

## **Moors & Cabot, Inc.**

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(Previous Edition Dated September 2021)

**This Part 2A of Form ADV (this “Brochure”) provides information about the qualifications and business practices of Moors & Cabot, Inc. (hereinafter “MCI,” the “Adviser,” or “us”)**

**If you have any questions about the contents of this brochure, please contact us at 617-426-0500 or via email by contacting our Senior Vice President & Compliance Officer, Peter Svorinic, at [ComplianceMailbox@moorscabot.com](mailto:ComplianceMailbox@moorscabot.com).**

**The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Additional information about MCI is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2    Material Changes**

This Firm Brochure, dated September 2022, contains the following information not disclosed within the previous annual updated version dated September 2021:

Item 4, Advisory Business: This section has been updated to disclose our regulatory assets under management as of June 30, 2022.

Item 5, Fees and Compensation: This section has been updated to reflect our updated advisory fees

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business's fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

**Item 3 Table of Contents**

<b>Item</b>	<b>Section</b>	<b>Page Number</b>
1.	Cover Page	1
2.	Summary of Material Changes	2
3.	Table of Contents	3
4.	Advisory Business	4
5.	Fees and Compensation	7
6.	Performance-Based Fees and Side-by-Side Management	11
7.	Types of Clients	11
8.	Methods of Analysis, Investment Strategies and Risk of Loss	13
9.	Disciplinary Information	15
10.	Other Financial Industry Activities and Affiliations	16
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
12.	Brokerage Practices	18
13.	Review of Accounts	20
14.	Client Referrals and Other Compensation	20
15.	Custody	23
16.	Investment Discretion	24
17.	Voting Client Securities	24
18.	Financial Information	25

## Item 4 Advisory Business

### Background Information

Moors & Cabot, Inc. was founded in 1890 by John F. Moors and Charles Cabot. Over the last 130 years, the firm has grown to serve the needs of thousands of investors, with branch offices throughout the country. Moors & Cabot was the oldest independent member of the former Boston Stock Exchange and is one of the nation's oldest independent members of the New York Stock Exchange.

Moors & Cabot, Inc. is registered / licensed as:

an investment advisor with the U.S. Securities and Exchange Commission (SEC); a securities broker dealer with the SEC and the Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC); a member of the New York Stock Exchange; and as an insurance agency or broker.

Due to our multiple registrations, employees are licensed to:

sell securities as a registered representative (RR); provide advisory services as an investment advisor representative (IAR), as described in this Form ADV Part 2 A; and sell insurance products or services as an insurance agent (InsAg).

We have our principal office / place of business as identified on the cover page (Item 1 above). We additionally have a network of 18 branch offices located in various regions of the United States (exact locations are provided on our website).

We have been registered as an Investment Advisor with the SEC in 1995. The Robert W. Morey Jr. Revocable Trust is the majority shareholder of Moors & Cabot, Inc.

**Our Assets under Management as of June 30, 2021, were:**

<b>Discretionary</b>	\$2,048,278,400
<b>Non-Discretionary</b>	\$189,209,315
<b>Total AUM</b>	\$2,237,487,715

We offer the following investment advisory services to our clients. Each is fully described below:

1. Investment Management Services (or Portfolio Management Services) via our Portfolio Management Program
2. Referrals to Third Party Wrap Fee Programs
3. Financial Planning Services

## Investment Advisory Services – Portfolio Management Program (PMP)

Moors & Cabot, Inc. provides investment advice on the following types of securities: exchange-listed securities, over-the-counter securities, corporate debt securities, warrants, commercial paper, bank certificates of deposit, municipal securities, U. S. government securities, foreign issuers, ETFs, and mutual funds. We provide investment advisory services through the Portfolio Management Program (PMP) on either a discretionary or a non-discretionary basis. Moors & Cabot’s PMP generally involves a \$50,000 account minimum, unless otherwise agreed to by Moors & Cabot and the client.

We document the discretionary authority we have within the written investment advisory PMP client agreement we have in place with you. For non-discretionary clients, we are obligated to obtain your specific consent (either verbally or in writing) prior to placing a transaction for your investment advisory account. As a result, you must be available to us during regular business hours that the securities markets are open. If you are not available, we cannot sell or purchase securities, and, as a result, you may suffer economic losses.

Services are provided by determining your needs, objectives, and risk tolerance. We then align your responses and other information provided (via the New Account Application and the Investment advisory PMP client Agreement) in a portfolio aligned with meeting your stated objectives / needs (an appropriate asset allocation strategy). For example, a client with a long-term investment view, interested in long-term capital appreciation, will need a strategy that is substantially different from an investor with a shorter-term investment view who is interested in generating income. See Item 8 of this Part 2A for additional information.

The program may use the services of third-party investment advisors to manage some (or all) of the assets in PMP. These advisors include:

Advisor	Description
Eagleclaw Capital Management	An affiliated registered advisor. Our RR / IAR David W. Donahue, Jr. is the owner and portfolio manager of Eagleclaw. <a href="http://www.eagleclaw.com">http://www.eagleclaw.com</a>

Moors & Cabot advisors may also use one or more third party so-called Wrap Fee programs sponsored by un-affiliated third-party broker dealers / investment advisors as listed below to manage your assets. Programs available include the following (as of the date of this Part 2A Brochure) and are available only on a fee-only basis:

Wrap Fee Program Name	Sponsor
Separately Managed Account Programs offered through RBC Correspondent Services are listed below: <ul style="list-style-type: none"> <li>• RBC Advisor</li> <li>• RBC Unified Portfolios</li> <li>• RBC Consulting Services</li> </ul>	RBC Capital Markets (“RBC CM”), a securities broker dealer registered with the SEC and FINRA.

Please see the Part 2A, Brochure Supplement that we provide to you for each of these programs (the so-called Wrap Fee Disclosure Brochure). This Brochure identifies all relevant fees, expenses, and other charges (and how the program works) to you.

### **PMP “Advice Only”**

Certain clients have assets held at custodians other than RBC (our clearing firms, see below and Item 10). We will provide advice only on these assets. We do not manage them per se (we are not involved in the actual buy or sell decisions) but make recommendations to the client, who has the sole responsibility to implement any buy, sell or reallocation recommendation.

