



## COASTAL EQUITIES, INC. CODE OF ETHICS

### I. Introduction

The Code of Ethics is a compilation of basic principles of conduct for which you, as a Firm associated person, are responsible for knowing and following. These principles represent values critical to our customers<sup>1</sup> and others to conduct our business with honesty and integrity. The Code has been adopted to protect the reputation and integrity of Coastal Equities, Inc., and its associated persons and to assist associated persons in following uniform standards of ethical conduct.

The term "associated person" in the Code is understood to mean officers, directors, employees, and independent contractors.

The Code of Ethics is intended to govern the actions and working relationships of associated persons with current or potential customers, consumers, other Firm associated persons, competitors, suppliers, government representatives, the media, and anyone else with whom the Firm has contact. In these relationships, associated persons must observe the highest standards of ethical conduct. The success of CEI as a provider of financial services is built upon the trust and confidential relationships maintained between CEI and its customers. Therefore, each associated person is expected in all business matters to place CEI's and its customers' interest above his or her own self-interest and to discuss with Compliance any proposed transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

Associated persons must resolve any doubt as to the meaning of the Code in favor of good, ethical judgment. **It is the responsibility of each associated person to avoid even an appearance of impropriety.**

Implicit in the Code of Ethics is CEI's policy that both CEI and its associated persons comply with the law. The law prescribes a minimum standard of conduct; the Code of Ethics prescribes conduct that often exceeds the legal standard. Any request made of an associated person by any supervisor carries with it, whether articulated, the understanding that the associated person is to comply with the request only to the extent he or she can do so while complying both with the law and this Code of Ethics.

The requirements of the Code of Ethics are in addition to CEI's Supervisory Procedures Manual. And, in certain instances, areas of CEI have their own unique policies governing subjects covered by the Code of Ethics due to their lines of business. Associated persons must read and comply with these additional policies and procedures.

### II. General Principles and Standards of Conduct

It is CEI's policy and mandate to its associated persons to conduct CEI's business under the high standards and principles of the rules governing our industry. Associated persons are expected to deal with customers in a fair and honest way, with the customer's interest of primary concern. Associated persons are prohibited from taking unfair advantage of any customer, supplier, competitor, or other Firm information through manipulation, concealment, abuse of privileged information, misrepresentation of material fact, or any other unfair dealing or practice.

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<sup>1</sup> The term "customer" includes issuers and sponsors of securities with whom CEI has a selling agreement, as well as their parents, affiliates, advisers, and subsidiaries.



## **A. Conflicts of Interest**

It is CEI's policy that an associated person maintain no position which (1) could conflict with their performance of duties and responsibilities to CEI, (2) affects or could affect independence or judgment concerning transactions between CEI and its customers, suppliers, or others with whom CEI competes or has existing or pending or potential business relationships, or (3) otherwise reflects negatively on CEI.

Associated persons are prohibited from engaging or investing in any business that directly or indirectly competes with services provided by CEI or any subsidiary of the Firm, except where such an investment represents insignificant ownership in a publicly traded company.

### **Outside Business Activities**

Associated persons are prohibited from accepting employment or engaging in a business (including consulting and similar arrangements or arrangements with competitors) that may conflict with the performance of their duties or CEI's interest. All outside business activities require prior approval by Compliance.

### **Holding Office/Appointments**

Associated persons must avoid appointments, including fiduciary appointments, which may conflict with the performance of their duties for CEI or otherwise interfere with their employment relationship with the Firm. All fiduciary appointments, except those on behalf of the associated person's immediate family members ("Immediate family member" means a person's child, parent, spouse, sibling, and in-laws) must be approved by Compliance which may require execution of a hold harmless agreement by the beneficiary. Associated persons are prohibited from maintaining trusteeships and other fiduciary appointments for their own customers other than immediate family members.

### **Providing Legal, Tax, Accounting, or Investment Advice**

Associated persons are prohibited from providing customers with legal, tax, accounting, or investment advice not in the usual course of business; or recommending attorneys, accountants, securities dealers, insurance agents, brokers, real estate agents, or other service providers if the advising associated person receives a personal reciprocal benefit (e.g., cash and non-cash compensation) for the referral from the service provider. (Note that referrals to service providers are permissible if the associated person does not receive a personal reciprocal benefit for that referral.)

### **Private Securities Transactions**

Associated persons are not permitted to engage in private securities transactions (as defined by FINRA) without written approval of the firm, whether or not there is compensation paid for effecting the transaction. Private securities transactions are defined by FINRA as any securities transaction outside the regular course or scope of a Registered Representative's contract or employment with CEI (sometimes referred to as "selling away"). This does not include outside securities accounts approved by CEI, transactions with immediate family members where the associated person receives no selling compensation, and personal transactions in investment company and variable annuity securities.



