

**Item 1 – Cover Page**

**Part 2A of Form ADV  
Brochure for:**

**Next Financial Advisors LLC**

**(d/b/a Copper)**

221 1<sup>st</sup> Ave W Ste 500  
Seattle, WA 98119  
Email: support@getcopper.com  
GetCopper.com

**September 2022**

**This Brochure provides information about the qualifications and business practices of Next Financial Advisors LLC (“NFA” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at the address listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**NFA is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.**

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

## **Item 2 – Material Changes**

This Brochure was prepared for NFA's initial registration with the SEC.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

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## **Item 4 – Advisory Business**

### **A. Description of the Advisory Firm**

Next Financial Advisors LLC (“NFA” or the “Firm”), a Delaware limited liability company, provides portfolio management to clients under a wrap fee program as a sponsor and portfolio manager. NFA was formed on September 17th, 2021. NEXT Financial Inc., dba Copper Banking, is the principal owner and Sole Member of NFA. Copper is a financial technology company not a bank, and provides integrated services with NFA via a single mobile application. Please see Item 10 below for a description of NFA’s integration with Copper Banking.

Copper Banking’s mission is to empower families with the financial and investment knowledge to raise financially intelligent kids. Copper provides families with tools and features to help build their investment knowledge, while also providing them with personalized investment advice through NFA.

### **B. Types of Advisory Services**

NFA provides web-based discretionary investment advisory services (the “Services”) to U.S.-based families (“Clients”), through a mobile application (“App”) owned and operated by Copper Banking (the “Platform”). NFA provides the Services to Clients solely through the App, which includes certain financial education and learning programs. The Services offer exchange-traded funds (“ETFs”) which are selected and weighted by NFA, for each individual Client account. Each client is a user (each a “User,” and collectively “Users”) of a mobile application offered by Copper (the “Platform”). A User of the Platform is not a Client of NFA unless and until they enter into an Investment Advisory Agreement with the Firm, as described below. NFA does not provide Advisory Services to Clients in person, over the phone, or in any manner other than through the Platform. Clients access their accounts on the Platform through an application on the Client’s mobile device. Before opening an advisory accounts (“Account”), Clients must complete all account-opening documents, account authorizations, a suitability questionnaire, an Investment Advisory Agreement, and provide other information.

Upon the creation of an account and the completion of a suitability questionnaire, Clients may initiate deposits into their Accounts. Upon the successful deposit of funds, NFA will provide a recommended allocation of the Client’s funds into certain ETF portfolios, weighted accordingly based on the Client’s responses to the suitability questionnaire and specific to the Client’s risk tolerance, investment preferences, and other metrics provided for in the questionnaire. Client’s may choose to accept the allocation of funds into the portfolios, and may implement reasonable restrictions on the allocation of funds, subject to the discretion of NFA.

Clients may grant their teenage children (including teenage children for whom they serve as legal guardians) who are users of the Platform (“Users”), to initiate deposits into the Account, and receive and select recommended investment allocations from NFA, on the

Clients' behalf and subject to Client's approval, control and monitoring. Users will be able to view the Account, and monitor and track the investment performance.

Clients may terminate the Investment Advisory Contract without penalty. Fees charged in advance for the month are permitted a pro-rated refund in the event of an account cancellation prior to the end of the month. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

C. Client Tailored Services and Client Imposed Restrictions

Through a suitability questionnaire on the Platform, Clients provide personal information about themselves and their families, including financial resources, income information, and employment status, and each Client provides information about their investment goals, risk tolerance, and/or industries of personal interest. NFA utilizes the information from the questionnaire responses to create investment recommendations customized to the risk tolerance, financial parameters, and investment objectives of each Client. NFA evaluates each Client's responses and makes recommendations aligning with these investment needs. The investment recommendations made by NFA for each Client are based solely upon the information provided to NFA through the Platform. As such, the suitability of the investment recommendations is limited by, and solely relies on the accuracy and completeness of the information provided by the Client. NFA does not capture any additional information not covered in the questionnaire in making its risk assessment and providing its investment advice. As such, Clients are obligated to update their information, quarterly and as necessary, through the Platform promptly if there are changes to their financial situation, goals, objectives, personal circumstances or if other relevant information changes or becomes available.

NFA manages Client accounts using three pre-constructed portfolios comprised of varying weighted percentages across pre-selected ETFs. Clients' accounts are invested in one of three of these portfolios and their funds are allocated based on their risk profiles. Clients may implement reasonable restrictions on either the ETFs or weightings within any of the three pre-constructed portfolios.

