

**BlackBay Capital Advisors**  
**Investment Advisor Policies and Supervisory**  
**Procedures Dated 1/1/2022**

**INTRODUCTION/PURPOSE**

BlackBay Capital Advisors is a state covered advisor. BlackBay Capital Advisors, its advisory affiliates, and its employees are subject to the rules of the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, and subject to the anti-fraud provisions of the state jurisdictions.

This policy is designed to emphasize and clarify the regulations, requirements, and policies of the multiple regulatory bodies and to assist in the proper and efficient functioning of BlackBay Capital Advisors. All principals, advisory affiliates, and employees will receive a copy of these Policies and Procedures. All persons shall sign and return the Receipt and Acknowledgement page for recordkeeping purposes and keep a copy of the Policies and Procedures for personal reference.

**AFFILIATIONS**

BlackBay Capital Advisors is a "Fee-Based" investment advisory firm which receives its compensation solely from the client and has no affiliation to a broker/dealer. BlackBay Capital Advisors does not receive commissions or any compensation for the implementation of investments. BlackBay Capital Advisors will recommend and use a broker and/or custodian to implement, but is not a Registered Representative of the firm, and will not imply to the public that the firm or its affiliates are Registered Representatives of the Firm.

**SUPERVISION**

BlackBay Capital Advisors has established a system of supervision. A Chief Compliance Officer ("CCO") is designated and empowered with full responsibility and authority to develop and enforce the Written Supervisory Policies and supervisory Procedures. The CCO is in a position of sufficient seniority and authority to compel others to follow the Policies and Procedures.

Todd Butterfield is the owner and CCO. The ultimate responsibility for compliance for BlackBay Capital Advisors rests with Todd Butterfield. The CCO is the sole-proprietor.

Karrie Butterfield is the Compliance Officer responsible for carrying out the day-to-day compliance tasks. The Compliance Officer reports to the CCO. Among other activities, Todd Butterfield is charged with the following supervisory responsibilities:

- Review, acceptance/written approval of new accounts
- On-going exam of all client accounts to detect and prevent irregularities or abuses
- Prompt review/written approval of correspondence pertaining to sales/trade execution
- Prompt review and written approval for all transactions by advisory affiliates
- Prompt review and written response for all client complaints.
- Maintaining up-to-date Advisory disclosure documents
- Maintaining records as required by the applicable regulatory bodies
- Marketing activities
- Provide a copy of these Policies to each advisory affiliate to read and sign
- Performance of periodic inspections of the office for compliance

## BOOKS AND RECORDS

(A) GENERAL: BlackBay Capital Advisors will keep the following records as may be applicable:

1. JOURNAL

A Journal in accordance with GAAP to include cash receipts and disbursements, and any other record of original entry.

2. LEDGER

Maintain general and auxiliary ledgers in accordance with GAAP reflecting asset, liability, reserve, capital, income and expense accounts.

3. MEMORANDUM OF ORDERS FOR PURCHASE OR SALE OF SECURITIES

A record of all trades (orders entered) to buy or sell a security. The following information is required: Terms and conditions of the order, instruction, modification, or cancellation, identify the advisor who recommended the transaction and the person who placed such order, account for which entered, date of entry, the BD through whom executed. May be individual "trade tickets" or a chronological listing "trading log."

4. CANCELED CHECKS

All check books, bank statements, canceled checks and cash reconciliations.

5. BILLS

All bills or statements paid or unpaid.

6. FINANCIAL STATEMENTS

Trial balances, financial statements, and internal audit working papers.

7. CORRESPONDENCE

Originals of written communications received, and copies of written communications sent (from and to advisory clients and general business correspondence) relating to recommendations or advice, or receipt, disbursement, delivery of funds, or placing or execution of any order.

8. DISCRETIONARY ACCOUNTS

A list or other record of accounts in which we exercise discretionary power.

9. EVIDENCE OF DISCRETIONARY AUTHORITY

All powers of attorney and other evidence of the granting of any discretionary authority.

10. WRITTEN AGREEMENTS

All written agreements entered into by the investment advisor with any client and any other business arrangements entered into.

