

INTRODUCTION

Henley & Company LLC (we, us, our, Firm, or Henley) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer. We are also a member of the Financial Industry Regulatory Authority (FINRA), the Securities Investor Protection Corporation (SIPC), the Municipal Securities Rulemaking Board (MSRB), and the New York Department of Financial Services.

While Henley services each account, the accounts are protected and held at our clearing agent, Pershing LLC, a subsidiary of the Bank of New York Mellon Corporation. We service many account types, including but not limited to Individual, Joint, Corporate, Institutional, and Retirement Accounts. We provide recommendations to our customers regarding buying and selling securities, including equities, options, bonds, mutual funds, ETFs, various alternative investments, annuities, and initial public offerings (IPOs).

We will service both “non-discretionary” and “limited discretionary” accounts. “Non-discretionary” meaning that you, the investor makes the ultimate decision regarding the purchase or sale of investments in your account. “Limited discretionary” meaning that you have given written authorization for your registered representative to make the decisions regarding purchase or sale of investments in your account. We do not offer any proprietary products.

Our affiliate, Henley & Company Wealth Management LLC (Henley Wealth) is registered with the SEC as an investment adviser. Henley Wealth provides advisory services for a fee. Additional information can be found on [Form ADV Part 1A, Item 5.E.](#)

Henley maintains a network of individuals, referred to as “financial professionals”, who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of Henley’s financial professionals are also investment adviser representatives (IARs) of Henley Wealth or a non-affiliated Investment Adviser Borer Denton & Associates. Our financial professionals are located throughout the U.S. and often market services under their own business name.

Although some financial professionals offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services.

- When you are discussing services with a financial professional, you should ask what capacity the financial professional is acting or will be acting – as a broker-dealer registered representative and/or an investment advisory representative – when providing services to you.

This disclosure discusses important information regarding financial professionals who act as registered representatives of our broker-dealer. For more information about Henley Wealth and the services financial professionals provide when they act as IARs, please see the Form ADV disclosure brochures available [here](#) or, in the case of a financial professional who is associated with a third party investment adviser, please refer to www.adviserinfo.sec.gov or contact that

investment adviser for a copy of its Form ADV. For additional information on which type of investment account is right for you, please see Henley's Form CRS (Customer Relationship Summary) found at <http://www.henleyandcompany.com/form-crs-and-disclosures/>

As with all financial services providers, Henley and its financial professionals have conflicts of interest. When customers pay us, we typically get paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. The more transactions a customer makes the more we will be paid. When we are paid indirectly from the investments made by customers, we receive ongoing compensation, typically called a "trail" payment, for as long as a customer holds an investment.

Please also note that not all of the conflicts described in this disclosure apply to a particular financial professional, his/her services or all the products we sell. The types and amounts of compensation we receive change over time. You should ask your financial professional if you have any questions about compensation, costs, fees, or conflicts of interest.

COMPENSATION, COST, COMMISSIONS, AND FEES

Commissions and Sales Charges

Henley and its financial professionals receive upfront commissions when we execute transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, or sales charge, is typically paid at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested. Henley receives the sales charge or commission and shares it with your financial professional. Commissions vary from product to product, which creates an incentive to sell a higher commission security rather than a lower commission security. For more information about other commissions that apply to a particular transaction, please refer to the applicable investment's prospectus or other offering document. Our commission schedule can be referenced on www.henleyandcompany.com. Your financial professional will be able to answer specific questions you may have on our commission schedules and how they apply to your account.

Markups and Markdowns – Principal Transactions

When Henley buys from or sells a security to you in a principal capacity, Henley buys or sells the security directly from you, rather than acting as your agent to buy or sell the security from a third party. In these circumstances, if we sell a security at a price higher than what we paid for it, we will earn a markup. Conversely, if we buy a security from you at a price lower than what we sell it for, we will earn a markdown. Transactions in bonds and other fixed-income securities such as structured products can occur as principal transactions.

The maximum markup/markdown on a transaction with a customer that we receive when acting in a principal capacity typically does not exceed 2.5% of the value of the security. On rare occasions, a markup/markdown may exceed 2.5% on a deeply discounted security. In many cases, the actual markup/markdown percentage is lower based on factors including, but not limited to quantity, price, type of security, rating, or maturity.