A Client must also open a securities brokerage account and provide discretionary authority over such accounts to NFA. DriveWealth, an SEC-registered broker-dealer and a member of FINRA, will serve as the clearing broker and custodian for NFA Client accounts and will provide execution and clearing services for NFA's Clients.

Once the account is created by the Client, funds are invested into one or more of the pre-constructed portfolios, subject to any reasonable restrictions. Transactions in Client Accounts can only take place via the NFA App. Clients will have full access and control over the investment account, including all Teen Users, including portfolio balance, performance, and holdings. All portfolios are auto rebalanced by NFA as per the algorithm.

NFA does not offer any legal or tax advice with respect to its investment recommendations, and accordingly, NFA strongly urges Clients to work with their attorneys, accountants, or other professionals regarding their financial and personal situations. Investments in ETF or

other types of securities are NOT insured by Federal Deposit Insurance Corporation or by any other federal government agency. ETF investments are NOT deposits or other obligations of, or guaranteed by, NFA. ETF Investments MAY lose value, including possible loss of the entire principal.

D. Wrap Fee Programs

NFA provides the Services through a wrap fee program that bundles or “wraps” services together and charges a single fee based on the value of assets under management (the “Program”). DriveWealth is the Program sponsor, and all Client assets are custodied with DriveWealth and all transactions will occur through DriveWealth.

E. Amounts Under Management

NFA manages the assets of the Clients and has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$0	\$0	December 31, 2021

**Item 5 – Fees and Compensation**

A. Fees for Advisory Services

NFA will charge a subscription fee of \$2.95 per month for Advisory Services (“Fee”). NFA reserves the right to, and may in the future charge an increased Fee for Advisory Services. NFA may waive the Fee for new or existing Clients for various periods. The Client's account will be debited for the above-mentioned Fees. NFA will collect the Fees from the amount of any contribution or transfer, from available cash in the Client's account, or by liquidating the Client's assets held in the Client's account in an amount equal to the Fees that are due.

Clients may cancel recurring charges at any time by modifying their subscription preferences through the Platform, or otherwise via any methods described in the Terms of Service. Any cancellation of the current subscription is permitted from the time the cancellation request is received by NFA. Fees charged in advance for the month are permitted a pro-rated refund in the event of an account cancellation prior to the end of the month.

C. Third-Party Fees

In connection with the NFA's management of client assets, Clients will incur fees and/or expenses separate from the fee charged by NFA for NFA's services. The ETFs purchased for Client accounts, and subsequently held in Client accounts, incur additional expenses which reduce the net asset value of the ETF. These fees and/or expenses are separate from and in addition to NFA's fees for advisory services, if any. The Client is responsible for all such fees

and expenses. NFA does not receive, directly or indirectly, any portion of these fees charged to the Client. In addition, none of the NFA's employees receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for Clients.

### **Item 6 - Performance-Based Fees and Side-By-Side Management**

Performance based fees are fees based on a share of capital gains on or capital appreciation of the assets of a Client. NFA does not charge any performance-based fees.

### **Item 7 – Types of Clients**

NFA's Platform is intended for use by individual investors. NFA does not currently require a minimum amount in order to open an account. NFA reserves the right to impose a minimum or maximum account size or value in the future at its discretion. If and when NFA chooses to impose a minimum or maximum account size, NFA will provide advanced written notice to all Clients by amending this Brochure.

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

#### **A. Methods of Analysis/Investment Strategies**

NFA uses proprietary algorithms to analyze Clients' risk profiles and construct, weight and revise investment strategies that are tailored to meet each Client's financial goals. The NFA investment methodology employs five steps. First, a diverse set of asset classes is identified. Then the most appropriate ETFs are selected to represent each asset class. Upon ETF selection, NFA applies Modern Portfolio Theory to construct asset allocations that maximize the expected return for each level of portfolio risk. Next, risk tolerance is determined for a client using a proprietary assessment to select the asset allocation most appropriate for the client. Once the client is invested in the assigned portfolio, NFA monitors and periodically rebalances client portfolios.

#### **B. Risks of Investments and Strategies Utilized**

**Investing in securities involves risk of loss that Clients should be prepared to bear.**

Investment and trading risk factors may include:

**General Investment and Trading Risks.** Clients may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. The investment program utilizes such investment techniques as option transactions, margin transactions, short sales, forwards, leverage and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which a client may be subject.