11. ADVERTISEMENTS/RECOMMENDATIONS OF SPECIFIC SECURITIES

A copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication recommending the purchase or sale of a specific security sent to 10 or more persons. Maintenance of back-up for the reasons for such recommendation.

12. RECORD OF SECURITIES TRANSACTIONS

A record of every transaction in a security in which the advisor or advisory rep has any direct or indirect beneficial ownership. (The term advisory rep includes any employee who makes any recommendation or participates in the determination of recommendations.) Information to include: The name of the security, nature of transaction (i.e., buy or sell), unit price and total amount, and through whom executed.

13. BROCHURE RULE 204-3 (FORM ADV PART II OR SUBSTITUTE BROCHURE) A copy of each written statement and amendment/revision given to any client or prospective client, and a record of the dates given or offered.

14. SOLICITORS DISCLOSURE DOCUMENTS

Client receipts and disclosure documents delivered to clients by solicitors who refer business, or in our capacity as solicitor to outside advisors. This file also contains Solicitors Agreements entered into.

15. PERFORMANCE CALCULATIONS

All accounts, books, internal working papers, and other records necessary to form the basis for or demonstrate the calculation of the performance or rate of return published in any newsletter or advertisement.

16. INSIDER TRADING PROHIBITIONS/SUPERVISORY PROCEDURES

Written supervisory procedures identifying the chain of supervisory command and restrictions on insider trading, as evidenced by this document.

(B) CUSTODY: We do have custody of client funds and/or securities, and maintain the following additional records:

1. JOURNAL

A journal or other record showing all purchases, sales, receipts and deliveries of securities (including certificate numbers) for such accounts and all other debits and credits to such accounts.

2. LEDGER

A separate ledger account of each such client showing all purchases, sales, receipts and deliveries of securities, the date and price of each such purchase and sale, and all debits and credits.

3. CONFIRMATIONS

Copies of confirmations of all transactions effected by or for the account of any such client.

4. RECORD FOR EACH SECURITY

A record for each security in which any such client has a position, which record shall show the name of each such client having any interest in such security, the amount or interest of each such client, and the location of each such security.

(C) MANAGE/SUPERVISE: We do provide supervisory/management services and maintain the following additional records:

1. LEDGER – CLIENT HOLDING LOG

Records for each client the securities purchased and sold, the date, amount and price of purchase and sale.

2. SECURITY CROSS REFERENCE LOG

Records for each security in which clients have a current position; form which will promptly identify the name of each client holding a position in that security, and the current amount or interest of each client.

(D) MISCELLANEOUS: We will also maintain:

Historical records of the Form ADV as submitted to the SEC and all states

Copies of SEC Order Granting Registration & State Investment Advisor's Certificates

Copies all amended pages of Form ADV

Client billing statements/invoices prepared by our firm

"Annual Offer" letter to clients

Regulatory audit file containing correspondence to and from the regulators

Complaint file (to be maintained blank until any complaints are received)

Litigation file (to be maintained blank until any litigation applies)

Client data gathering and/or new account form (objectives/risk/restrictions)

Do-Not-Call list of prospects requesting not to be called (per FCC rules)

Error correction log

Proxy voting (if applicable)

Privacy Notice (and if applicable opt out forms)

Business Continuity Plan (aka Disaster Recovery Plan)

Any other files as applicable as required by states jurisdictions

(E) RECORD RETENTION:

All of the above records must be retained for a five-year period, or longer as may be required by states jurisdictions. For the first two years these records must be retained at the principal place of business; the remaining three years, these records may be moved off site to storage.

Formation paperwork for the establishment of the legal entity will be kept for life of the business.

(F) COMPUTER STORAGE:

Records may be maintained and preserved on computer storage medium (or photographic film; for the required time in that form. However, records stored on such medium shall:

1. Be arranged so as to permit the immediate location of any particular record;
2. Be ready for hard copy printout upon request by regulatory examiners;
3. Have a copy stored separately from the original for the time required;
4. Have procedures for maintenance and preservation of, and access to, records so as to reasonably safeguard records from loss, alteration, or destruction (see Business Continuity Plan), and;
5. With respect to records stored on photographic film, be available for regulatory examination with facilities for immediate, easily readable projection of the film and for producing easily readable facsimile enlargements.