A separate agreement is required for this service; you are billed separately for these services (see Item 5).

### **Financial Planning Services**

We offer fee-based financial planning services. The service may include the following (which are selected by a client receiving the service):

Written evaluation and analysis of information provided related to investment goals, objectives, and current financial circumstances

Analysis / recommendations related to tax planning, estate planning, investment planning, educational funding, retirement planning, and risk management (insurance)

In providing these services, we do not provide legal, tax, or accounting advice. Please seek out your other professionals for that advice (attorney, CPA).

We may, but are not obligated to, engage the services of outside consultants in the determination of or the delivery of your financial planning services or the engagement.

Planning services generally are provided by those of our employees (investment advisor representatives) who are expected to possess additional specialized training and experience. However, no representations are made as to the qualifications or experience of our employees or the consultants we may use on your behalf.

In providing financial planning services, we gather information by asking you to provide a complete personal, family, and financial picture for us to work with. We do this by conducting in-depth personal interviews. Information gathered includes your current financial status, tax status, future goals, return objectives, and attitudes towards risk.

Our financial plan recommendations are not limited to any specific product or service offered by or through Moors & Cabot or any of our employees.

Typically, the financial plan will be presented to the client within 90 days of the contract date, if the client has promptly provided all information needed to prepare the financial plan.

## Consulting Services

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, and review of a client's existing portfolio or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, we provide advice on non- securities matters such as estate planning, insurance, and annuities.

Typically, the consulting service will be completed within 90 days of the contract date, if all information needed to complete the consulting engagement has been promptly provided by the client.

## Services in General

We tailor all of our financial planning and consulting recommendations to the individual needs of each client. Please notify us immediately whenever your personal circumstances change (e.g., new job or loss of a job, marriage or divorce, death in the family, birth of a child, etc.).

Accounts opened or closed during a calendar quarter will have advisory fees due and payable by charging you for the days that services were provided. If fees are charged in advance, you will receive a refund of pre-paid and unearned advisory fees upon termination. For accounts opened during a calendar quarter, if fees are charged in advance, your fee will be charged at the inception of the account for the number of days the services are provided.

Advisory fees are typically (except for financial planning) directly debited from your brokerage / custodial account (at RBC) for our investment management services (as you authorize in the written agreement we have with you). Fees for wrap fee programs are charged by the sponsor, debited from your custodial account, with Moors & Cabot's share of the wrap fee paid to us by the sponsor (pursuant to your authorization in the wrap fee program agreement).

All debits and credits into and out of your accounts are included in the statements your custodian sends directly to you on a monthly basis. If you do not receive your statements, please contact your custodian immediately or your Moors & Cabot advisor. It is very important that you receive your brokerage statements directly from your custodian.

## Item 5 Fees and Compensation

### Investment Advisory Fees (PMP)

Moors & Cabot generally charges management fees according to the following schedules:

#### *Asset-Based Fee (charged as a percentage of assets under management)*

In an advisory account, we charge either a quarterly flat fee or an asset-based fee on a quarterly basis based a tiered fee rate schedule. Our standard advisory fees for PMP (investment advisory services) may generally range anywhere from .5% to 1.5%. In any case, the maximum annual fee will not exceed 2.0% This fee is negotiable on a case-by-case basis, dependent upon a number of variables (account size, geographic region, types of securities / complexities, etc.) as negotiated between each client and his/her Moors & Cabot advisor.

Asset-based fees are billed on a quarterly basis. When an account is opened, the initial fee will be based on the value of the account on the day the contract is initially approved. The fee will be prorated to cover the period from the approval date through the end of the then current full calendar quarter. Thereafter, the fee will be based on the account value of on the last business day of the preceding quarter, will be due the following business day and will cover that next calendar quarter. Unless otherwise agreed to by Moors & Cabot and the client, an Investment Advisory Agreement will provide that the management fee be deducted directly from the client's account.

Under this fee schedule, Moors & Cabot will also "credit" to your investment advisory account any 12b-1 fees we receive from your mutual fund assets.

Either party may terminate the Investment Advisory Agreement at any time without penalty. Upon termination, the client will receive a refund for a pro-rated portion of the management fee. If a client chooses to terminate the agreement within five (5) business days of signing, the client will be entitled to a full refund.

### **PMP "Advice Only"**

Moors & Cabot may charge either a fixed fee or a percentage of assets held away that may be negotiable when entering into the agreement. "Advice only" asset-based fees are billed on a quarterly basis in advance. When a customer and representative enter into an "advice-only" service agreement, the pro-rated fee billed for the remainder of the first quarter is based on the value of the asset on the date the agreement is signed (or otherwise agreed to by both parties). Thereafter, the quarterly fee is based on the market value of the asset on the last business day at the end of the previous quarter.

Either party may terminate the "advice-only" agreement at any time without penalty. Upon termination, the client will receive a refund for a pro-rated portion of the prepaid quarterly fee. If a client chooses to terminate the agreement within five (5) business days of signing, the client will be entitled to a full refund.

### **Wrap Fee Programs**

#### ***Programs Sponsored by RBC Capital Markets***

For the listed separately managed account programs sponsored by RBC:

- RBC Advisor
- RBC Unified Portfolios
- RBC Consulting Services

#### ***Other Sponsored Programs Available through RBC Correspondent Services Platform***

- Investnet-Leading provider of integrated portfolio solutions offering traditional separately managed accounts (SMA), model-based managers, unified managed accounts (UMA) as well as ETF, Mutual Fund, and Fixed Income Solutions.
- State Street Global Advisors (SSGA)-Strategic ETF Model Portfolios that tailor portfolios in smaller accounts to client's investment objectives and risk tolerances. smaller accounts
- Socially Responsible Investing (SRI)-Various offerings focusing on Environmental, Social, and Governance (ESG)



Please refer to the plan sponsor's ADV Part 2A and account disclosure documents for information on the sponsor's fee schedule, billing mode, and account minimums. The total wrap fee charged to the customer for these programs will not exceed Moors & Cabot's maximum limit of 2.50% (250 basis points) of assets under management.