**Investment Risk.** There is no guarantee that NFA's judgment, strategies, or investment decisions about particular securities or asset classes will necessarily produce the intended results. NFA's judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives. NFA may also make future changes to the investing algorithms and services that it provides. In addition, it is possible that Clients or NFA itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to NFA's software-based financial service.

**Market Risk.** The price of any security or the value of an entire asset class can decline for a variety of reasons outside of NFA's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events.

**Volatility and Correlation Risk.** Clients should be aware that NFA's asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes may exhibit similar price changes in similar directions, which may adversely affect a Client, and may become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections might not reflect actual future performance.

**Liquidity and Valuation Risk.** High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling her securities at all, or at an advantageous time or price because NFA and the Client's broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some ETFs that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios.

**Legislative and Tax Risk.** Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations (particularly for ETFs dealing in natural resources). NFA does not engage in financial or tax planning, and in certain circumstances, a Client may incur taxable income on her investments without a cash distribution to pay the tax due.

**Foreign Investing and Emerging Markets Risk.** Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments,

or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices, and foreign regulation may be inadequate or irregular.

**Common Stocks and Equity-Related Securities.** Prices of common stock react to the economic conditions of the company that issued the security, industry and market conditions, and other factors and may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants and options may also vary widely.

**Small- and Mid-Cap Risks.** Securities of small-cap issuers may present greater risks than those of large-cap issuers. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers.

**Cash Equivalents.** Cash equivalents are the most liquid investment assets with low risk and low returns. Cash equivalents are short-term fixed income assets with maturity of three months or less. However, these assets are subject to interest rate risk. Interest rates may fluctuate due to certain events taking place in the world including but not limited to economic events, geopolitical or social instability (global, regional or local), currency, interest rate and commodity price changes, and government or governmental agency responses to economic or political conditions.

**Bond Risk.** Bonds are subject to credit risk, which is the risk of default associated with the issuer. Bonds are also subject to interest rate risk or the risk that changes in interest rates during the term of the bond might affect the market value of the bond prior to the call or maturity date. Investors should also consider inflation risk, which is the risk that the rate of the yield to call or maturity will not provide a positive return over the rate of inflation for the period of the investment.

**Credit Risk.** NFA cannot control, and Clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any broker utilized by a Client, notwithstanding asset segregation and insurance requirements that are

beneficial to Clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of securities held by Clients. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client. NFA seeks to limit credit risk through ETFs, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer; however, certain funds and products may involve higher issuer credit risk because they are not structured as a registered fund.

**Exchange Traded Funds.** Exchange-traded funds ("ETFs") are a type of index fund bought and sold on a securities exchange. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying index; and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable.

**Additional ETF Risks, including Net Asset Valuations and Tracking Error.** ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities, they will pay two levels of compensation – fees charged by NFA, which are currently zero, plus any management fees charged by the issuer of the ETF. This scenario may cause a higher cost (and potentially lower investment returns) than if a Client purchased the ETF directly.

An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

Certain ETFs are more risky than others. Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. However, inverse and leveraged ETFs are

illiquid, speculative, and aggressive investments that are not designed for a long-term “buy and hold strategy.” Most Inverse or Leveraged ETFs get their leverage by using derivatives. The prices of derivative contracts do not necessarily move in tandem with the underlying securities. As a result, Inverse or Leveraged ETFs can have volatile price movements and race ahead or fall behind their stated index over long and short periods. Costs of borrowing to implement leverage as well as any efforts to insure counterparty risk are borne by the fund, creating a potential drag on returns. Leveraged and inverse ETFs may also have higher fees, which can affect returns

**Index Investing.** Index investing may have the potential to be affected by “active risk” (or “tracking error risk”), which might be defined as a deviation from a stated benchmark. If a portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” ETF that may not as closely align the stated benchmark. In these instances, a portfolio manager may choose to reduce the weighting of a satellite holding, utilize very active satellites, or use a “replicate index” position as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

**Reliance on Management and Other Third Parties.** ETF investments will rely on third-party management and advisers, NFA is not expected to have an active role in the day-to-day management of investments. Carried interest and other incentive distributions to fund management may create an incentive towards more speculative investments than would otherwise have been made.