## **B. Confidentiality and Use of Non-Public Information**

Non-public information regarding CEI or its business, associated persons, customers, suppliers, or consumers is confidential. Associated persons may not purposefully access or view such information without a business justification, disclose such information, or use it for trading in securities or for other personal gain during or after employment, except that associated persons may use confidential information to perform their job duties.

Associated persons are prohibited for taking for themselves personally opportunities that are discovered through the use of CEI proprietary, non-public information (such as processes, programs, software, and business information and plans) about CEI or its businesses, or position, even if developed by the associated person either within or outside of the associated person's area of responsibility, or using corporate property, information or position for personal gain, or competing with CEI.

### **Privacy**

Associated persons may be restricted from accessing, sharing, or using certain information across Firm affiliates and from sharing information with external third parties, except as allowed by law. Associated persons must not view or request access to information unless a valid business purpose exists.

### **Use of CEI Information, Property and Technology**

Associated persons are prohibited from misusing CEI's information technology and electronic communications system, including accessing or distributing pornographic or other distasteful information or materials containing offensive, sexually explicit or harassing language, sending chain letters, or conducting excessive personal business.

Associated persons are prohibited from permitting Firm property (including data transmitted or stored electronically and computer resources) to be damaged, lost, used, or intercepted in an unauthorized manner.

### **Insider Trading**

Associated persons are prohibited from effecting securities transactions while in the possession of material, non-public information. Associated persons are also prohibited from disclosing such information to others. The prohibition against insider trading applies not only to the security to which the inside information relates, but also to related securities, such as options or convertible securities.

If associated persons receive inside information, they are prohibited from trading on that information, whether for the account of CEI or any customer, or their own account, any accounts in which they have a direct or indirect beneficial interest (including accounts for family members) or any other account over which they have control, discretionary authority, or power of attorney. Associated persons are prohibited from effecting transactions based on knowledge of material, non-public information.

### **Trading in the Stock of Firm Customers, Suppliers or Vendors**

No associated person may invest in the securities of a customer of CEI if the associated person participates in or is expected to participate in transactions involving, or is responsible for, extensions of credit to the customer or if the customer's securities are publicly traded and the associated person has



non-public information concerning the customer at the time of the proposed investment. If the associated person participates in or is responsible for decisions involving non-credit business transactions with the customer, the associated person must comply with any investment policy applicable to the associated person's line of business before making an investment in the customer's securities. In no case may the associated person invest in the customer's securities until after making disclosure of the proposed investment to the associated person's immediate supervisor, to the person approving the transaction with the customer, and Compliance.

No associated person may invest in the securities of a supplier or vendor if the associated person participates or is expected to participate in or is responsible for decisions involving business transactions with the supplier or vendor or if the securities are publicly traded and the associated person has nonpublic information about the supplier or vendor at the time of the proposed investment. If an associated person has an existing investment in the securities of a supplier or vendor of CEI and such associated person participates or is expected to participate in or is responsible for decisions involving business transactions with the vendor or supplier, the associated person shall promptly disclose the investment to his or her immediate supervisor and Compliance, and shall refrain from further participation in such decisions unless expressly authorized in writing by his or her immediate supervisor and Compliance.

### **C. Gifts and Entertainment and Anti-Corruption**

#### **Accepting Gifts**

Associated persons may not solicit gifts or gratuities from customers or other persons with business dealings with CEI. Associated persons are not permitted to accept gifts from outside vendors currently doing business with CEI or seeking future business without the written approval of Compliance. This policy does not include customary business lunches or entertainment; promotional items (caps, T-shirts, pens, etc.); or gifts of nominal (less than \$100.00) value. When accepting gifts from customers or other business-related persons, the associated person is required to submit the Gift Approval Form to his or her supervisor.

#### **Entertainment**

Entertainment of customers or prospective customers must be reasonable and not so expensive it raises a suggestion of unethical conduct. All entertainment and related expenses must be detailed on an expense form with receipts attached for expenses over \$25.00. Expense forms should be submitted to the appropriate supervisor within 30 days of incurring the expenses.

The limitation on gifts and gratuities does not apply to usual business entertainment such as dinners or sporting events where the associated person hosts the entertainment, though such expenses should be reasonable. "Entertainment" includes a broad range of activities such as trips, parties, and other activities where an associated person hosts someone related to CEI's business. Questions regarding the reasonableness of proposed entertainment and related expenses should be referred to Compliance.

