled after the SEC Pay-to-Play Rule, and imposes restrictions on its member firms from engaging in distribution or solicitation activities that are substantially equivalent to those imposed on investment advisers by the SEC Pay-to-Play Rule. Similarly, amendments to MSRB Rule G-37 extend these same restrictions to brokers, dealers, municipal securities dealers, and municipal advisors.

In brief, the rules listed above effectively impose upon regulated entities a two-year compensation ban if they or their covered associates make certain political contributions to officials of municipal entities, a disclosure requirement for permissible contributions, an anti-circumvention prohibition on engaging third-party solicitors unless they are also subject to a substantially similar contribution ban, and a ban on soliciting or coordinating contributions to political committees that may direct funds to officials of municipal entities.

PAY-TO-PLAY COMPLIANCE

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In order to ensure that FSI PAC's activities do not violate any of the provisions of the SEC, MSRB and FINRA pay-to-play rules, FSI has implemented certain safeguards. These provisions are derived from guidance issued by the SEC, MSRB and FINRA, as well as best practices established by the industry. FSI PAC has adopted the following procedural safeguards:

- FSI PAC is a separate, segregated fund ("SSF") registered only with the Federal Election Commission and not registered with any state campaign finance regulator;
- FSI PAC has a board of directors that provides oversight and decision-making with respect to all of the PAC's contributions, contribution criteria, and policies and procedures;
- The FSI PAC board has determined that the PAC will not contribute to any state or local candidates or state or local officials running for federal office, but rather, only contributes to federal candidates who are incumbents or in the private sector;
- FSI PAC will not contribute to another PAC, including a Leadership PAC, which as its primary purpose supports state and local candidates; contributions to Leadership PACs will only be made upon receipt of a letter from the Leadership PAC's treasurer or legal counsel certifying that the PAC does not support state or local candidates as its primary purpose;
- FSI PAC does not earmark any contributions for state and local candidates;
- FSI PAC does not contribute to any state or local party committees;

FSI PAC's contributions in the past three election cycles have been exclusively to federal incumbent candidates and certifying Leadership PACs. Accordingly, the FSI PAC's activities are in accordance with SEC Rule 206(4)-5, MSRB Rule G-37, and FINRA Rule 2030.

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FSI PAC MANAGEMENT

HOW DOES THE FSI PAC BOARD DECIDE WHICH CANDIDATES TO SUPPORT?

The FSI Legislative Affairs Team recommends an election-cycle budget that is reviewed, amended and adopted by the FSI PAC Board. FSI's Legislative Affairs Team recommends contributions to incumbent members of Congress who serve in leadership or on a committee of interest and are ideologically predisposed to support the positions of FSI and its members.

2018 FSI PAC BOARD OF DIRECTORS

CHAIR

John Rooney
Managing Principal
Commonwealth Financial Network

TREASURER

Dale Brown
President & CEO
Financial Services Institute

ASSISTANT TREASURER

David Bellaire
Executive Vice President & General Counsel
Financial Services Institute

Joe Himelick
President
Himelick Financial Group

Kent Christian
President
Wells Fargo Advisors

Shawn McLaughlin
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McLaughlin Ryder Investments

Tony LaJeunesse
Founder & President
Advantage Financial Group

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Robert Lewis
Vice President
Legislative & Political Affairs

J. Maurice Jackson
Director
Federal Legislative Affairs

Michelle Carroll Foster
Associate Vice President
State Legislative Affairs

Shawnda Martin
State Affairs Counsel
State Legislative Affairs

Claudia Salinas
Director
Political Affairs

FOR MORE INFORMATION:

Website: www.financialservices.org/FSIPAC

Email: advocacy@financialservices.org