

# **Vistia Capital, LLC**

## **Regulation Best Interest Disclosure**

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# Regulation Best Interest Disclosure

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This disclosure provides information about the business practices, compensation and conflicts of interest related to the brokerage business of Vistia Capital, LLC (“Vistia Capital”, “our”, “we”, “us”) offers brokerage services to you and our customers. This guide summarizes important information concerning the scope and terms of those brokerage services that are offered by us 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 disclosure documentation you may receive or have received from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (“SEC”) as a broker-dealer providing brokerage services, and a member firm of the Financial Industry Regulatory Authority (“FINRA”). Our brokerage services are the primary focus of this guide. As a broker-dealer, Vistia Capital transacts business in private placements and mergers and acquisitions to clients located domestically. Additional information about Vistia Capital and its financial professionals is available on FINRA’s website at [www.brokercheck.finra.org](http://www.brokercheck.finra.org), or via the SEC’s website at [www.sec.gov](http://www.sec.gov).

## Brokerage Services

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We provide our clients with access to offerings of unregistered debt or equity securities (“private placements”, “private placement investments” and or “investments”). Our services include the determination of investor suitability for investment in private placements, making investment recommendations consistent with your investment strategy, and facilitating the execution and settlement of your private placement securities transactions. Additionally, our services are provided on a non-discretionary basis, and while we may recommend private placement investments for you, the ultimate investment decision regarding the purchase of private placement investments will be yours. We introduce parties in merger and acquisition transactions and the final decision to engage in a transaction is negotiated between the buyer and seller. Finally, our recommendations and introductions are made in a brokerage capacity, and as such, we do not agree to enter into a fiduciary relationship with you. For more information on our services, contact your investment professional at Vistia Capital (“Registered Representative”), or you can contact Pablo Almeida at 720-738-1740.

## Recommendations

Our services include the determination of suitability for investment in private placement securities, making investment recommendations consistent with your investment strategy, and facilitating the execution and settlement of your private placement investment transactions. We provide recommendations with regards to the private placements we market. In merger and acquisition transactions, we do not make a recommendation. We introduce the parties. The ultimate decision for the purchase and sale is negotiated between the buyer and seller. Those recommendations are based upon our due diligence regarding the sponsor or issuer of the private placement, and the proposed business activities related to the offering. It is important for you to understand that when your Registered Representative makes a recommendation to you, we are obligated to ensure the

recommendation is in your best interest, 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.

## **Account Monitoring, and Incidental Brokerage Services**

We do not commit to, nor do we provide for the on-going monitoring of your investments. It is your responsibility to monitor the investments, and we encourage you to do so regularly. Additionally, from time to time we may provide you with additional information and resources to assist you with understanding investment in private placements. These activities are not designed to monitor specific investment holdings, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to buy or hold any particular investment you may have. 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.

## **Minimum Investment Requirements**

Each sponsor or issuer sets the minimum investment and suitability requirements for prospective investors in each respective offering of a private placement. While we generally require retail investors be “accredited investors” to purchase private placements through us, the sponsor of such private placement investments generally sets that requirement. The actual investor investment requirements are detailed in the respective private placement memorandum, private offering memorandum or disclosure prepared by the sponsor or issuer, as well as in the subscription agreement you will be required to execute to acquire an interest in a private placement investment (collectively the “Offering Documents”).

## **Understanding Risk**

It is important for you to understand that all investments involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align your risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your investment goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “*Income*” investors typically holding the smallest percentage of higher- risk investments, followed by “*Growth and Income*” investors holding some higher-risk investments, and finally “*Growth*” investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies, and we measure it on a continuum that increases from “*Conservative*” to “*Moderate*” to “*Aggressive*,” and finally “*Trading and Speculation*.” See the chart below for details.

Investment Objective	Investment Objective Description	Risk Tolerance	Risk Tolerance Definition
Income	Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	Conservative	Conservative Income investors generally assume lower risk, but may still experience losses or have lower expected income returns.
		Moderate	Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
		Aggressive	Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth & Income	Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.	Conservative	Conservative Growth and Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
		Moderate	Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.
		Aggressive	Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth	Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.	Conservative	Conservative Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns.
		Moderate	Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
		Aggressive	Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.
Trading and Speculation	Trading and Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.		

Our recommendations are based in part on your risk tolerance and investment objectives as outlined above. We encourage you to carefully consider your investment objectives and risk tolerance before investing.

# Brokerage Fees and Our Compensation

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## Transaction-Based Fees

You will pay transaction-based fees for trades you decide to acquire a private placement investment. These transaction-based fees are generally referred to as a “*commission*,” or a “*private placement fee*.” Transaction-based fees are based on a host of factors, including, but not limited to:

- Specific terms and conditions set forth by the sponsor or issuers in the Offering Documents
- Amount of your investment in the private placement investment
- Available discounts and/or waivers described in the Offering Documents

## Administrative and Service Fees

We do not charge clients additional administrative or service fees related to their private placement investments.

## How We Are Compensated

### General

We receive direct compensation in connection with your investment in a private placement investment or merger and acquisition transaction. Direct compensation for a private placement is generally a commission paid directly out of your initial private placement investment proceeds. Indirect compensation is compensation that is earned in ways other than through your initial investment in a private placement and may impact the value of the associated private placement investment. The section below describes the compensation that we receive in connection with private placement investments and merger and acquisition transactions that we may make available to you.