#### **Bribes**

No associated person may offer or solicit explicit inducements to or from associated persons or representatives of other institutions or foreign governmental or political officials to obtain business. Entertainment and gifts in reasonable amounts are not included in this prohibition.



Associated persons are prohibited from soliciting or demanding anything of value from any person in conjunction with the performance of their duties to CEI (other than normal compensation received from CEI).

### **Political Contributions**

Associated persons are prohibited from making any political contribution of money or other property on behalf of CEI that would violate federal or state law.

## **D. Other Prohibited Activities**

### **Investment Recommendations**

No associated person shall in connection with the recommendation of a security held or to be acquired or sold by any customer shall: employ any device, scheme or artifice to defraud such customer; make any untrue statement of a material fact or omit to state a material fact necessary in order to make the recommendation made not misleading; engage in any act, practice, or course of business that would operate as a fraud or deceit upon such customer; or engage in any manipulative practice with respect to such customer.

### **High Pressure Sales Tactics**

Associated persons will not engage in high pressure sales tactics which may include excessive telephone calls, implying that a price may change on a security if the customer does not act immediately, or falsely representing that there is a limited supply of a security at a particular price.

### **Rumors**

No associated person may spread any rumors or misinformation that the associated person knows to be false or misleading. This includes rumors of a sensational character that might reasonably be expected to affect market conditions. Discussion of unsubstantiated information published by a widely circulated public media is not prohibited providing the source and unsubstantiated nature are also disclosed.

### **Guarantees of Approval**

Associated persons may not disseminate any information that falsely states or implies guarantees or approval of securities by the government or other institution such as government guarantee of securities that carry no such guarantee. SIPC may not be misrepresented as a guarantor of a customer's account against losses from transactions.

### **Guarantees Against Loss**

Associated persons are prohibited from guaranteeing a customer against loss in any securities transaction. Options or written agreements that establish the future price of a transaction such as repurchase agreements are not included in this prohibition.



### **Use of Firm Name**

No associated person may use CEI's name in any manner which could be reasonably misinterpreted to indicate a tie-in between CEI and any outside activity of the associated person.

### **Prohibition on Purchases of Initial Public Offerings (IPOs)**

Associated persons and their immediate families (parents, spouse, children, in-laws, siblings) are prohibited from purchasing IPOs. This includes sales to anyone materially supported by an associated person or a member of the associated person's immediate family.

### **Personal Funds Deposited in Customer Accounts**

Associated persons are not permitted to deposit personal funds or securities in customers' accounts or deposit customers' personal funds or securities in associated person accounts. The same prohibitions apply to withdrawals.

### **Commissions or Other Compensation**

Associated persons are not permitted to charge fees or assess other charges to customers or customers' accounts unless they are expressly permitted by CEI.

Associated persons are prohibited from accepting personal fees, commissions, other compensation paid, or expenses paid or reimbursed from others, not in the usual course of CEI's business, in connection with any business or transaction involving CEI.

Associated persons are prohibited from rebating to anyone, directly or indirectly, any commission or compensation received.

Associated persons are prohibited from knowingly benefitting from an error, including but not limited to payment of compensation (including incentive payments) or travel and entertainment expense reimbursement, without disclosing the error.

### **Sharing in Accounts**

Associated persons may not share directly or indirectly in the profits or losses of a customer's account (except for performance-based fees specifically permitted under rules governing investment adviser and other permitted arrangements). As a general policy, associated persons may not participate in an account that includes customers who are not family members of the associated person.

### **Discretionary Trades**

Associated persons are prohibited from making discretionary trades for a customer who had not given CEI written authority to make such discretionary trades. All such discretionary agreements must first be approved by Compliance.



### **Settling Complaints or Errors Directly with Customers**

Associated persons may not make payments to customers of any kind to resolve an error or customer complaint. Errors and complaints must be brought to the attention of the associated person's designated supervisor.

### **Loans with Customers and Third Parties**

Associated persons are prohibited from borrowing or accepting money from customers or suppliers unless the customer or supplier is a financial institution that makes such loans in the ordinary course of its business.

### **Acting Without Registration**

No associated person may engage in activities that require registration (selling securities, soliciting accounts, trading, investment banking, etc.) unless registered in the appropriate capacities.

### **Signing Documents and Customer Signatures**

Associated persons are not permitted to sign documents on behalf of customers, even when doing so is meant to accommodate a customer's request. Customer signatures must be original by the customer on all documents. Associated persons likewise may not sign documents on behalf of principals or supervisors.

