



The Oak Ridge Financial Services Group, Inc.

Regulation Best Interest Disclosure Brochure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

The Oak Ridge Financial Services Group, Inc. (referred to as “Oak Ridge” or “we” or “our” or “us”) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC). Oak Ridge is dually registered as an investment adviser with the SEC. As a broker-dealer, we are authorized to transact business in various types of securities, including mutual funds, exchange-traded funds (ETFs), stocks, bonds, municipal securities, options, certificates of deposit (CDs), structured notes, private placements, annuities and other investment products.

Oak Ridge employs individuals, referred to as “Financial Professionals”, who offer brokerage services, investment advisory services, or both, depending on their licenses. All of our Financial Professionals are employees of Oak Ridge – we do not have any Financial Professionals working as independent contractors.

Although most of our Financial Professionals offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services. When you are discussing services with our Financial Professionals, you should ask in what capacity the Financial Professional is acting or will be acting – as a broker-dealer registered representative and/or as an investment advisor representative – when providing services to you. This disclosure brochure discusses important information regarding Financial Professionals who act as registered representatives of our broker-dealer.

Like all financial services providers, we and our Financial Professionals have conflicts of interest. Since Oak Ridge is compensated directly by clients and/or indirectly by the investments made by clients, this creates some conflicts. When clients pay us, we typically get paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. If we are paid an upfront commission, it means the more transactions that are made, the more compensation we earn. When we are paid indirectly from the investments made by clients, we receive ongoing compensation, typically called a “trail” payment, for as long as a client holds an investment. In addition, we receive compensation from the sponsors of some of the investment products that clients purchase through us. The amount we receive varies depending on the particular type of investment a client makes. The compensation described in this disclosure represents the revenue we receive on an investment before subtraction of our expenses.

The types and amounts of compensation we receive change over time and may vary. Please also note that not all the conflicts described in this disclosure apply to a particular Financial Professional, his/her services or all the products we sell. You should ask your Financial Professional if you have any questions about compensation, costs, fees, or conflicts of interest. Please carefully review and consider the information in each section below.

Brokerage Services

Oak Ridge is an “Introducing Broker-Dealer”, meaning we do not hold custody of your funds and securities. Instead we have an agreement with a clearing firm that safeguards your assets and executes trades on our behalf. When you establish a brokerage account through us, at our clearing firm, RBC Correspondent Services¹ (“RBC”), you can buy, sell and hold investments within your account. The primary service we provide through RBC, is our trading capability. We execute purchases and sales on your behalf, and as directed by you, in which we earn revenue. The capacity in which we act is disclosed on your trade confirmation and on your New Account Form(s). In our agreement with RBC they not only carry your account, but also provide certain back office functions. We and the clearing firm share responsibilities with respect to your account.

For more information, you may refer to your RBC brokerage account application.

We offer a variety of different brokerage account types including:

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| Individual | Self-Trusteed Qualified Plans |
| JTWROS | Trusts |
| Joint TIC | Custodial Qualified Plans |
| UTMA | Investment Clubs |
| IRA / Roth IRA / Sep IRA / SIMPLE IRA / Bene IRA | Sole Proprietorships |
| SARSEP | Partnerships |

Please refer to our account agreement(s) for more information concerning available account types or speak with your Financial Professional.

Account & Service Fees

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions. You should understand that the fees and costs charged to you may vary based on the brokerage service model you choose.

Margin Accounts

We offer you the ability to purchase securities on credit, also known as “margin”. When clients purchase securities on margin, we extend a line of credit to the client and charge interest on the margin balance. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes. We have a financial incentive to encourage you to borrow on margin because we earn compensation in the form of interest, transaction charges and other fees on investments made with borrowed amounts. This financial incentive creates a conflict of interest as both Oak Ridge and our Financial Professionals benefit from your decision to borrow and incur the various fees and interest described above. Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our standard brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us.

¹ RBC Correspondent Services, a division of RBC Capital Markets, LLC, Member [NYSE](#) / [FINRA](#) / [SIPC](#)

For more information on our margin brokerage services, contact your Financial Professional or refer to the RBC Express Credit Account Agreement and Application, as well as the RBC Express Credit Disclosure Statement. You can also visit RBC's website: <http://www.rbccorrespondentservices.com/>

RBC Credit Access Line

We also offer credit access lines through RBC. A credit access line is a securities-based, demand line of credit and is subject to credit approval. Securities-based loans involve special risks and are not suitable for everyone. You should review the provisions of the RBC Credit Access Line agreement and related disclosures and consult with your own independent tax and legal advisors about any questions you have prior to using RBC Credit Access Line. There are important risks associated with securities-based loans that you should consider, which are disclosed on RBC's website (<https://www.rbcwealthmanagement.com/us/en/legal/rbc-credit-access-line>) as well as applicable agreements. We have a financial incentive to encourage you to use the credit access line because we earn compensation in the form of interest. This financial incentive creates a conflict of interest as both Oak Ridge and our Financial Professionals benefit from your decision to borrow and incur the various fees and interest.