Direct Fees and Charges

If you have an account with us, miscellaneous fees are charged directly to your account such as fees for transaction processing, account transfers, inactive account fees and retirement account maintenance. For direct fees that apply per transaction, Henley receives more fees the more transactions processed. These direct fees are not shared with financial professionals, and are not charged if you hold an account directly with a product sponsor. Our fee schedule can be referenced on <http://henleyandcompany.com>.

THIRD PARTY COMPENSATION

Henley and its financial professionals receive compensation from investment product sponsors and other third parties in connection with investments that Henley customers make in securities such as mutual funds, annuities, and alternative investments. Some types of third-party compensation are received by Henley and shared with financial professionals, and other types are retained only by Henley.

Trail Compensation

Henley and its financial professionals receive ongoing compensation from certain investment products such as mutual funds, annuities and alternative investments. This compensation (commonly known as trails or 12b-1 fees) is typically paid from the assets of the investment product under a distribution or servicing arrangement with the investment sponsor and is calculated as an annual percentage of assets invested. The more assets you invest in the product, the more we will be paid in these fees. Therefore, we have an incentive to encourage you to increase the size of your investment. The amount of trails received varies from product to product. This creates an incentive to recommend a product that pays a higher trail rather than a lower trail. We also have an incentive to recommend a product that pays trails (regardless of amount) rather than products that do not pay trails. For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering document for the investment.

Life Insurance

A limited number of our financial professionals are licensed insurance agents. Henley receives compensation from issuers of life insurance (universal, variable universal, whole life, and term) and other insurance contracts that are available to brokerage customers. The compensation includes commissions and trails. The amount of commission varies depending on the issuer, coverage and the premium amount. Financial professionals receive a percentage of the commissions and trailing commissions the insurance company pays to Henley.

Cash Sweep

Henley offers a service to sweep cash held within accounts into money market funds. Henley

receives compensation in the form of 12b-1 fees. The Firm's receipt of this additional compensation creates a conflict of interest on behalf of the Firm. Clients are able to select from a wide range of cash management and short-term investment options. The Firm also discloses to its clients that its sweep program is a service and not an investment recommendation, and that clients may unilaterally eliminate this conflict of interest by withdrawing cash balances from their brokerage account and investing such funds into bank deposits, certificates of deposit, and other money market mutual funds, which can offer higher yields.

Depending on interest rates and other market factors, the yields on the money market sweep fund have been, and may continue in the future to be, lower than the aggregate fees and expenses received by Henley for a customer's participation in the cash sweep programs. This may result in a customer experiencing a negative overall investment return with respect to cash balances in the cash sweep programs. Customers should discuss and compare the terms, interest rates, required minimum amounts and other features of the sweep program with their financial representative.

Collateralized Lending Arrangements

Henley offers a program that enables customers to collateralize certain investment accounts to obtain secured loans through Bank of New York Mellon. Henley receives compensation from BNY based on the amount of the outstanding loans. This compensation is a conflict of interest to because Henley has a financial incentive recommend the customer obtain the secured loan through BNY Mellon. Henley and its financial professionals do have an incentive to recommend that customers borrow money rather than liquidating some of their account assets so that Henley and the financial professional can continue to receive brokerage commissions and fees on those assets.

When a customer pledges assets in an account, the customer is a borrower and uses the cash and securities in the account as collateral for a loan and pays interest to the bank. Because of Henley's arrangement with the bank in the program, customers may be limited in their ability to negotiate the most favorable loan terms. However, customers are not required to use the program offered by our Firm, and can work directly with other banks to negotiate loan terms or obtain other financing arrangements. Customers should be aware that the collateralized loan program offered through us is one way, among many, to obtain a secured loan.

PRODUCT COSTS AND RELATED CONFLICTS

Financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, annuities and alternative investments. Each type of investment product carries unique risks, and many investment products charge fees and costs that are separate from and in addition to the commissions and fees that Henley and financial professionals receive. You can learn more about these risks and the fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents.