The specific fee you pay for the RBC separately managed account program is documented in the Program documentation (Statement of Investment Selection; Fee Disclosure; Acknowledgement of Terms and Conditions).

## **Financial Planning / Consulting Services**

Moors & Cabot charges fees for Financial Planning that varies from client to client based on needs, services, and complexity (among other criteria).

### ***Fees: Fixed Fee / Hourly***

Minimum fees for financial planning are not expected to be less than \$500.00; however, fees will typically (but not always) be in excess of this amount. Fees are based upon the number of expected (or actual) hours spent on your plan or your specific topic that you need us to review / comment on. Fixed and/or hourly rates are negotiated between the investment advisor representative and the client, plus expenses (if any) that we may incur in the delivery of services to you.

### ***Fees Offset by Commission***

Planning fees may be offset fully or partially by commissions we receive from the implementation of planning recommendations, if any. These credits are determined by each Moors & Cabot advisor and Client on a case-by-case basis. If you have questions on commissions the advisor will receive upon implementation of planning recommendations, please ask your advisor.

All Financial Planning fees are negotiable by your advisor directly with you. As a result, financial planning fees available from us vary across our offices and advisor.

See also Item 14, below, Client Referrals and Other Compensation (as we may share the fees you pay us with third parties who introduce you to us).

## **Account Termination**

Clients will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing us with written notice at our principal place of business prior to delivery of the plan or completion of other services. Upon termination, we will prorate fees to the date of termination and refund to the client the unearned portion of the fee we have collected.

## **General Information on Advisory Fees**

Our advisor fees may be higher or lower than the fees charged by other firms that are registered as an investment advisors and broker dealers.

We may invest your assets, as part of our advisory services in no load or load-waived mutual funds, including money market mutual funds as temporary investments for managed accounts.

All fees you pay to us are separate and distinct from the fees and expenses charged by mutual funds, exchange traded funds (ETFs), and publicly traded real estate investment trusts (REITS) (and similar securities) to their shareholders. These fees and expenses are in each fund's prospectus.

Please be aware that many mutual funds are offered with more than one type of fee structure, commonly known as "share classes". There are several factors to consider when selecting a mutual fund share class. For example, it is important to evaluate whether a share class involves payment of a commission at the time of purchase (commonly known as "front end loads"), at the time of liquidation ("back end loads"), continually while the investor owns the share class ("level loads") or no commission at all ("no-loads"). Share classes also differ in terms of what fees and expenses are deducted from the mutual fund's pooled investment assets, since these fees and expenses are usually not billed separately to each mutual fund shareholder. There a variety of fees investors encounter when purchasing a mutual fund; common fees or expenses include management fees paid to the fund's investment manager, operating expenses used to pay for the day-to-day costs of operating the mutual fund, and distribution fees (known as "12b-1" fees) used to promote, advertise, or compensate financial professionals for aiding in sales of a mutual fund.

Consequently, for any type of mutual fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of fees to us. Though not all mutual fund shares classes include each of the fees or expenses described above, what remains consistent is that a mutual fund's share class with a lower total annual expense as compared to another share class of the same fund can result in a significant difference in investment returns over time. It is typical for mutual funds to set certain eligibility requirements, such as minimum investment amounts, for an investor to qualify for purchasing a lower cost share class. You can learn more about a specific mutual fund's available share classes and the fees, loads, expenses, and eligibility requirements by reading the mutual fund's prospectus.

In addition, we encourage you to ask your representative about the fees and expenses associated with mutual funds you currently own or those presented to you. Moors & Cabot is dependent on RBC, as its clearing firm, for having agreements in place with mutual fund distributors for Moors & Cabot's clients to have access to mutual funds. While RBC has agreements in place with a large variety of mutual fund sponsors, not all mutual funds or "share classes" are available through them. Also, many mutual funds offer different share classes, often for the same fund, representing different fee and expense structures paid by shareholders of a fund. Certain classes of shares may not be available through RBC, so Moors & Cabot clients may not have access to a lower costing share class otherwise available to investors directly from the fund, a different clearing firm, or other financial intermediary. This limitation could result in our clients purchasing and/or holding a more expensive share class of a mutual fund that would reduce investment returns. Despite our reasonable efforts, there is no guarantee that you will always be in the most cost advantageous share class.

As a securities broker dealer, we may participate in some of these additional fees or expenses, specifically 12b-1 fees (also known as shareholder servicing fees). Please note that we have instructed our clearing firm to rebate 12b-1 fees on advisory accounts. These fees and expenses include:

- A management fee
- Other fund expenses
- Administrative fees, and
- A commission (or distribution fee)

Please review the fees charged by the funds, ETFs, or REITs and the fees charged by Moors & Cabot to fully understand the total fees you will pay to receive our investment advice.

Clients also have fees imposed by virtue of the custodian who holds physical possession of your funds and securities. For example, there is an annual account maintenance fee of \$65 for non-retirement accounts and \$35 for retirement account. We recommend ourselves as broker dealer. We are a fully disclosed and introducing broker through RBC. Please see Item 12 for disclosures.

Additional fees you pay to receive our services include:

- Commissions on transactions
- Deferred sales charges (those that are charged when you sell a security)
- Exchange fees
- Odd lot differentials
- IRA account fees
- Wire charges

**For California Residents:** Subsection (j) of Rule 260.238 of the California Code of Regulations requires that all investment advisors disclose to their advisory clients that lower fees for comparable services may be available from other sources.

**For District of Columbia Residents:** Section 1811.1 Subsection (j) of the DC Rules requires Moors & Cabot to disclose that lower fees for comparable services may be available from other sources. Subsection (k) requires Moors & Cabot to indicate that all material conflicts of interest that relate to the advisor or to any of its employees, and that would cause Moors & Cabot not to render unbiased and objective advice, have been disclosed to the client in writing via the disclosure provided in this Form ADV Part 2.