Incidental Brokerage Services, Recommendations and Monitoring

Within your brokerage account, we also provide other incidental services such as recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter a fiduciary relationship with you. It is important for you to understand that when our Financial Professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a Financial Professional about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

Cash Sweep Features on Brokerage Accounts

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically "swept" into a "Cash Sweep Vehicle," until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. We have a financial incentive to encourage you to use the Cash Sweep program because we earn compensation in the form of interest.

For more information concerning the Cash Sweep Program, please refer to your account agreement(s). More information about the Cash Sweep Program can also be found in the RBC Insured Deposits Disclosure Statement available on RBC's website (<http://www.rbccorrespondentservices.com/legal/rbc-insured-deposits>). Please review that Disclosure Statement carefully.

Account Minimums & Activity Requirements

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account may be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account may be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account. You should also understand that our Financial Professionals may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a Financial Professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you verbally by your Financial Professional.

For more information about additional fees, please visit the fee schedule on our website (<https://www.oakridgefinancial.com/.15.htm>).

Commissions, Fees and Other Types of Sales Compensation

Oak Ridge receives upfront transaction-based fees, also known as commissions, when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge, markup or placement fee, is typically paid at the time of purchase and can reduce the amount available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested. We receive the sales charge or commission and share it with your Financial Professional. In some cases, a portion of the sales charge or commission is retained by the investment's sponsor company. Commissions vary from product to product, which creates an incentive for our Financial Professionals to want to sell a higher commission security rather than a lower commission security. The maximum and typical commissions for common investment products are listed below for reference. For a more detailed description of specific product commissions and fees, you should refer to the product's prospectus.

- **Equities and Other Exchange Traded Securities:** The maximum commission charged by Oak Ridge in an agency capacity on an exchange traded security transaction, such as an equity or an ETF, is up to 5% of the transaction amount. The commission amount decreases as the size of the transaction amount increases according to a fee schedule. In addition, your Financial Professional can decide to discount the commission amount to a minimum of \$25.00 per transaction.
- **Mutual Funds and 529s:** The maximum commission or sales charge permitted under applicable rules is 8.5%, and this amount is established by the mutual fund company.
- **Annuities:** The maximum upfront commission paid for new sales of annuities is typically 7%, but may vary depending on the time purchased, and type of annuity, such as fixed, fixed index, traditional and variable annuities.
- **Alternative Investments:** Alternative investments include hedge funds, private equity funds, non-traded business development companies (BDCs), private placements, or real estate investment trusts (REITs). The upfront sales load can be as high as 12%.

Subscription-Way

Subscription Way is a common procedure whereby the check used to purchase securities is made payable to the issuer (or other third party) and is forwarded by the selling broker-dealer to the issuer or the issuer's agent. Oak Ridge and our Financial Professionals receive compensation from investment product sponsors on the investments you make in securities such as direct mutual funds, annuities, and alternative investments. Some of this compensation is commonly known as "trail compensation" in which Oak Ridge and our Financial Professionals receive ongoing compensation from certain investment products under a distribution or servicing agreement with the product sponsor. The more assets you invest in the product, the more we will be paid in these fees, therefore we have an incentive to encourage you to increase your account size. Furthermore, the volume of trails received varies by product type and sponsor, therefore creating an incentive to recommend a product that pays a higher trail over a lower trail.

For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering paperwork. Below is a general disclosure of the trail compensation ranges charged to you and received by Oak Ridge and your Financial Professional:

- **Mutual Funds & 529 Plans:** The ongoing payment depends on the class of shares but may range between 0.25% and 1% of assets on an annual basis.
- **Annuities:** The ongoing payment depends upon the agreement between Oak Ridge and the Issuer. The maximum trail payment for annuities is generally 3.5%.
- **Alternative Investments:** The ongoing payment may be as high as 1% on an annual basis.

Compensation for Financial Professionals

Financial Professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity. This compensation varies by the product or service associated with a brokerage transaction. In addition to upfront-transaction based compensation, some products feature on-going residual or "trail" payments. Thus, Financial Professionals are incentivized to recommend products that have higher fees as well as those with on-going payments. Described below are the compensation and other benefits our Financial Professionals receive through their employment agreement with Oak Ridge:

Cash Compensation

Oak Ridge typically pays a Financial Professional a percentage of the revenue he/she generates from the sale of products and services. The percentage received can vary depending on his or her agreements with us and the investment products or services recommended. It may also be more or less than what he/she would receive at another brokerage firm. The payments may vary based on the amount of assets managed or revenue generated by the Financial Professional, such that the greater the production the greater the payout. When compensation is based on the level of production or assets, the Financial Professional has a financial incentive to meet those production or asset levels. In addition, Oak Ridge pays compensation to branch managers based on total revenues generated by the branch. In some cases, Financial Professionals may pay a portion of their compensation to another Financial Professional for administrative or sales support. There is a conflict of interest because the compensation affects the branch manager's ability to provide objective supervision of the Financial Professional. Furthermore, the amount of revenue a Financial Professional generates creates a conflict of interest when considering whether to employ and/or when to terminate a Financial Professional.