REQUIREMENTS OF CUSTODY

An investment advisor will have "custody" if the advisor has possession of, or the ability to take possession of clients' funds or securities. Examples of custody includes: a grant of full or general power of attorney; acting as trustee or general partner; signatory authority on behalf of the client; holding a check payable to BlackBay Capital Advisors to forward funds to the custodian or other third party; or having authorization to deduct advisory fees or other expenses from the client's account.

BlackBay Capital Advisors maintains custody of client funds and/or securities and abides by the following requirements.

1. QUALIFIED CUSTODIAN: A qualified custodian maintains those funds and securities.

2. NOTICE TO CLIENTS: BlackBay Capital Advisors notifies the client in writing of the qualified custodian's name, address, and the manner in which the funds or securities are maintained, promptly when the account is opened and following any changes to this information.
3. ACCOUNT STATEMENTS TO CLIENTS: Account statements are sent at least quarterly by the qualified custodian. BlackBay Capital Advisors has a reasonable basis for believing that the account statement is sent at least quarterly, identifying the amount of funds, each security, and all transactions in the account for the period.
  - a) If only the advisor sends a quarterly account statement, an independent public accountant must verify all funds and securities at least once during each calendar year by surprise examination and complete Form ADV-E.
  - b) A client who does not wish to receive account statements may designate an "Independent representative" to receive notices and account statements.
4. RECORDKEEPING REQUIREMENTS: As set forth in the section above.

#### ERISA BOND REQUIREMENTS

The Employee Retirement Income Security Act of 1974 (ERISA) regulates almost all types of employee benefit plans and personal retirement plans.

ERISA plan sponsors are to obtain a bond. Investment advisors that exercise investment discretion over plan assets must obtain a bond. In some instances, the advisor may be able to fulfill its bonding requirement by obtaining a rider to the sponsor's bond.

BlackBay Capital Advisors will either be named on each ERISA plan's bond under a rider, or obtain our own bond when that is not possible.

#### STATE REGISTRATIONS/NOTIFICATIONS

As a state covered advisor, BlackBay Capital Advisors is not subject to federal registration, but is subject to state notification.

In addition to the firm requirement, each advisory affiliate may be required to meet state licensing requirements. This would be the case where meeting the definition of IA Representative and having a place of business in the state or where providing services in excess of the de minimis exemption.

The licensing of an IA Rep will be completed as may be required by the IARD and/or state jurisdictions. (E.G. Form U4 or other agent licensing form.)

See Definitions Under NSMIA section.

When Todd Butterfield deems it appropriate to render advice in a state, prior to doing so, the Blue-Sky laws of the state will be reviewed, and any necessary paperwork and/or examinations will be completed for application.

On an annual basis the state registration status will be verified and the Form ADV will be maintained current.

BlackBay Capital Advisors will only recommend to a customer that the customer engage the services of a broker/dealer, agent, or other investment advisor, if that individual or company is licensed under

applicable federal and state licensing requirements. Todd Butterfield will perform due diligence on these financial service entities to review current status of licensing prior to any recommendations.

#### AMMENDMENTS AND ANNUAL FILING

Material changes require prompt amendments. All other charges are required within 90 days of the December 31 fiscal year end.

On an annual basis (at fiscal year-end), the Form ADV will be reviewed to determine if any amendments are required and updating amendments will be made.

Various states may have annual filings of fees and/or papers on various anniversary dates. A calendar will be maintained so as to keep current.

On an annual basis, the "Annual Offer" of the Form ADV will be made to advisory clients who were active within the last 12-month period.

#### WITHDRAWAL

If/when BlackBay Capital Advisors desired to withdraw from registration in any state, the appropriate forms will be filed.

IARD filers shall submit the withdrawal electronically. Paper filers shall contact the state(s) to determine the appropriate form.