**For Massachusetts Residents:** Massachusetts General Law Section 203A requires disclosure that information about the disciplinary history and the registration of Moors & Cabot and its associated persons may be obtained by contacting the Public Reference Branch of the SEC at 202.942.8090, or by contacting the Massachusetts Securities Division at One Ashburton Place, 17th Floor, Boston, MA 02108 or at 617.727.3548.

## Item 6 Performance-Based Fees and Side-by-Side Management

We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client (so-called performance or incentive fees).

## Item 7 Types of Clients

Moors & Cabot provides advisory services to the following types of clients:

- Individuals (other than high-net-worth individuals)
- High-net-worth individuals
- Corporations or other businesses
- Pension and profit sharing plans
- Trusts, estates
- Charitable organizations

Please see Item 4 and 5 of this Part 2A for additional details.

**Item 8 Methods of Analysis, Investment Strategies, and Risk of Loss**

Investing in securities involves risk of loss that investors should be sure they understand and should be prepared to bear.

Moors & Cabot primarily serves retail customers. Each advisor associated with Moors & Cabot has the independence to take the approach he or she believes is most appropriate when analyzing products and strategies for clients. There are several sources of information that Moors & Cabot and the advisor may use as part of the investment analysis process. These sources include, but are not limited to:

- Financial publications
- Research material from other firms (third parties)
- Rating or timing services
- Filings with the SEC and other regulatory reports
- Company press releases
- Industry studies (or white papers)
- Political developments
- Appraisal services
- Market data
- Performance analysis
- Rating services
- Telephone calls with issuers or researchers
- Among others

Types of securities recommended: Our Investment advisor representatives provide advice on the following types of securities (see Item 4):

- Equity securities (exchange listed, over-the-counter and foreign issues (through American depository receipts))
- Warrants
- Fixed income securities (U.S. Government bonds, commercial paper, certificates of deposit, corporate bonds, and municipal bonds)
- Investment company shares (mutual funds)
- Variable life insurance, variable annuities
- Options on securities
- Investment partnerships, including real estate, oil and gas, hedge funds, and funds-of-hedge funds (private funds)

## Investment Strategies

As a firm, Moors & Cabot does not favor any specific method of analysis over another and, therefore, would not be considered to have one approach deemed a “significant strategy.” However, Moors & Cabot or your advisor may use a few common approaches, individually or collectively, in the course of providing advice to clients. Please note that there is no investment strategy that will guarantee a profit or prevent loss. The following are common strategies employed by advisors in the management of client accounts:

- Dollar Cost Averaging (DCA) – The technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. As a result, more shares are purchased when prices are low, and fewer shares are bought when prices are high. DCA is believed to lessen the risk of investing a large amount into a single investment at higher price.
- Asset Allocation – An investment strategy that aims to balance risk and reward by allocating assets among a variety of share classes. The general theory behind asset allocation is that each asset class will perform differently from others under different market conditions. By diversifying a portfolio of investments among a wide range of asset classes, advisors seek to reduce the overall volatility and risk of a portfolio through avoiding overexposure to any one-asset class during various market cycles.
- Technical Analysis – A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. When looking at individual equities, a person using technical analysis generally believes that performance of the stock, rather than performance of the company itself, has more to do with the company’s future stock price.
- Fundamental Analysis – A method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. The goal of performing fundamental analysis is to produce a value that an investor can compare with the security’s current price, which would determine what position to take with that security.
- Quantitative Analysis – An analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement, and research.
- Qualitative Analysis – A securities analysis that uses subjective judgment based on unquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations.

## Risk of Loss

As mentioned above, regardless of what strategy or analysis is undertaken, there is risk of loss—in some cases, total loss. Some risks may be avoided or mitigated while others are completely unavoidable. Some of the common risks you should consider to investing include, but are not limited to:

**Market Risks** – The price of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate and commodity price fluctuations.

**Interest Rate Risks** – The prices of, and the income generated by, most debt and equity securities may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities.

Credit Risks – Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

Inverse and/or Leveraged ETFs are securities that attempt to replicate multiples of the performance of an underlying financial index. Inverse ETFs are designed to replicate the opposite direction of these same indices, often at a multiple. These ETFs often use a combination of futures, swaps, short sales, and other derivatives to achieve these objectives. Most leveraged and inverse ETFs are designed to achieve these results on a daily basis only. This means that over periods longer than a trading day, the value of these ETFs can and usually do deviate from the performance of the index they are designed to track. Over longer periods of time or in situations of high volatility, these deviations can be substantial. In accordance with MCI policy, PMP accounts are not permitted to invest in Inverse and/or Leveraged ETFs.

Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory standards and practices; expropriation (when governments take away a private business from its owners); changes in tax policy; greater market volatility; global instability; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transaction or in receiving payment of dividends.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person unless otherwise noted and explicitly disclosed as such and, as such, may lose value.

## Item 9 Disciplinary Information

We are required to disclose to you legal or disciplinary events that are material to a client or prospective client's evaluation of Moors & Cabot, our advisory business, or integrity of our management.

We have disciplinary history that we believe you should be aware of related to “an administrative proceeding before the SEC or a state regulatory agency.” These occurred some time ago, and they relate to our broker dealer business (versus our investment advisor business). However, these are still relevant to our relationship with you.

On June 25, 2020, the Financial Industry Regulatory Authority (“FINRA”) accepted Moors & Cabot's Acceptance, Waiver and Consent (“AWC”) No. 2014042444001. The AWC was related to Moors & Cabot's failure to disclose required information on trade confirmations, trade and trade reporting violations, maintenance of required books and records supervisory control system and procedures designed to ensure compliance. Moors & Cabot was censured and paid a fine of \$250,000 as part of the AWC.

On November 21, 2012 Moors & Cabot's Acceptance, Waiver and Consent (“AWC”) No. 20100236872-01 (inclusive of 20100253955 and 20110283740) was accepted by the Financial Industry Regulatory Authority (“FINRA”). The AWC was related to Moors & Cabot's OATS reports containing inaccurate, incomplete or improperly formatted data in violation of FINRA Rule 7450(a). Moors & Cabot was censured and paid a fine of \$30,000 (consisting of a \$22,500 fine for the OATS violations identified in each AWC; and a \$7,500 fine for the supervision violation related to all three matters) as part of the AWC.