Operational and Transitional Assistance

If a Financial Professional becomes associated with Oak Ridge after working with another financial services firm, he/she may receive recruitment compensation from us in connection with the transition. This transition

assistance may include payments from Oak Ridge that are commonly intended to assist a Financial Professional with costs associated with the transition. These payments can be in the form of repayable or forgivable loans. In the case of forgivable loans, the loans are generally subject to repayment if the Financial Professional leaves Oak Ridge before a certain period of time or other conditions are not met. The amount of recruitment compensation approximates a percentage of the revenue generated by the Financial Professional at his/her prior firm. The receipt of this compensation may create a conflict of interest in that in order to receive this type of benefit or payment, the Financial Professional may have a financial incentive to recommend that a client open and maintain an advisory or brokerage account with Oak Ridge, and to recommend switching investment products or services if a client's current investment options are not available through Oak Ridge.

Compensation for Other Services

Oak Ridge and our Financial Professionals can offer various types of advisory and brokerage programs, platforms and services, and earn differing types and amounts of compensation depending on the type of service, program or platform in which you participate. This variation in compensation can incentivize a Financial Professional to recommend services, programs or platforms that generate more compensation for Oak Ridge and the Financial Professional than others. For example, if you expect to trade securities frequently in your account, a brokerage account in which you pay a commission for each transaction may generate more compensation for your Financial Professional than an advisory account that generates compensation in the form of investment advisory fees.

Financial Professional's Outside Business Activities

Financial Professionals are permitted to engage in certain pre-approved business activities other than providing brokerage and advisory services through Oak Ridge. In certain cases, a Financial Professional may receive more compensation, benefits and non-cash compensation through the outside business than they receive from us. If you engage with a Financial Professional for services separate from services offered by Oak Ridge, you may wish to discuss with him/her any questions you have about the compensation he/she may receive from the engagement.

Additional information about your Financial Professional's outside business activities is available on FINRA's website (<http://brokercheck.finra.org>).

Conflicts of Interest & Other Compensation

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you. We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest:

Markups & Markdowns

When you buy or sell fixed income securities in a brokerage account, and in accordance with industry regulations, we typically impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the prevailing market price, or the difference (markdown) between the price you sell securities to us and the prevailing market price. The maximum markup/markdown that we receive when acting in a principal capacity typically does not exceed 3.5% of the value of the security. On rare occasions,

a markup/markdown may exceed 5 % on a deeply discounted security. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules.

Error Corrections

In the event a trade error takes place and is the cause of Oak Ridge or one of our Financial Professionals, we will cancel the trade and remove the resulting monetary gain (or loss) from your account. If a trade correction is required as a result of a client (e.g., if a client does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), Oak Ridge will cancel the trade and any resulting monetary loss will be borne by the client. In the case of a trade that requires a correction and that resulted in a monetary gain to the client, such gain may be removed from the account and may result in a financial benefit to Oak Ridge.

Rollovers

In the event you choose to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a client invests those assets with us, because we will be paid on those assets. A client should be aware that such fees and commissions likely will be higher than those the client pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

Limitations on Recommendations

Oak Ridge and our Financial Professionals offer and recommend investment products only from investment sponsors with which we have entered into selling and distribution agreements with. Other firms may offer products and services not available through Oak Ridge and/or they may offer the same or similar investment products and services at lower cost than us. In addition, Oak Ridge may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa. The scope of products and services offered by certain Financial Professionals may also be more limited than what is available through other Financial Professionals. A Financial Professional's ability to offer individual products and services depends on his/her licensing, training or branch office policy restrictions. For example, a Financial Professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. You should also review the licenses held by your Financial Professional by visiting the FINRA BrokerCheck website (<http://brokercheck.finra.org>).

Other Disclosures Resources:

| Title | Web address/Hyperlink/Location |
|---|---|
| Oak Ridge Form CRS | http://www.oakridgefinancial.com/files/102918/formcrs.pdf |
| Oak Ridge Regulation BI Disclosure Document | http://www.oakridgefinancial.com/files/102918/regbi.pdf |
| Oak Ridge Customer Fees | https://www.oakridgefinancial.com/.15.htm |
| RBC Correspondent Services | http://www.rbccorrespondentservices.com |
| RBC Credit Access Line | https://www.rbcwealthmanagement.com/us/en/legal/rbc-credit-access-line |
| RBC Insured Deposits Disclosures | http://www.rbccorrespondentservices.com/legal/rbc-insured-deposits |
| RBC Options Disclosure Document | http://www.rbccorrespondentservices.com/documents/legal/characteristics-and-risks-of-standardized-options.pdf |
| FINRA BrokerCheck | http://brokercheck.finra.org |