**Limited Diversification.** Investments may be primarily focused geographically in North American countries. Furthermore, broad diversification of investments in number or by industry or geography is not a primary investment of NFA. This limited diversity could expose clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

**Inflation, Currency, and Interest Rate Risks.** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor’s future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed-income investments to decline. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by NFA may be affected by the risk that currency devaluations affect Client purchasing power

**Real Estate Investment Trusts.** Real estate-related investments may be adversely affected by factors affecting the real estate industry, which may include changes in interest rates and social and economic trends. Real estate investment trusts (“REITS”) may also be subject to the risk of fluctuations in income from underlying real estate assets, poor performance by

the REITs managers, prepayments and defaults by borrowers, adverse changes in tax laws, and with respect to U.S. REITs, their failure to qualify for the special tax treatment granted to REITs under the Internal Revenue Code of 1986 and/or to maintain exempt status under the Investment Company Act. Commodities - Commodities involve unique risks that may be distinct from those that affect stocks and bonds, including world-wide supply and demand factors, weather conditions, currency movements, and international government policies regarding commodity reserves and choice of currency for commodity pricing.

**Technology Risks.** The techniques and methodologies utilized by NFA in offering investment advice are fundamentally dependent on technology, including hardware, software and telecommunications systems. The data gathering, research, forecasting, strategy generation, order execution, trade allocation, risk management, operational, back office and accounting systems, among others, utilized by NFA are all highly automated and/or computerized. Such automation and computerization are dependent upon an extensive amount of proprietary software and third-party hardware and software. NFA typically does not utilize design documents or specifications when building its proprietary software. The proprietary software code thus typically serves as the only definitive documentation and specification for how such software should perform. NFA's proprietary software and third-party hardware and software may experience errors, omissions, imperfections and malfunctions (collectively, "Coding Errors"). Coding Errors in third-party hardware and software are generally entirely outside of the control of NFA. NFA, however, seeks to reduce the incidence and impact of Coding Errors through a certain degree of internal testing and real-time monitoring, and the use of independent safeguards in the overall Platform and often, with respect to proprietary software, in the software code and the Model itself. Despite such testing, monitoring and independent safeguards, Coding Errors may result in, among other things, the generation of unanticipated strategies, the failure to execute trades in a timely fashion, and/or the failure to properly gather and organize available data, all of which can and may have adverse (and potentially materially adverse) effects on NFA Investment Accounts and/or the Client's performance. Coding Errors are often extremely difficult to detect, especially in the case of proprietary Model. Regardless of how difficult their detection appears in retrospect, some of these Coding Errors may go undetected for long periods of time and some may never be detected. The degradation or impact caused by these Coding Errors can compound over time. Moreover, NFA may detect certain Coding Errors that it chooses, in its sole discretion, not to address or fix. While NFA may not perform a materiality analysis on many of the Coding Errors discovered in its software code, NFA believes that the testing and monitoring performed on such software will enable NFA to identify and address those Coding Errors that a prudent person managing a digital investment program would identify and address by correcting the Coding Errors. Clients should assume that Coding Errors and their ensuing risks and impact are an inherent part of investing with a digital investment adviser such as NFA. Accordingly, NFA does not expect to disclose discovered Coding Errors to the Clients. NFA seeks, on an ongoing basis, to create adequate backups of software and hardware where possible but there is no guarantee that such efforts will be successful. Further, to the extent that an

unforeseeable software or hardware malfunction or problem is caused by a defect, security breach, virus or other outside force, Clients may be materially adversely affected.

**Algorithmic Investing.** NFA incorporates computer-based technology to make investment recommendations and in the portfolio management processes – primarily through the use of algorithms designed to optimize various elements of wealth management. You should be aware that this type of portfolio management is based on a pre-set investment allocation that could rebalance your account and not take certain market conditions into consideration. Such trading may occur on a more frequent basis than you might expect and may not address prolonged changes in market conditions. Understand that changes to the algorithmic code could also have material effects on your portfolio recommendations and investment management. In the event of extraordinary market conditions, NFA may halt trading or take other temporary measures to help prevent an undue risk of harm to your portfolio. In addition, it is possible that NFA, its service providers, or Clients may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to the Platform.