You can access a complete history of firm disciplinary information by visiting <https://brokercheck.finra.org/> and inputting our firm name or CRD number (594).



## Item 10 Other Financial Industry Activities and Affiliations

### *Moors & Cabot as Broker/Dealer*

As mentioned in Item 4, Moors & Cabot is a dual registrant, which means it is both a Registered Investment Advisor and a broker/dealer. Depending upon the securities registrations held by each individual advisor, Moors & Cabot's advisors offer a variety of securities and investments to their clients, including, but not limited to, mutual funds, Section 529 college savings plans, variable annuities, individual stocks and bonds, options, LPs, unit investment trusts, REITS, alternative investments, and a variety of other securities and insurance products approved for sale by Moors & Cabot. Moors & Cabot has fully disclosed clearing arrangement with RBC Capital Markets.

### *Moors & Cabot as Introducing Broker/Dealer*

Moors & Cabot is a member of the National Futures Association, which is the self-regulatory organization for the U.S. futures industry.

### *Other Businesses and Material Conflicts of Interest*

In addition to its dual registration as an investment advisor and broker/dealer, Moors & Cabot is also licensed as an insurance agency under the name Moors & Cabot Insurance Agency. Your advisor is registered with Moors & Cabot as an RR and may be a licensed insurance agent of Moors & Cabot Insurance Agency.

As part of the investment advisory programs offered to clients, Moors & Cabot provides brokerage execution services to Moors & Cabot advisory client participating in PMP. Moors & Cabot and its advisors make securities recommendations to clients (or in the case of discretionary services, make investment decisions for clients) regarding Moors and Cabot's advisory programs. Where permitted by law, Moors & Cabot and your advisor may receive mutual fund 12b-1 fees, services fees, due diligence fees, marketing reimbursements, or other payments relating to a client's investment in or otherwise supporting Moors & Cabot's or your advisor's activities regarding the securities and insurance products recommended, purchased, or held in your investment advisory program. (12b-1 fees are either reimbursed to the client in asset-based fee arrangements within PMP or, in the case of RBC's cash reserve sweep vehicle, i.e., RBC's U.S. Government Money Market Fund, Investor Class, not paid to Moors & Cabot in the first place.) To the extent that Moors & Cabot is the investment advisor, sponsor, or other service provider to your investment advisory program, Moors & Cabot receives compensation for its services. Clients should be aware that these fees, payments, and other compensation might present a potential conflict of interest because Moors & Cabot or your advisor may have a greater incentive to recommend those investment advisory products or programs or make investment decisions regarding investments that provide such additional compensation to Moors & Cabot or your advisor.

### **Moors & Cabot's Relationship with Other Investment Advisors**

We have authorized a number of our advisors (employees and independent contractors) to own and operate their own Registered Investment Adviser (RIA). Please see the Form ADV, Part 2 A for each of the listed firms. Although not "owned by" Moors & Cabot, we have authorized (granted permission) for these individuals licensed with us to engage in these outside business activities. No client of Moors & Cabot is required to use the services offered by these firms.



***Eagleclaw (David Donahue, Jr.)***

Eagleclaw Capital Management, LLC is an SEC registered investment advisory firm founded in 2005. Eagleclaw's investment philosophy incorporates fundamental analysis with a technical overlay and emphasizes a non-consensus contrarian style.

Moors & Cabot and your advisor may serve as solicitors for third-party investment advisors. Moors & Cabot and its advisors are compensated for referring your advisory business to these third-party investment advisors. This compensation generally takes the form of the third-party advisor sharing with Moors & Cabot and your advisor a portion of the advisory fee the third-party investment advisor charges you for providing investment management services. Moors & Cabot and your advisor have, therefore, a conflict of interest to refer clients to those third-party investment advisors that pay referral fees to Moors & Cabot or to your advisor rather than those that do not. Additionally, Moors & Cabot and your advisor may have a conflict of interest to refer clients to those third-party investment advisors that pay higher referral fees over those that pay lower referral fees.

**Item 11 Code of Ethics, Participation in Client Transactions, and Personal Trading**

Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, Moors & Cabot has adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. Our Code of Ethics is designed to ensure that we meet our fiduciary obligations to you and to foster a culture of compliance throughout our firm.

Our Code of Ethics is comprehensive and is designed to help us direct and prevent violation of securities laws and to help ensure that we keep your interests first at all times. We distribute our Code of Ethics to each supervised person at Moors & Cabot at the time of his or her initial affiliation with our firm, make sure it remains available to each supervised person for as long as he or she remains associated with our firm, and ensure that updates to our Code of Ethics are communicated to each supervised person as changes are made.

Clients and prospective clients of Moors & Cabot may request a copy of our Code of Ethics by emailing a written request to [ComplianceMailbox@moorscabot.com](mailto:ComplianceMailbox@moorscabot.com). This request can also be mailed to Moors & Cabot, Inc., Attn: Compliance Department, One Federal Street 19th Floor, Boston, MA 02110.

Generally, Moors & Cabot does not buy or sell securities for its own account that it also recommends to clients. Moors & Cabot's advisors, however, may purchase or sell their own accounts securities or other investment products that are also recommended to clients, which may create a conflict of interest. Moors & Cabot's policies and procedures prohibit advisors from "trading ahead" of their customers' transactions. When purchasing or selling securities for the personal accounts of advisors and their clients, priority must always be given to client transactions. Moors & Cabot has implemented surveillance and exception reports that are designed to identify and correct situations in which the personal transactions of advisors are placed ahead of the advisor's clients.

## Item 12 Brokerage Practices

### General

Moors & Cabot renders investment advice to PMP advisory customers pursuant to a written agreement with the client. All of Moors & Cabot's PMP advisory clients must select Moors and Cabot as the broker/ dealer of record for their PMP accounts. Moors & Cabot maintains a clearing relationship for the execution of client transactions with RBC.

