

ALPHALEDGER MARKETS, INC.

DISCLOSURE STATEMENT

INVESTMENT PRODUCTS AND CONFLICTS OF INTEREST

This important disclosure information about Alphaledger Markets Inc. (“ALM”) is provided to comply with the federal securities laws. It does not create or modify, amend, or supersede any agreement, relationship, or obligation between you and ALM. Please consult your account agreement that governs your relationship with us.

Introduction

This document provides retail customers (referred to as “you” or “your”) with important information regarding your relationship with ALM (referred to as “we,” “us,” or “our”), a broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”), and a member of the Financial Industry Regulatory Authority (“FINRA”), and Securities Investor Protection Corporation (“SIPC”). Within this document, you will find information regarding the products ALM offers, including their material limitations and risks. In addition, this document describes our best interest obligations. This document also describes the conflicts of interest that arise in ALM’s business, including those conflicts that arise from compensation received by ALM, its affiliates, and its registered representatives (“ALM Representatives”), and how we address those conflicts.

ALM offers brokerage accounts for personal investing. These brokerage accounts generally allow you to invest in municipal bonds, and securities issued by our parent company Alpha Ledger Technologies, Inc (e.g., “Parent Company”).

Your ALM brokerage account (“ALM Account”) is self-directed. This means that you or someone you designate are solely responsible for deciding whether and how to invest in the securities offered by ALM. You or your designee are also solely responsible for the ongoing review and monitoring of the investments held in your ALM Account, even if ALM has made a recommendation to you.

It is important you understand that ALM is not an investment advisor and is not required to update any previously provided recommendations, and that unless specifically agreed to in writing, ALM will not monitor any investment recommendation made to you or the investments held in your Account. You are responsible for independently ensuring that the investments in your ALM Account remain appropriate given your Investment Profile.

When providing brokerage services to you, ALM is required to:

- Have reasonable grounds to believe that any security, investment strategy, or account type that we specifically recommend to you as an individual investor is in your best interest after taking into account factors relevant to your personal circumstances, such as your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and other financial information you have disclosed to us (your “Investment Profile”) and the cost associated with our recommendation (this is our “best interest obligation”);

- Ensure that your trades are executed with diligence and competence and seek to provide best execution considering prevailing market conditions; and
- Treat you in a manner consistent with principles of fair dealing and high standards of honesty and integrity.

There is no minimum required to open an ALM Account, but there are minimum requirements to purchase some types of investments. All transaction charges, if any, will be identified to you in the confirmation of a transaction and/or in the account statement ALM sends to you on a periodic basis.

How We Recommend Investments

ALM Representatives currently do not make recommendations for any investment, strategy, or account. ALM methodologies use information you provide about your financial goals, investment objectives, and financial situation (“Investment Profile”). When developing a recommendation that is in your best interest regarding your investments, investment strategies and accounts, we will consider your Investment Profile as well as the potential risks, rewards, and costs associated with the investment, strategy, or account recommendation.

Although cost is a factor that we will consider in making recommendations to you, it is only one of several factors. As a result, we will not necessarily recommend the lowest-cost investment option, and lower-cost alternatives could be available with the same, similar, or different risk and return characteristics. In addition, we will not consider every investment product offered by ALM when making a recommendation; certain investments are only available for self-selection (i.e., without an ALM recommendation) and we are not obligated to provide a recommendation to you.

Conflicts of Interest

Conflicts of interest arise because the products we offer have different costs to you. Generally, ALM earns compensation when you select a municipal securities product offered by us. As a result, when working with you, ALM has a financial incentive to offer municipal securities that result in compensation to ALM.

We seek to address these conflicts in multiple ways. For example:

- We primarily use a standardized methodology to provide advice so that recommendations made for your ALM account, when made are in your best interest, based on your needs and financial circumstances.
- We train, compensate, and supervise ALM Representatives appropriately to provide you with the best client experience, which includes offering recommended products that are in your best interest based on your financial situation and needs.
- We disclose information to you about any important conflicts of interest that are associated with a recommendation in advance of providing you with a recommendation so that you can make informed decisions.

How We Pay Our Representatives

ALM takes customer relationships very seriously and has processes in place to help ensure that when we recommend products to you, what we recommend is in your best interest. ALM Representative compensation is designed to ensure that our Representatives are appropriately motivated and

compensated to provide you with the best possible service, including when providing recommendations that are in your best interest that are based on your stated needs. This section generally describes how we compensate ALM Representatives.

ALM Representatives may receive a portion of their total compensation as base pay—a predetermined and fixed annual salary. Base pay varies between ALM Representatives which is based on experience and position. In addition to base pay, ALM Representatives may also be eligible to receive longer-term compensation. Whether and how much each ALM Representative receives in each component of compensation is generally determined by the ALM Representative role, responsibilities, and performance measures. These compensation differentials contemplate the relative time required to engage with a customer and that more time is required to become proficient or receive additional licensing for certain investment products (i.e., municipal security products).