**Risks of Relying on Data.** The strategies recommended to Clients are highly reliant on the gathering, cleaning, culling and analysis of large amounts of data from third-party and other external sources. It is not possible or practicable, however, to factor all relevant, available data into generating strategies. NFA will use its discretion to determine what data to gather with respect to any recommended strategy and what subset of that data the Platform takes into account to generate strategies. The data used in the Platform is obtained or derived from sources believed to be reliable, but NFA does not verify such data and cannot guarantee its accuracy and completeness. In addition, due to the automated nature of such data gathering and the fact that much of this data comes from third-party sources, it is inevitable that not all desired and/or relevant data will be available to, or processed by, NFA at all times. In such cases, NFA often will continue to generate strategies based on the data available to it. Additionally, NFA may determine that certain available data, while potentially useful in generating strategies, is not cost effective to gather due to either the technology costs or third-party vendor costs and, in such cases, NFA will not utilize such data. Clients should be aware that, for all of the foregoing reasons and more, there is no guarantee that any specific data or type of data will be utilized in generating strategies, nor is there any guarantee that the data actually utilized in generating strategies will be (i) the most accurate data available or (ii) free of errors. Clients should assume that the foregoing limitations and risks associated with gathering, cleaning, culling and analyzing large amounts of data from third-party and other external sources are an inherent part of investing with a digital investment adviser.

The Platform also relies on information provided by Clients in generating strategies. The strategies are highly reliant on the accuracy of the information provided to NFA by Clients. If a Client were to provide NFA with inaccurate information, this could materially impact the quality and applicability of the strategies. In addition, the strategies are limited in scope to the Clients' Suitability as understood by NFA.

**Cybersecurity Risks.** NFA and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to Clients by interfering with the processing of transactions, affecting NFA's ability to create and update strategies or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose NFA to civil liability as well as regulatory inquiry and/or action. In addition, Clients could incur additional losses as a result of unauthorized use of their personal information. While NFA has established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks also are present for issuers of securities in which NFA invests, which could result in material adverse consequences for such issuers, and may cause a Client's investment in such securities to lose value.

**Novel Coronavirus Pandemic, Public Health Emergency and Global Economic Impacts.**

As of the date of this Form ADV Part 2A, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization declared a pandemic on March 11, 2020. The outbreak of COVID-19 has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths, and has significantly adversely impacted global commercial activity and contributed to both volatility and material declines in equity and debt markets. The global impact of the outbreak is rapidly evolving, and many country, state and local governments have reacted by instituting mandatory or voluntary quarantines, travel prohibitions and restrictions, closure or reduction of offices, businesses, schools, retail stores and other public venues and/or cancellation, suspension or postponement of certain events and activities, including certain non-essential government and regulatory activity. Businesses are also implementing their own precautionary measures, such as voluntary closures, temporary or permanent reductions in workforce, remote working arrangements and emergency contingency plans. Such measures, as well as the general uncertainty surrounding the dangers, duration and impact of COVID-19, are creating significant disruption in supply chains and economic activity, impacting consumer confidence and contributing to significant market losses, including having particularly adverse impacts on transportation, hospitality, tourism, sports, entertainment and other industries dependent upon physical presence. As COVID-19 continues to spread, potential additional adverse impacts, including a global, regional or other economic recession of indeterminate duration, are increasingly likely and difficult to assess.

The extent of the impact of COVID-19 on NFA will depend on many factors, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of the COVID-19 pandemic may materially and adversely impact NFA's ability to source, manage and divest investments and NFA's ability to achieve its investment objectives on behalf of its Clients, all of which could result in significant losses to a Client.

In addition, COVID-19 and the resulting changes to global businesses and economies will, likely, adversely impact the business and operations of NFA, and its respective affiliates. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel.

**Other Catastrophic Risks.** In addition to the potential risks associated with COVID-19 as outlined above, NFA may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on NFA's operational and financial performance will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which NFA participates (or has a material effect on any locations in which NFA operates or on any of their respective personnel) the risks of loss could be substantial and could have a material adverse effect the ability of NFA to fulfill its investment objectives.

C. Limitation of Disclosure

The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in investments. As investment strategies develop and change over time, Clients may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of such adviser or the integrity of such adviser's management. NFA does not have any legal, financial, regulatory, or other "disciplinary" item to report to any Client. This statement applies to NFA and to every employee of NFA.

## **Item 10 – Other Financial Industry Activities and Affiliations**

NFA requires that Clients use the clearing and execution services offered by DriveWealth, an unaffiliated clearing and executing broker and qualified custodian for NFA Clients' advisory accounts.

Copper Banking is the Sole Member of NFA, and provides all of the office space, personnel, and information technology utilized by NFA. Officers and employees of NEXT Financial Inc. perform all services provided by NFA to NFA's clients. Copper is a financial technology company not a bank, and provides integrated services with NFA via a single mobile application. Clients will access the NFA Platform through the Copper App. However, the NFA Platform will be on a separate page and all Client's will be able to distinguish when they are utilizing banking services (provided by Copper), and the Advisory Services provided by NFA.