Clients who do not, or cannot, utilize Moors & Cabot as their broker/dealer may choose to enter into a PMP "advice only" agreement with our firm. Clients who have a PMP "advice only" agreement in place with Moors & Cabot have no obligation to follow the investment recommendations offered to them by their advisor. The service provided by under this arrangement is therefore limited to advice only, and as a result, the client remains solely responsible for managing all transactions within his or her accounts. Furthermore, under this arrangement, Moors & Cabot cannot negotiate commissions or other fees related to any transactions performed because of the advisor's recommendations or ensure that the client receives "best execution" with respect to client's trades. Moors & Cabot may also be unable to provide timely monitoring of the client's account and transaction activity or provide the client with quarterly performance reporting.

### Best Execution

Moors & Cabot seeks to obtain through its clearing firms the best combination of net price and execution when effecting brokerage transactions for client accounts. Moors & Cabot periodically reviews RBC's execution quality, as well as our internal procedures, to ensure that Moors & Cabot continues to meet its best execution obligation for its clients.

Moors & Cabot utilize a number of factors in analyzing overall trade execution quality. Such factors include:

- the nature of the securities being purchased or sold;
- access to market participants, which may be limited due to thin trading activity for a particular security;
- the size of the transaction;
- the speed of the transaction;
- the size of the spread;
- the ability to obtain price improvement;
- the desired timing of the transaction;
- the activity existing and anticipated in the market for the particular security; and
- the execution, clearance, and settlement capabilities of the executing broker/dealer.

## Batched or Aggregated Trades

Because Moors & Cabot advisors generally manage their client's accounts independently of each other based on each client's specific needs and objectives, transactions for each client account are often executed independently. When advisors believe it is appropriate or beneficial to do so, however, they will often aggregate the purchase or sale of multiple clients' securities together to facilitate best execution, reduce overall brokerage commissions or other costs, or provide each client with the same execution price.

Moors & Cabot and its advisors effect batched transactions in a manner designed to ensure that no participating client obtains a more favorable execution price over any other client. When Moors & Cabot or your advisor aggregate multiple client orders, transactions are typically allocated pro rata to the participating client accounts in proportion to the size of the order placed for each account. Moors & Cabot or your advisor may, however, increase or decrease the amount of securities allocated to each account (if necessary) to avoid holding odd lot or small number of shares for particular clients. Additionally, if Moors & Cabot is unable to fully execute a batched transaction and determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro rata basis, Moors & Cabot may allocate such securities in a manner determined in good faith to be fair and equitable to the clients involved.

## Additional Compensation

Soft-Dollars – Moors & Cabot does not use commissions to pay for research and brokerage services (“Soft-Dollar Transaction”).

RBC Insured Deposit Sweep Program – Moors & Cabot offers clients access to a cash sweep Program through RBC and provides access to cash sweep alternatives to the Program. Such sweeps are used to hold a cash balance that is awaiting reinvestment or distribution. The Program constitutes a conflict of interest and creates financial benefits for Moors & Cabot as we receive a fee from each program bank in connection with the Program. Please refer to Item 14, Client Referrals and Other Compensation, for further detail.

## Prohibited Brokerage Practices

Generally, we do not engage directly in principal transactions or agency cross transactions for any advisory account<sup>1</sup>. Although these transactions could be beneficial to our ability to achieve best execution of advisory transactions, these types of transactions create a conflict between your interests and ours. As a result, we have determined to prohibit these brokerage activities.

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

## Conflicts of Interest

As discussed elsewhere in this Brochure, Moors & Cabot is a correspondent broker/dealer of RBC Capital Markets, to which Moors and Cabot introduces its client transactions for execution, clearance, and settlement. Moors & Cabot entered into a fully disclosed clearing arrangement with RBC Capital Markets effective in 2019 and received a financial incentive from RBC that are discussed in Item 14 Client Referrals and Other Compensation.

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<sup>1</sup> In a principal transaction, a firm can buy or sell a security from its own account to an advisory account. In an agency cross transaction, a firm may act for two sides of a transaction, receiving two commissions from both an advisory client and a brokerage client.

All Moors & Cabot's PMP clients, with the exception of "Advice Only" PMP clients, establish a securities brokerage account with Moors & Cabot and execute securities transactions for PMP portfolios through RBC Capital Markets. For utilizing RBC's securities transaction services, RBC may compensate Moors & Cabot or other broker/dealers with which Moors & Cabot's clients' securities transactions are executed.

This industry practice is generally known as "payment for order flow" and does not affect the quality of execution services, or Moors & Cabot's or RBC's duty to obtain best execution for clients. Moors & Cabot does not receive payment for order flow.

The investment advisory services provided by Moors & Cabot may cost the client more or less than purchasing similar services separately. Clients should consider whether or not the appointment of Moors & Cabot as the sole broker/dealer may result in certain costs or disadvantages to the client as a result of possibly less favorable executions. Factors to consider include the type and size of the account and the client's historical and expected account size or number of trades.

## **Item 13 Review of Accounts**

### **Reviews / Reviewers of All Investment Advisory Services**

Moors & Cabot's home office Compliance and Operations principals and designated Office of Supervisory Jurisdiction ("OSJ") branch managers periodically review client accounts to identify situations that may warrant either a more detailed review or a specific action on behalf of an advisory client.

Moors & Cabot utilizes a series of surveillance, exception, trade, and other transaction and account reports that are designed to help facilitate the ongoing review of Moors & Cabot's managed accounts. In addition, Moors & Cabot advisors provide continual and regular investment advice or investment supervisory services to clients, routinely review client portfolios, and are responsible for communicating with clients at least annually.

## **Item 14 Client Referrals and Other Compensation**

### **Moors & Cabot as Solicitor**

Moors & Cabot and your advisor serve as solicitors for a variety of third-party investment advisors. Moors & Cabot and your advisor are compensated by these third-party investment advisors for referring your advisory business to them. This compensation generally takes the form of the third-party investment advisor sharing with Moors & Cabot and the advisor a portion of the advisory fee the third-party investment advisor charges you. Moors & Cabot and your advisor may, therefore, have a conflict of interest to refer your advisory business to those third-party investment advisors that pay referral fees to Moors & Cabot or to those that pay higher referral fees to Moors & Cabot.

