

Harbor Rep Guide- Client Disclosure Discussion Points (Draft 5-8-2020) v2**INTRODUCING DISCLOSURES TO A PROSPECT****HARBOR SAMPLE INTRO DISCUSSION**

“By our next meeting I will design some recommendations, which you may decide to act upon. Before making any decisions, I want you to have the details needed to make informed choices, and with that in mind, I would like to send you a set of Harbor’s disclosures.

The SEC now requires that all financial professionals deliver certain disclosures before making any recommendation to a prospective client.

The disclosures provide information on what it means to work with me and Harbor, including the types of relationships and services offered to clients. They also address fees and costs, conflicts, as well as some conversation starters that you may want to discuss with me.

May I send these by email for you to review?” (Use HF019 CRS Digital Form to enter client email and auto-deliver Form CRS to client)

FORM CRS “CONVERSATION STARTERS”**1. CONVERSATION STARTER #1****Account Choice Type- Investment Selection- Expertise**[Conversation Starter Questions in Form CRS](#)

- a. Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- b. How will you choose investments to recommend to me?
- c. What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

HARBOR RECOMMENDED TALKING POINTS

- This is what we will figure out together. There are certain services available in an advisory relationship that are not available in a brokerage relationship. Likewise there are some cases where a brokerage account may result in fewer costs to you. ***(Discuss with the client the difference between investment advisory services and brokerage services. It is a facts and circumstances situation based on the clients “financial situation” and objectives on which service the client should choose and this would be determined by discussing such with their financial professional. Additionally, the answer would also depend on whether or not the Financial Professional can offer both types of services.)***
- I will recommend investments based on your stated objectives, risk/reward profile and various liquidity needs as well as market conditions and opportunities.
- I have been in the financial industry for XX years fulfilling YY roles (Broker, broker’s assistant, financial advisor, trader, operations specialists, compliance officer, etc.) I have the Series: LIST LICENSES, graduated from ZZ school and belong to AA industry organization (CFA, CFP, CAIA, etc). These qualifications demonstrate a continued commitment to increasing knowledge about investing.

(Guidance: A FINRA or state license does not confer any expertise in ability to advise in investing. You should not use your licenses to suggest otherwise. If an IAR, you should point client to ADV2B)- Detailed information can be found on Broker Check (Public website) for any additional information, including disclosures

2. CONVERSATION STARTER #2

Fees and Costs

Conversation Starter Questions in Form CRS

- a. Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go towards fees and costs, and how much will be invested for me?

HARBOR RECOMMENDED TALKING POINTS

- This depends on the investments made. Some investments are more specialized, some services require more time and rely on accumulated skills, and some may result in uneven fees. Due to the power of compounding interest, though, we will try to strike a balance between appropriate costs and proper advice so as to work in your best interest.
- When choosing between an ongoing advisory fee and a per transaction charge, you should consider the expected size, volume, and frequency of trades, how long you plan to hold the investment(s), and the projected advisory services you may prefer.
- Explanation of fee-based account and a commission-based brokerage account comparison (\$10,000 hypothetical) may be a good use here.

3. CONVERSATION STARTER #3 Conflicts, How do you make money

Conversation Starter Questions in Form CRS

- a. How might your conflicts of interest affect me, and how will you address them?

HARBOR RECOMMENDED TALKING POINTS

- Our central value is to put clients first. We demonstrate this by recommending products and services only if they are in your best interest and do not place our or Harbor's interests ahead of yours. We will disclose any potential conflicts of interest in making those recommendations.
- My firm will make these conflict disclosures in a variety of written communications with you, including Form CRS, the Important Client Information document that you received, and other written disclosure documents that are sent to you from time to time.. There will also be times when we may make conflicts disclosures to you verbally.

Guidance- Representatives should be familiar with the disclosures on the firm's website, fees/costs as well as their own conflicts that may affect the recommendations they make. IARs could point to their Form ADV2A for their stated conflicts, but RR-only will need to identify their conflicts in Form CRS and the Investor Disclosure and what steps, if any, the firm has taken to address them.

Guidance- Representative should be familiar with Form CRS, any supplement, and remind the retail investor how they in particular get compensated.

4. CONVERSATION STARTER #4 Disciplinary History

Conversation Starter Questions in Form CRS

- a. As a financial professional, do you have any disciplinary history? For what type of conduct?

HARBOR RECOMMENDED TALKING POINTS

- Identify if you have events disclosed or required to be disclosed on either your BrokerCheck report or on the IARD system.

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- Regardless if you have or do not have events disclose, advise clients to verify on either your BrokerCheck report or the IARD system.

Guidance- Representatives should review their U4 and stick to the scripted disclosure.

5. CONVERSATION STARTER #5

Primary Contact

Conversation Starter Questions in Form CRS

- a. Who is my primary contact person?
- b. Is he or she a representative of an investment adviser or a broker/dealer?
- c. Who can I talk to if I have concerns about how this person is treating me?

HARBOR RECOMMENDED TALKING POINTS

- As your financial professional, I will be your primary contact person.
- My securities licenses and registrations allow me to provide commission-based brokerage services and fee-based investment advisory services to clients. (If you are registered only in a brokerage capacity or advisory capacity, you must adjust this answer accordingly.)
- Beyond our relationship, I have a team of specialists who have specific areas of expertise.....
- If you ever have concerns about our service to you, my branch manager may be contacted. We are happy to provide you that contact information at any time.
- My mission with each client is to build a strong, caring relationship where any issues you have with our team could be addressed directly with me.