In order to open an account with NFA, Clients must also be customers of Copper Banking. Since Clients must be customers of and use the services provided by Copper Banking, there is an inherent conflict of interest through NFA being under common ownership with Copper Banking. Copper Banking will earn compensation and revenue based on clients using their banking and other facilitation services. Although NFA is not directly compensated by a Client's engagement with Copper Banking, NFA will indirectly benefit whenever Copper Banking generates fees due to the common ownership. The more commercially successful Copper Banking is, the better it ultimately is for NFA. Thus, there is an incentive for NFA to onboard clients who will then use the services of Copper Banking. This creates a conflict of interest. NFA has adequate safeguards and policies in place to minimize this conflict and ensure that the services of Copper Banking do not influence or otherwise infringe upon the investment recommendations and the Services Clients receive from NFA. The arrangement between NFA and Copper Banking does not interfere with NFA's provision of advice to Clients because of NFA's practices and controls.

- A. Neither NFA nor its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither NFA nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associate person of the foregoing entities.

- C. NFA recommends portfolios constructed of Exchange-Traded Funds, the portfolio of which are managed by other investment advisers. NFA does not receive direct or indirect compensation from those investment advisers.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

NFA has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code governs the activities of each member, officer, director and employee of NFA (collectively, “Employees”). NFA holds its Employees to a high standard of integrity and business practices that reflects its fiduciary duty to the Client. In serving its Client, NFA strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its Employees and Client securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well as to the Code’s specific provisions: (a) at all times the interests of Client must be paramount; (b) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by the Code have certain trading restrictions and reporting obligations of their personal securities transactions. Each Employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions via the electronic third party provided compliance management system. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer.

NFA will provide a copy of its Code of Ethics to Clients and prospective Clients upon request. Such a request may be made by submitting a written request to NFA at the address on the cover page to this Brochure (support@getcopper.com).

### **B. Recommendations Involving Material Financial Interests**

Neither NFA nor its related persons recommends to Clients, or buys or sells for Client accounts, securities in which NFA or a related person has a material financial interest.

### **C. Personal Investments in the Same Securities as Clients**

NFA and its related persons may buy or sell securities for themselves that NFA also recommend to Clients. Such transactions may create a conflict of interest. Where such transactions involve Employees subject to the Code of Ethics described in 11.A above, these transactions are monitored by the Chief Compliance Officer.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, NFA and its related persons may buy or sell securities for themselves at or around the same time that NFA buys or sells the same security for Clients. Where such transactions involve Employees subject to the Code of Ethics described in 11.A above, these transactions are monitored by the Chief Compliance Officer.

## Item 12 – Brokerage Practices

A. Factors Used to Select or Recommending Broker-Dealers

NFA has discretion to select brokers for the clearance, execution and settlement of orders (and accordingly, the commission rates paid), and currently has entered into an agreement with DriveWealth. NFA's placement of orders, and all clearing, execution and settlement will occur solely through DriveWealth. Thus, Clients may pay fees higher than if NFA has discretion to trade through other brokers. In considering its selection of DriveWealth as custodian and clearing broker, NFA considered the full range and quality of a broker-dealer's services, including:

- the ability to achieve prompt and reliable executions at favorable prices;
- the competitiveness of commission rates in comparison with other brokers satisfying IDT's overall selection criteria;
- the overall direct net economic result to Clients' assets;
- the broker-dealer's clearance and settlement capabilities;
- the operational efficiency with which transactions are effected;
- the financial strength, integrity, and stability of the broker;
- the ability to effect the transaction where a large block or other complicating factors are involved;
- the availability of the broker to execute possible difficult transactions in the future;
- the quality, comprehensiveness, and frequency of available research and related services considered to be of value, as contemplated by Section 28(e) of the Exchange Act and the regulations and interpretations of the SEC; and
- the quality, comprehensiveness, and frequency of notifications of investment opportunities.

In selecting DriveWealth, NFA did not consider any gifts or entertainment; the broker's willingness to cover trade errors caused by NFA; or Client referrals or capital introduction.

1. Research and Other Soft Dollar Benefits

NFA does not receive research or other soft dollar benefits as a result of Client brokerage.