Moors & Cabot or your advisor may also receive training and educational support, marketing support, enhanced service, or other economic benefit in addition to its receipt of the referral fee discussed above from a third-party investment advisor to whom we have referred your advisory business. This support or other economic benefit will be paid from the third-party investment advisor's own funds and not from client funds. Moors & Cabot and your advisor, however, may have a conflict of interest to favor referring your advisory business to those third-party investment advisors that provide such support or other economic benefit over those advisors that don't provide such support or other benefits.

## **Moors & Cabot's Use of Solicitors**

Moors & Cabot has a number of solicitation agreements in place to compensate outside professionals or firms, such as attorneys, accountants, or other broker/dealers and investment advisors, for referring your advisory business to Moors & Cabot and your advisor. These professionals or firms are known as "solicitors." Moors & Cabot and your advisor will pay a portion of the advisory fee you pay us to the solicitor, typically for as long as you maintain an advisory relationship with us, to compensate the solicitor for the referral. Moors & Cabot will not charge a client who is referred to Moors & Cabot by a solicitor any amount for the cost of obtaining the client that is in addition to the fee normally charged by Moors & Cabot for its investment advisory services. Such solicitation arrangements are disclosed to the clients at the time of the solicitation via execution of a solicitor disclosure statement or similar document that outlines the nature and amount of the compensation we pay to the solicitor and whether or not the solicitor is affiliated with or related to Moors & Cabot. Solicitors are required to provide prospective clients with a copy of Moors & Cabot's ADV Part 2 no later than the date on which the client enters into an advisory relationship with Moors & the advisor.

## **Compensation Received by Moors & Cabot from Other Third Parties**

### ***Incentive Compensation from Clearing Firm***

In June 2019, Moors & Cabot engaged RBC Correspondent Services, a division of RBC Capital Markets LLC ("RBC") as its new clearing and custody partner. As part of the agreement, Moors & Cabot receives or has received the following compensation from RBC: (1) transition assistance to cover the cost of transferring accounts to RBC, (2) proceeds from non-interest bearing subordinated term notes, which included forgivable loans, (3) recruitment credits for new assets added to RBC's platform, and (4) sponsorship at the next Correspondent Chairman Council Meeting. The forgivable loans are contingent upon the firm and its representatives maintaining certain target and threshold client asset balances in RBC insured deposits over a 5-year period ending January 2025.

Clients should be aware, therefore, that Moors & Cabot's receipt of additional compensation from RBC created a conflict of interest since the benefits from RBC could influence Moors & Cabot's choice of RBC over other custodians that do not furnish similar benefits. However, Moors & Cabot's commitment to its clients and the policies and procedures it has adopted are designed to limit any interference with Moors & Cabot's independent decision-making process when choosing the most appropriate custodians for our clients.

### ***Cash and Cash Sweeps***

Moors & Cabot, through our clearing firm (RBC), offers a cash sweep option in all accounts. Under RBC's Insured Deposits Program ("Program"), funds placed into the Program earn interest on the uninvested cash balances in your account by automatically placing ("sweeping") cash balances into a sweep vehicle until such balances are invested or otherwise needed to satisfy obligations arising in connection with your account (e.g., distributions and purchases). The yield on such balances varies based on prevailing interest rates.

Balances that are swept under the Program are placed into interest bearing deposit accounts at Program banks. RBC sets a total limit on how much you can place into participating banks under the Program, currently \$5,000,000 (\$10 million for account held jointly). If your deposit account balances exceed the limit, RBC automatically invests the additional available cash balances in your account in shares of a money market fund called RBC U.S. Government Money Market Fund ("RBC Fund"), per the terms and condition and disclosures provided by RBC. Accounts with balances exceeding \$1 million in cash balance are eligible for RBC Institutional Class 2 (RBC Institutional Fund) as an alternative **Bank Deposit Sweep vehicle**.

FDIC insurance covers deposit account balances at a Program bank up to \$250,000 per depositor in each recognized insurable capacity (e.g., individual, joint, IRA, etc.). This amount is an aggregate amount of cash deposits at all banks by the depositor. Any funds above of this amount are not principally protected in the event of bank failure. Cash you hold in these banks outside of the Program may reduce the FDIC coverage you receive for cash held under the Program because your cash assets are typically aggregated at each bank for coverage purposes.

Money placed into the RBC Government Fund or an alternative money market fund outside of the Program are covered by SIPC, which protects against the custodial risk (and not a decline in market value) when a brokerage firm fails by replacing missing securities and cash up to a limit of \$500,000, of which \$250,000 may be cash. For more information on SIPC coverage, please visit [www.sipc.org](http://www.sipc.org).

RBC has provided us with the RBC Insured Deposit sweep program as the default cash sweep program for all clients. RBC compensates our affiliated broker-dealer on the cash balances based upon a percentage of the Federal Funds rate. M&C has no ability to change or influence the rate of return on cash sweep balance as this is solely determined by RBC. The rate can be modified by RBC based upon the interest rate environment. Moors & Cabot has an incentive to recommend that clients select the Program because it receives revenue sharing payments from RBC on RBC Insured Deposits. That revenue sharing is based on Moors & Cabot's aggregate client assets placed into the Program; prevailing interest rates; and a rate compression schedule that reduces our payout as rates decrease. The amount we receive is no less than 15 basis points. The interest rate provided to you through the Program is lower than market rates and other available cash alternatives because they reflect the rate you receive after the revenue sharing to us and others (e.g., RBC) are paid, i.e., the revenue sharing lowers your rate of return. These payments create a conflict of interest, as Moors & Cabot has an incentive to recommend that clients opt into the Program. However, our Financial Professionals do not receive any portion of the bank sweep compensation paid to the Firm and have no additional incentive to recommend a cash balance.