Share Class and Fund Selection

Henley offers various share classes of mutual funds and 529 plans. As an example, certain mutual fund share classes, often referred to as Class A shares, charge an upfront sales charge and an ongoing trail. For other mutual fund share classes, often titled Class C shares, there is no upfront sales charge paid, however, there is an ongoing trail payment and a contingent deferred sales charge to the investor if there is a redemption within a certain period of time after purchase. Depending on the length of the holding period for the mutual fund or 529 plan, and other factors, one share class may be less expensive to the investor than another, and Henley and the financial professional may earn more or less in compensation for one share class than another. Because of their characteristics and sales load structure, mutual funds generally are longer term investments. Frequent purchases and sales of mutual funds can result in significant sales charges unless the transactions are limited to exchanges among mutual funds offered by a sponsor that permits exchanges without additional sales charges. Henley maintains policies and procedures that are designed to detect and prevent excessive mutual fund switching, but you should monitor your account and discuss with your financial professional any frequent mutual fund purchases and sales.

Some share classes or funds we offer do not charge or pay to us an upfront sales charge, and pay us ongoing trails of annually (“no-load funds”). Because of the limited compensation from no-load funds, we have an incentive to limit the availability of no-load funds we offer and to recommend you invest in funds that impose sales charges and trails.

Breakpoint Discounts - Most Class A mutual funds offer breakpoint discounts for large investments, so that, the larger your investment in a fund, the lower the sales charge percentage applied to the investment. Many mutual fund groups count holdings in related accounts toward this breakpoint. This privilege is referred to as rights of accumulation.

Letters of Intent - Some mutual funds will grant breakpoint discounts at a lower investment level if an investor signs a Letter of Intent claiming an intention to invest a specified amount in the fund over a specified period of time. Each fund’s rules about rights of accumulation and letters of intent differ, so be sure to ask your financial professional about a fund family’s rules before investing so that you can take steps to qualify for any available discounts.

Henley also offers various mutual funds and ETFs, some of which have similar or identical investment strategies but differing fee structures. For example, a mutual fund that is designed to track an index of securities, such as the S&P 500 Index, may have higher or different types of fees than an ETF that is designed to track the same index. Whether a fund or ETF is more expensive than another fund or ETF with a similar or identical investment strategy may depend on factors such as length of holding, size of the initial investment and other factors. Henley and a financial professional may earn more compensation for one fund or ETF than another, giving Henley and the financial professional an incentive to recommend the product that pays more compensation to us.

OTHER COMPENSATION AND CONFLICTS

Margin

Henley offers customers the ability to purchase securities on credit, through our clearing agent, Pershing LLC. When a customer purchases securities on margin, a line of credit is extended to that customer. Interest charges are applied directly to customer account based on the margin balance held in that account. Henley has a financial incentive to encourage margin borrowing because Henley earns compensation in the form of interest on investments made with borrowed amounts. Henley benefiting from your decision to borrow and incurring the interest described above creates a conflict of interest. If contemplating use of margin, please consult the CreditAdvance Margin Agreement and Disclosure Statement and related disclosures for additional details. Please reference our margin schedule at <http://www.henleyandcompany.com/>

Error Correction

If a customer has an account at Henley and a trade error caused by Henley occurs in the account, Henley will cancel the trade and remove the resulting monetary loss to a customer from the account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), Henley will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to Henley.

Rollovers

If a customer decides to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with Henley, because we will be paid on those assets, for example, through commissions, fees and/or third party payments. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

Limitations on Investment Recommendations

Henley and its financial professionals offer and recommend investment products only from investment sponsors with which Henley has entered into selling and distribution agreements. Other firms may offer products and services not available through Henley, or the same or similar investment products and services at a lower cost. In addition, Henley may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa.

The scope of products and services offered by certain financial professionals may also be more limited than what is available through other financial professionals. A financial professional's ability to offer individual products and services depends on his/her licensing, training or branch office policy restrictions. For example, a financial professional maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A financial professional maintaining a Series 7, Series 63 and Life Insurance Agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a financial professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. To provide investment advisory services, a financial professional is often required to be registered as an IAR with the state in which he/she has a place of business.