## 2. Brokerage

NFA places all trade orders for securities transactions on behalf of Client Accounts solely with DriveWealth, with whom Clients must open brokerage accounts if they are to become NFA Clients. DriveWealth currently executes all orders for NFA Clients. Clients also do not pay any securities transaction costs (e.g., commissions or SEC fees) for trades executed through DriveWealth. Further, NFA does not receive any compensation from the Clients, DriveWealth or third parties in connection with such transactions.

NFA seeks to ensure that its Client's accounts receive the best overall execution for securities transactions from DriveWealth by continuing to monitor and review the best execution capability of DriveWealth. When assessing the best execution capability of the DriveWealth, NFA will consider the following factors: execution speed, price improvement versus the national best bid and offer (NBBO) and overall execution quality among other factors. NFA will have the ability to see more advantageous execution or pricing and, to the extent that DriveWealth's best execution capability does not appear to meet the quality of best execution on a consistent basis, NFA will look to remove and replace DriveWealth.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

NFA relies on its review of DriveWealth's best execution reports to ensure compliance with best execution as NFA does not execute trades. The Chief Compliance Officer is responsible for continuously monitoring and evaluating the performance and execution capabilities of broker-dealers that transact orders for Clients to ensure consistent quality executions.

DriveWealth executes trades upon receipt of the Client's order. Despite this, there may, depending on the liquidity and demand in the market, be a material change in the market price of the security being bought or sold.

DriveWealth is generally responsible for: (i) maintaining and recording transactions in cash and securities in Investment Accounts; (ii) sending orders placed by the Client for execution, clearance, and settlement; and (iii) providing a Client with statements, confirmations, other required documentation, and other information about a Client's Investment Account and transactions therein. Clients authorize DriveWealth to execute all trades and transactions a Client makes via the Platform and to carry a Client's Investment Account that holds Client securities and cash and to record the transactions a Client has made.

NFA may transmit or help facilitate a Client's requests for withdrawals or transfers through DriveWealth. However, NFA shall have no authority to initiate any withdrawal or otherwise to transfer any securities or money out of an Account.

As noted above, DriveWealth, a third-party broker-dealer, will provide execution, custody, clearing and settlement services and will serve as a qualified custodian for Client Accounts.

B. Aggregating Trading for Multiple Client Accounts

NFA does (but is not required to) combine orders on behalf of one Client account with orders for other Client accounts. When it does, NFA will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. NFA believes combining orders in this way may, over time, be advantageous to all participants. However, the average price could be less advantageous to a Client than if that Client had been the only account effecting the transaction or had completed its transaction before the other participants. Because of NFA's relationship to the Clients it manages by virtue of its position as an investment manager, there may be circumstances in which transactions for those entities may not, under certain laws, regulations and internal policies, be combined with those of some of NFA's and its affiliates' other Clients, which may result in less advantageous execution for those Clients.

NFA may place orders for the same security for different Clients at different times and in different relative amounts due to differences in investment objectives, cash availability, size of order and practicability of participating in "block" transactions. The level of participation by different Clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular Client.

### **Item 13 – Review of Accounts**

A. Frequency and Nature of Periodic Review and Who Makes Those Reviews

Clients will be reminded quarterly, and periodically as necessary, to update their profiles based on any changes to their investment preferences, risk tolerance, or otherwise, and are urged to make changes periodically in order to keep their profiles accurate and up-to-date.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Client accounts do not undergo non-periodic review by NFA. Investment allocations will change in accordance with the portfolio management software utilized by NFA and changes to a Client's profile.

C. Content and Frequency of Regular Reports

Clients have access to current balances, transaction history, and positions through the Platform. DriveWealth prepares account statements showing all transactions and account balances during the prior quarter. Clients are urged to compare the account statements they receive from DriveWealth with those provided on the Platform. NFA requests that Clients reconfirm their current profile information as needed and will remind clients at least periodically to update their information on the Platform.

## Item 14 – Client Referrals and Other Compensation

### A. Economic Benefits Provided by Third Parties

NFA does not receive any economic benefit, directly or indirectly from any third party for advice rendered to the Client.

### B. Compensation to Non-Advisory Personnel for Client Referrals

#### *Client Referral Program*

NFA offers cash payments to Clients for referring prospective clients to NFA. The compensation arrangements are generally based on a fixed payment that is paid to the referring Client by NFA, and that are disclosed to prospective Clients.