We generally recommend the Program to all of our clients. Should you wish to not participate in the Program you can choose an alternative cash investment option (i.e., a money market fund). With respect to cash investment alternatives, such investments do not pay revenue to our firm so there is no reduction to your return due to such revenue sharing with our firm. Cash alternatives may also have interest rates that are higher than under the Program, depending on market conditions. However, unlike cash invested using the Program, cash invested in money markets is not swept (it is traded), may not be immediately available, and is not FDIC insured, though it would be protected by SIPC for certain losses (please see [www.sipc.org](http://www.sipc.org)).

Whether you are investing in a sweep asset or another cash alternative, you should consider that, if you are paying an ongoing management fee on your cash investment (i.e., the annualized fee the firm charges to manage your assets), and that fee is higher than the rate of interest your cash is paying, you will lose money on cash reserves. These losses will be magnified in the Program due to the revenue sharing described above. When speaking with your Financial Professional, you should discuss whether one of these funds or other cash equivalent investments better suit your liquidity needs.



***Margin Interest***

Advisory accounts have access to margin loans through RBC. Clients will only be charged interest on the money they borrow — the RBC Express Credit debit balance. The interest rates on RBC Express Credit loans are usually lower than consumer loan rates. A client must complete a “RBC Express Credit Account Agreement and Application” to be approved for margin.

The rate of interest charged to the account is equal to the Base Lending Rate plus a sliding scale of percentages according to the size of the debit balance. The Base Lending Rate is determined by RBC based on various commercially recognized rates of interest in addition to competitive interest rates. These rates vary according to market conditions and RBC reserves the right to determine which rates, or combination of rates, will apply.

As of September 2022, the Base Lending Rate is 5.00%. A percentage of up to 2.75% over the base lending rate can be charged. M&C’s affiliated introducing broker-dealer often retains this premium amount. This receipt of this interest creates a conflict of interest for M&C to recommend the use of margin.

As is customary for all margin extended to clients by any broker-dealer and/or clearing firm, clients will receive regular monthly statements that include a statement of interest charged. The interest charged is disclosed on the statement for the interest period and calculated from the settlement date for each transaction.

As is customary for all margin extended to clients by any broker-dealer and/or clearing firm, clients will receive regular monthly statements that include a statement of interest charged. The interest charged is disclosed on the statement for the interest period and calculated from the settlement date for each transaction.

**Item 15 Custody**

Generally, Moors & Cabot is deemed to have custody over client assets, as defined in SEC Rule 206(4)-2, only in so far as it is able to deduct advisory fees directly from our clients’ accounts. In limited instances, Moors & Cabot or an investment advisor representative of the Firm may act as trustee over a client’s advisory trust account (though it remains the general policy of Moors & Cabot not to accept such appointments). In such cases, an independent public accountant conducts an annual surprise examination of funds and securities associated with these accounts.

**Custody Services**

If the client establishes a brokerage account with Moors & Cabot in its broker/dealer capacity, account custody services are provided by Moors & Cabot’s clearing broker/dealer, RBC Capital Markets. Some Moors & Cabot managed account assets (such as managed variable annuities) are held at the custodian for the respective product (such as the insurance company). Clients who establish a managed account with Moors & Cabot as broker/dealer of record will receive custodial account statements directly from the respective custodian that holds those assets, such as RBC Capital Markets or an insurance company. Clients should carefully review the statements they receive from their account custodians.

## Performance Reporting

Moors & Cabot clients may also receive statements for their managed accounts from their advisor that are in addition to those statements received from the account custodian. Moors & Cabot urges you to compare the account statements you receive from your account custodian and the statements you receive from your advisor. While account holdings and asset valuations should generally match, for the purposes of calculating performance and account valuations on your managed account, the performance statement month-end market values sometimes differs from RBC's month-end market values. The three most common reasons why these values may differ are differences in the manner in which accrued interest is calculated, the date upon which "as of" dividends and capital gains are reported and statement date vs. trade date valuations.

If you believe there are material discrepancies between your custodial statements and the statements you receive from your advisor, please contact Moors & Cabot directly at 800-426-0501.

### Item 16 Investment Discretion

Moors & Cabot renders investment advice to the vast majority of its managed account clients on a discretionary basis pursuant to written authorization granted by the client to Moors & Cabot and your advisor. This authorization grants to Moors & Cabot and your advisor the discretion to buy, sell, exchange, convert, or otherwise trade in securities and/or insurance products with or through any distributor, issuer, or broker/dealer as Moors & Cabot or your advisor may select. Your advisor may, without obtaining your prior consent, determine which products to purchase or sell for your managed account, as well as when to purchase or sell such products and the prices to be paid. Neither Moors & Cabot nor your advisor, however, is granted the authority to take possession of your assets or direct the delivery of your assets to anywhere other than your address of record.

Client may impose reasonable restrictions on their managed account, including, but not limited to, the type, nature, or specific names of securities to be bought, sold, or held in their managed account, as well as the type, nature or specific names of securities that may not be bought, sold, or held in their managed account. Furthermore, Moors & Cabot's managed account agreement permits the client to choose to have Moors & Cabot and the advisor provide investment advice and recommendations on a non-discretionary basis. Clients electing a non-discretionary arrangement with Moors & Cabot and the advisor must execute this option on the management account agreement.

### Item 17 Voting Client Securities

As a matter of firm policy and in accordance with this Brochure and our advisory client agreements, neither Moors & Cabot nor its advisors have or will accept the authority to vote proxies on behalf of advisory clients in any situation where Moors & Cabot or the advisor acts as investment advisor to the client. Moors & Cabot or its advisors may, but are not obliged to, provide advice to clients regarding the clients' voting of proxies. In all cases, clients must either retain the responsibility for receiving and voting proxies for any and all securities maintained in their managed accounts, or they must appoint a third-party investment advisor or other person who is not associated with Moors & Cabot to vote proxies for their managed accounts.



## Item 18 Financial Information

Moors & Cabot and our advisors do not require prepayment of more than \$1,200 in fees six (6) months or more in advance from our clients. Additionally, pursuant to the trading authorization granted by our managed account clients to Moors & Cabot and the advisor, Moors & Cabot has discretionary trading authority over the funds and securities of clients.