Investment products such as municipal securities, may be considered more complex, and generally provides compensation respective to such services provided by ALM. Although we believe that it is fair to base the compensation received by our ALM Representatives on the time and complexity involved with the sale of these products, this compensation structure creates a financial incentive for our Representatives to recommend investments in these products over other investment products.

ALM addresses these conflicts of interest by training and supervising our ALM Representatives by disclosing these conflicts so that you can consider them when making your financial decisions.

Investment Products Offered by ALM

General Investment Risks

All investments involve the risk of financial loss. Historically, investments with a higher return potential also have a greater risk potential. Events that disrupt global economies and financial markets, such as war, acts of terrorism, the spread of infectious illness or other public health issues, and recessions, can magnify an investment's inherent risks.

The general risks of investing in specific products offered by ALM are described below.

Detailed information regarding a specific investment's risks is also provided in other disclosure and legal documents we make available to you, including prospectuses, term sheets, offering circulars, and offering memoranda. As stated previously, you are responsible for deciding whether and how to invest in the securities offered by ALM. You should carefully consider your investment objectives and the risks, fees, expenses, and other charges associated with an investment product before making any investment decision.

Custody of Securities at Hilltop Securities, Inc.

ALM utilizes Hilltop Securities, Inc. ("Hilltop") to clear, settle, and take custody of your investments. For those investments that are held in your Hilltop Account, they are insured by SIPC. SIPC protects against the loss of cash and securities, such as stocks and bonds that are held by a customer at a financially-troubled SIPC-member brokerage firm. The limit of SIPC protection is \$500,000, which includes a \$250,000 limit for cash.

In addition to SIPC, Hilltop has purchased additional security protection to cover the net equity of customer accounts up to an aggregate of \$200 million from underwriting syndicates at Lloyds of London (e.g., “Excess SIPC”). SIPC and Excess SIPC covers accounts of the member firm in the event of a member’s bankruptcy or insolvency. This coverage does not apply to losses due to market fluctuation or to any decline in the market value of your securities.

Fees and Charges

Details regarding the fees, charges, and commissions and/or markups associated with the investment products are described below.

Available Investment Products

This section generally describes the products offered by ALM, the fees you will pay, how we and/or our affiliates are compensated, the associated risks and our compensation.

Municipal Securities

ALM offers fixed income securities, namely municipal securities which can be purchased directly from the issuer (e.g., “Primary Marketplace” or “New Issues”).

In general, the bond market is volatile and municipal securities carry interest rate risk (i.e., as interest rates rise, bond prices usually fall, and vice versa). Interest rate risk is generally more pronounced for longer-term fixed income securities. Very low or negative interest rates can magnify interest rate risks. Changing interest rates, including rates that fall below zero, can also have unpredictable effects on markets and can result in heightened market volatility.

Municipal securities also carry inflation risk, liquidity risk, call risk (when applicable), and credit and default risks. Federal tax code changes can also impact the municipal bond market and valuations. Lower-quality municipal securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Municipal securities sold or redeemed prior to maturity are subject to potential gains or losses.

ALM makes municipal securities available without a separate transaction fee. With respect to New Issue municipal securities purchased through the Primary Marketplace, the cost for these transactions (commonly called a “markup” for purchases) is included in the purchase or sale price. Information about the terms of the compensation received by the underwriter is contained in the municipal securities’ official statements and related documents.

Alternative Investments in Private Companies

ALM may offer private placement investments in ALM’s Parent Company (e.g., Alpha Ledger Technologies Inc). As a private company, investments in ALM’s Parent Company are generally illiquid and are subject to certain eligibility and suitability requirements, which are described below.

A private placement is an offering of unregistered securities of a private company to a limited pool of investors. In a private placement, a company sells shares of stock in the company or other interest in the company, such as warrants or bonds, in exchange for cash.

Private placements in private companies are regulated by a series of SEC rules known as Regulation D (“Reg D”). Among other things, Reg D mandates that private placements may only be sold to accredited investors possessing sufficient net worth and a limited number of sophisticated non-accredited investors. Issuers selling securities in a private placement generally have fewer disclosure requirements than issuers that sell securities in a public offering.

Neither ALM nor ALM Representatives are compensated in connection with any private placement investment in our Parent Company. We also do not make recommendations regarding investments in private companies including our Parent Company.

Additional Conflicts of Interest

ALM and our Parent Company.

Certain registered persons of ALM are also part of the executive management of the Parent Company. Our Parent Company also provides ALM with technology and other services pursuant to an expense sharing agreement which operates in accordance with regulatory requirements. Furthermore, our Parent Company receives personnel, office space, and book-keeping services from a company that is owned by a Parent Company board member. Our Parent Company Board has implemented additional procedures to determine that the allocated services are both priced competitively and are allocated properly.