NFA operates a client referral program (“Program”) which is governed by the Terms of Services Agreement available at <https://www.getcopper.com/termservice>. Under the Program, current Clients receive a special designated code and link that they may share with one or more of their friends and family. The link will allow the receiver to claim a fixed dollar amount (“Bonus”) if they choose to apply for and open an Account with NFA. New prospective clients must meet the eligibility requirements and adhere to the terms and conditions of NFA’s Advisory Agreement. Current Client’s must adhere to the terms and conditions of the Program Agreement, and their Accounts must be in and remain in good standing, as determined by NFA in its sole discretion. Participation in the Program is not available to individuals who regularly provide investment advisory services to Clients in any U.S. state, or other ineligible persons. NFA reserves the right to modify, extend or cancel the Refer-a-Friend program at any time without notice, in NFA’s sole discretion

#### Endorsements

NEXT Financial Inc. provides compensation to individuals with a public presence for endorsement of NEXT Financial Inc.’s services, including the services provided by NFA.

#### Promotions

Promotions: NFA has periodic promotions offering various items, such as technology products, fee waivers on management fees, or reduced management fees. Client referrals or other referral arrangements may be combined with other promotional offers. NFA will disclose the terms of promotional offers to clients at the time of the offers. Promotions are at the discretion of NFA and can start and end promotions without notice.

## Item 15 – Custody

NFA does not maintain custody of Client’s funds or securities. All Client Accounts are held with DriveWealth. In order to create an Account and receive the Services, all Clients must agree to DriveWealth’s customer agreement (the “Custodian Agreement”), whereby DriveWealth will carry a brokerage account that holds Client securities and cash and will

record Client transactions on the App, as well as act as the clearing broker and qualified custodian for Client Accounts. Neither NFA nor any investment service provider engaged by NFA is responsible for the obligations of DriveWealth or any successor custodian.

NFA currently charges a subscription fee for Advisory Services, and, pursuant to NFA's Advisory Agreement, Clients will authorize NFA to instruct DriveWealth to deduct fees directly from Client accounts at DriveWealth, which will be considered a form of "custody." Because NFA will have the authority to instruct DriveWealth to deduct fees, NFA will be deemed to have "custody" of Client assets for this limited purpose. While NFA will instruct DriveWealth to withdraw its fees, DriveWealth will maintain actual custody of Client assets.

Clients should receive, on at least a quarterly basis, statements from the broker-dealer, bank or other qualified custodian that holds and maintains the Client's investment assets. Each Client is urged to carefully review such statements and compare such official custodial records to the reports that NFA may provide to you. NFA's reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

NFA provides discretionary investment advisory services to Clients. Discretionary trading authority permits NFA to select which securities to buy and sell and when to place orders for the execution of securities. NFA's portfolio management services consist of design and construction of pre-constructed portfolios consisting of exchange-traded funds, which are selected and weighted by NFA. Client funds are invested in one of three of these portfolios and allocated based upon the Clients' completion of a suitability questionnaire and other information provided by the Client. Clients may implement reasonable restrictions or modifications on either the ETFs or weightings within any of the three pre-constructed portfolios. Thereafter, NFA will periodically rebalance the portfolios based upon NFA's analysis.

As described above, NFA has the authority to designate the broker-dealers or other financial intermediaries through whom transactions in the accounts will be executed, cleared or settled. Currently, NFA sends all transactions for clearance, execution and settlement to DriveWealth (see Item 12 above).

### **Item 17 – Voting Client Securities**

NFA will not have authority to vote proxies on behalf of the Client. If in the future NFA obtains authority to vote proxies, this Brochure will be appropriately amended.

It is the policy of NFA that the exercise of proxy voting authority in respect to Client securities shall be the responsibility of its Clients. As part of their agreements with DriveWealth as custodian, Clients will direct DriveWealth to send all necessary proxy voting

materials and notices directly to the Clients from the custodians holding such securities. NFA believes that Clients, after reviewing such proxy materials, can then decide and vote proxy voting issues in their own best interest.

NFA does not give specific advice to Clients whether to participate or refrain from participation in investor class action suits. Clients will receive in the normal course of business all brokerage statements and confirmations necessary to complete such materials for securities traded while under NFA's management.

### **Item 18 – Financial Information**

NFA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy petition.

A. Balance Sheet

NFA neither requires nor solicits prepayment of more than \$1200.

B. Financial Condition

NFA does not have any financial conditions that would impair its ability to meet contractual commitments to clients

C. Bankruptcy Petitions in Previous Years

NFA has not been the subject of a bankruptcy petition.