Associated persons must send complete sets of documents to customers for signature – sending a signature page only is impermissible. Associated persons and customers may not back-date any document submitted to the Firm.

## **E. Internal Accounting Controls, Communications, and Public Disclosure**

### **Internal Accounting Controls**

It is the legal responsibility of CEI to develop and maintain systems of internal accounting controls that permit the preparation of its financial statements in accordance with applicable laws, rules, and accounting principles.

No one shall, directly or indirectly, knowingly falsify or cause to be falsified any book, record, or account of the Firm. This includes expense accounts, approval of invoices submitted by vendors, records of transactions with customers, records of disposition of company assets, records of consumers, or any other record.

Any associated person who becomes aware, directly, or indirectly, of inadequate controls, a failure of controls, or a circumvention of controls, or that transactions or other items are improperly recorded on CEI's books or records, must promptly report the situation to Compliance



## **Full And Fair Disclosure**

Associated persons are required to make full, fair, accurate, timely, and understandable disclosure in reports and documents that CEI files with, or submits to, the Securities and Exchange Commission, SROs, government agencies, and in other public communications made by CEI.

## **Communications with the Public**

All associated persons' communications with the public shall be fair and balanced. Communications about fees must be accurate and balanced.

If a communication includes a recommendation of securities, it must have a reasonable basis and disclose any conflicts of interest involving the associated person and/or CEI.

### **F. Compliance with Laws, Rules, and Regulations**

Each associated person of CEI shall act on CEI's behalf in a manner that complies with all laws, rules, and regulations under which CEI must operate. Any associated person who becomes aware, either directly or indirectly, of an associated person's violation of a law involving a breach of trust must report the violation promptly to Compliance.

If an associated person becomes aware of or suspects embezzlement, false entries in CEI's records, false statements to CEI's regulators, false statements by customers or consumers (where the associated person knows that the statement is false or has reason to inquire as to its falseness), or any fraud or potential fraud, or other criminal violation involving CEI, its associated persons or customers, such associated person must immediately contact Compliance.

An associated person who is convicted of a crime (other than a minor traffic offense) or found liable for an offense that subjects the associated person to a disciplinary or licensure order by a regulatory agency or self-regulatory organization, must promptly report the event to Compliance. In addition, an associated person who is charged with (but not convicted) of a crime involving a breach of trust, dishonesty, substance abuse, money laundering, or a felony, or is charged with (but not found liable) of an offense by a regulatory agency or self-regulatory organization that may result in a disciplinary or licensure order must promptly report the event to Compliance. Failure to report the above is a violation of the Code.

Each associated person must cooperate fully with a request by CEI to investigate of the associated person. Failure to do so is a violation of the Code.

## **III. Enforcement of the Code**

### **A. Reporting Obligations**

Associated persons have an obligation to report potential ethics violations to Compliance. Compliance will maintain the confidentiality of the individual reporting the possible violation; the associated person may also report anonymously the identity of the parties involved. Retaliation against associated persons who report possible violations is strictly prohibited and will subject those who retaliate with disciplinary action which may include termination. Those who violate the Code are subject to disciplinary action which may include termination.



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For example, if an associated person would feel more comfortable in merely reporting that they suspect several of their co-associated persons are involved in what appears to be falsifying credit reports or that a fellow associated person is involved in a transaction that may be a conflict of interest on his or her part, the associated person need only report the suspected Code violation, the persons involved, and the department in which they suspect the activity is occurring.

## **B. Supervision**

It is the responsibility of each supervisor to train and supervise associated persons so that they can perform their jobs in a competent manner and in conformity with CEI's policies, including the Code of Ethics. When assigning responsibilities to an associated person, it is the supervisor's responsibility to ensure that the associated person has demonstrated the capability to discharge the assigned responsibility in conformity with the Code of Ethics. It is also the supervisor's responsibility to ensure that all associated person questions concerning the operation and requirements of the Code of Ethics are fully addressed.

The Chief Compliance Officer is responsible for administration of the Code of Ethics and updating the Code when necessary.

## **C. Consequences for Non-Compliance**

Any associated person who directly or indirectly violates a provision of this Code, or engages in illegal or improper behavior, will be subject to disciplinary action, up to and including termination of employment. CEI may impose a range of possible disciplinary actions, including the following: forfeiture of future discretionary compensation, cancelling trades, selling positions at a loss, reprimand, fine, suspension of employment, and termination of employment.

The Chief Compliance Officer in consultation with Senior Management will determine the appropriate level of discipline and will collaborate with the associated persons' supervisor who will be copied on any communications to the access person concerning the disciplinary action.