You should ask your financial professional about the securities or services he/she is licensed or qualified to sell, and his/her ability to service investments that you transfer to Henley from another firm. You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at <http://brokercheck.finra.org>

FINANCIAL PROFESSIONAL COMPENSATION, FEES AND RELATED CONFLICTS

Henley generally compensates financial professionals pursuant to an independent contractor agreement, or employee agreement. Described below are the compensation and other benefits that independent contractor financial professionals and employees receive from Henley.

Cash Compensation

Henley typically pays a financial professional a percentage of the revenue he/she generates from sales of products and services. The percentage received can vary depending on his or her agreements with Henley and the investment product or service recommended, and can be more or less than what he/she would receive at another brokerage firm. When compensation is based on the level of production or assets, the financial professional has a financial incentive to meet those production or asset levels. In addition, Henley pays compensation to branch managers based on sales of products and services in the branch. There is a conflict of interest because the compensation affects the branch manager's ability to provide objective supervision of the financial professional. Henley and its branch managers have an obligation to supervise financial professionals and may decide to terminate a financial professional's association with Henley based on performance, a disciplinary event or other factors. The amount of revenue a financial professional generates creates a conflict of interest when considering whether to terminate a financial professional.

Fees Charged to Financial Professionals

Henley charges financial professionals various fees under its independent contractor or

employee agreement for, among other things, trade execution, administrative services, insurance, certain outside business activity related supervision, technology and licensing. Depending on the situation, these fees make it more or less profitable for the financial professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on the financial professional's overall business production or the amount of assets serviced by the financial professional, which gives the financial professional an incentive to recommend that you invest more in your account or engage in more frequent transactions. Transaction fees charged to your financial professional can also vary depending on the specific security that the financial professional recommends which creates an incentive for your financial professional to recommend the security that carries the lowest transaction charge.

Financial Professional's Outside Business Activities

Financial professionals are permitted to engage in certain Henley-approved business activities other than the provision of brokerage and advisory services through Henley, and in certain cases, a financial professional receives more compensation, benefits and non-cash compensation through the outside business than through Henley. Some financial professionals are insurance agents, tax preparers, investment adviser representatives or lawyers. As an example, a financial professional could provide advisory services through an unaffiliated investment advisory firm, or sell insurance through a separate business. A financial professional may sell insurance through an insurance agency not affiliated with Henley. In those circumstances, the financial professional would be subject to the policies and procedures of the third-party insurance agency related to the sale of insurance products, and would have different conflicts of interest than when acting on behalf of Henley. A financial professional may earn compensation, benefits and non-cash compensation through the third-party insurance agency and may have an incentive to recommend you purchase insurance products away from Henley. If you engage with a financial professional for services separate from Henley, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement. Additional information about your financial professionals outside business activities is available on FINRA's website at <http://brokercheck.finra.org>.

Financial Professionals' Disciplinary History

Some of Henley's financial professionals have legal or disciplinary history. Detailed information on financial professionals' disciplinary history can be found at <http://brokercheck.finra.org>.

Compensation for Other Services

Henley and financial professionals can offer various types of advisory and brokerage programs, platforms and services, and earn differing types and amounts of compensation depending on the type of service, program or platform in which you participate. This variation in compensation can incentivize a financial professional to recommend services, programs or platforms that generate more compensation for Henley and the financial professional than others. For example, if you expect to trade securities frequently in your account, a brokerage

account in which you pay a commission for each transaction may generate more compensation for your financial professional than an advisory account that generates compensation in the form of investment advisory fees.

OTHER FINANCIAL INDUSTRY AFFILIATIONS

Henley is affiliated with other financial services companies.

Henley Wealth LLC is a registered investment adviser and related person of Henley. In addition, IARs of Henley Wealth are brokerage registered representatives of Henley. Because of the affiliation, Henley has an incentive to recommend Henley & Company Wealth Management, LLC's advisory services over other programs and services.

Borer Denton & Associates, Inc. is a registered investment adviser with whom we have a contractual relationship to provide brokerage services.

Please consult the Disclosures page on Henley's website for the current information about Henley's brokerage compensation, fee schedules, and other important disclosure information. Henley posts changes to this disclosure on its website from time to time. Henley may not notify you when these changes are made, so you should consult the website to learn about any changes that have been made. If you are unable to access the website or require paper copies of any documents referenced here, please contact a financial professional.