### Private Placement Compensation

Our compensation is based on a percentage of your invested capital in the private placement. The percentage payable to us is set out and disclosed in the Offering Documents that we provide you. The commission payable to us is non-negotiable, as it is negotiated between the sponsor or issuer of the private placement and us, prior to the offering of the private placement securities to potential investors. Our compensation is generally paid out of the proceeds of the offering by the issuer, although it may be paid by the sponsor or an affiliated entity. See the Offering Documents for a complete discussion of the compensation arrangements with the sponsor and or issuers and Vistia Capital.

Your Registered Representative may receive a portion of the compensation, as determined by the Registered Representative and us. Your Registered Representative can provide you with the most recent Offering Documents, which in addition to disclosing our compensation arrangements, also discloses additional fees and costs imposed on the private placement investment by the issuer and its affiliates, risks related to investing in that private placement, the minimum investments accepted, the suitability requirements of investors, and other information critical to an investors decision to invest in any such private placement investment. It should be noted that private placement securities are illiquid, there is no

public market for the securities and no such public market is expected to develop in the future.

## **Merger and Acquisition Compensation**

Our Compensation is determined in the engagement agreement between Vistia Capital and the party that engages us. We may receive a financial advisory fee and a success fee contingent on the completion of a transaction. The financial advisory fee may be credited against the success fee as determined in the engagement agreement

## **Revenue Sharing**

We do not participate in any revenue sharing arrangements with the sponsors or issuers of private placement investments.

## **Conflicts of Interest**

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Like all financial service providers, Vistia Capital and its Registered Representatives have 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 adverse 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.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Registered Representatives, our clients and third parties. We receive various forms of compensation from sponsors and issuers as described above. Securities rules allow for us, our Registered Representatives, and our affiliates to earn compensation when we provide services to you. However, the compensation that we and our Registered Representatives receive from you varies based upon the private placement investment purchase, which creates a financial incentive to recommend private placement investments that generate greater compensation to us. The compensation that we and our Registered Representatives receive on a merger and acquisition transaction varies based upon the terms of the engagement agreement.

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 recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship.

## **Compensation We Receive from Clients**

### **Transaction-Based Conflicts**

You pay commissions and private placement fees in connection with the buying of each private placement. Where these fees apply, the more transactions you enter into, the more compensation that we and your Registered Representative receive. This compensation creates an incentive for us to recommend that you buy these investments. We also have an

incentive to recommend that you purchase private placements that carry higher fees, instead of private placements that carry lower fees or no fees at all.

## **Compensation Related to Proprietary Products**

We do not offer proprietary products.

## **Compensation We Receive from Third Parties**

### **General**

Other than the transaction-based compensation described above, we generally receive no additional compensation from sponsors, issuers or other third parties; however, we may receive the compensation and benefits described herein.

### **Additional Compensation and Benefits from Product Sponsors and Other Third Parties**

We and our Registered Representatives, associates, employees, and agents may receive additional compensation from sponsors, issuers and other third parties including:

- Payment or reimbursement for the costs associated with education, training or marketing events that are attended by our employees, agents, and Registered Representatives.
- An occasional dinner or ticket to a sporting event, or reimbursement in connection with business development activities.
- Payment or reimbursement for the costs associated with education, training, marketing, or advertising initiatives, including marketing to prospective investors, that are attended by our employees, agents, and Registered Representatives.

The amount of these payments or benefits is not dependent or related to the level of assets you or any other of our clients invest in through us or with the product sponsor.

## **Compensation Related to Our Affiliates**

We earn no compensation related to our private placement activities from the activities of affiliates.

## **Compensation Received by Registered Representatives**

### **General**

Our Registered Representatives are compensated both as independent contractors and as salaried employees. Registered Representatives are compensated based on the percentage of revenue generated from the sales of private placement investment products acquired by clients. This compensation may vary based upon the private placement investment associated with our brokerage recommendation. Thus, Registered Representatives are incentivized to recommend private placement investments that have higher fees as well as those with on-going payments. We have controls established to identify and mitigate this risk.

Typically, a Registered Representative's payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. The same payout schedule is reduced when Registered Representatives discount certain client fees and commissions, or client relationship asset levels are below minimums established by us. Registered Representatives also may be eligible for annual or ongoing bonus awards based upon a variety of factors that include, achieving production targets, as well as compliance with our policies and procedures and meeting best business practices. As a result, Registered Representatives have an incentive to provide recommendations that result in selling more private placement investment products, as well as private placement investment products that carry higher fees, to increase commissions. Notwithstanding that conflict, we have controls established to identify and mitigate this risk. The compensation on a merger and acquisition transaction is determined by the independent contractor or registered representative agreement executed by Vistia Capital.

### **Non-Cash Compensation**

Non-cash compensation is provided to Registered Representatives in the form of credits toward business expense accounts and certain titles. Registered Representatives are also compensated in the form of education meetings. Portions of these programs may be subsidized by external vendors and affiliates, such as sponsors and issuers. Consequently, product providers that sponsor and / or participate in education meetings gain opportunities to build relations with Registered Representatives, which could lead to sales of such product provider's products.

## **Additional Resources**

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<b><u>Title</u></b>	<b><u>Web Address</u></b>
Vistia Capital Form CRS	[LINK to Firm Website} <a href="https://">https://</a>
Vistia Capital Legal Disclosures	[LINK to Firm Website} <a href="https://">https://</a>
FINRA	<a href="https://www.finra.org/">https://www.finra.org/</a>
SIPC	<a href="https://www.sipc.org/">https://www.sipc.org/</a>
BrokerCheck	<a href="https://brokercheck.finra.org/">https://brokercheck.finra.org/</a>