The termination of an advisory affiliate (IA Rep) will be completed as may be required by the IARD and/or state jurisdictions. (E.g., Form U-5 or other agent withdrawal form.)

#### CLIENT ACCOUNTS

All advisory clients will execute and Agreement with BlackBay Capital Advisors, and an executed copy of the Agreement shall be delivered to clients as soon as possible, but no later than within 7 days of execution.

No later than at the time of executing the Agreement, all new clients will receive a full disclosure document under the "brochure rule", to be satisfied by delivery of Form ADV Part II, or by delivery of a substitute brochure (which includes at least the information contained in Form ADV Part II).

Discretion will not be used until obtaining written approval from client. We will not have full/general discretion, as we are not able to withdraw client funds or securities, other than advisory fees authorized by the client.

We will not collect fees of more than \$500 per client and six or more months in advance.

#### PROXY VOTING

If the account is a discretionary account, decisions on voting of proxies will be made by BlackBay Capital Advisors unless the client otherwise specifically directs.

Todd Butterfield is the designated person responsible for monitoring corporate actions, making voting decision, and for ensuring that proxies are submitted timely.

Todd Butterfield will periodically monitor the voting of the proxies and supervise the designated person.

The designated person should vote proxies in the best economic interest of the client. However, the designated person can consider other factors by agreement with the client or to comply with statutory requirements.

Due to the nature of our business, it is unlikely that BlackBay Capital Advisors will have material conflicts when voting client proxies. However, conflicts could arise from time to time. An example may be when a fund votes to increase fees to advisors. Another example may be if a client owns the securities of a firm that we have a material relationship with. We have a duty to vote in the best interest of the client, and not in the interest of our firm. If a conflict arises, we can resolve the conflict to include but not limited to: Documenting that votes were cast in the interest of the client Use predetermined voting policy (pursuant to separate document "Proxy Voting Policies")

Informing the client to obtain objective third-party advice Obtaining the client's informed consent to vote a proxy in a specific manner.

When seeking a client's consent when there is a conflict, we must provide the client with sufficient information regarding the matter and the nature of the conflict to enable the client to make an informed decision.

There may be times when refraining from voting a proxy is in the client's best interests such as when the cost of voting exceeds the expected benefit to the client. An example might be in casting a vote on a foreign security that may involve additional costs such as hiring an interpreter.

BlackBay Capital Advisors will make client disclosure in Form ADV Part II (or in an alternate document) the following:

How clients can obtain information from us on how their securities were voted.  
Disclosure that a copy of our complete policy on voting proxies is available upon request.

If a client requests a copy of our complete proxy voting policy, we must supply it.

Proxy voting records that we must retain include, but are not limited to:

- Proxy voting policies contained herein
- Issuer's proxy statement (a sample) received regarding client securities
- Copies of actual votes casted on behalf of clients
- Records of written client requests for proxy voting information
- Written responses (if applicable) to client requests
- Research used in making the voting decision
- Any documents we prepare that are material to making a voting decision
- Any documents we prepare to memorialize the basis for a voting decision

Records of all proxy votes will be retained for a five-year period. For the first two years these records must be retained at the principal place of business; the remaining three years, these records may be moved off site to storage.

### PROXY SOLICITATION

BlackBay Capital Advisors shall only furnish proxy voting advice where there is an existing business relationship, and we shall not solicit proxies from non-clients.

When providing proxy voting advice to clients, we shall abide by the following conditions:

BlackBay Capital Advisors will disclose any significant relationship with the issuer, its affiliates, or a security holder proponent of the matter on which proxy voting advice is given, as well as any material interest of our firm in the matter.

We shall receive no special commission or remuneration for furnishing the voting advice from any person other than the security holder recipient thereof; and

The voting advice will not be furnished on behalf of any person soliciting proxies, or on behalf of a participant in an election contest subject to SEC Rule 14a-11.

BlackBay Capital Advisors shall not communicate with the press concerning a proxy.

Deviations from these policies may require BlackBay Capital Advisors to comply with SEC Proxy Registration Rules.

#### PRINCIPAL AND AGENCY CROSS TRANSACTIONS

BlackBay Capital Advisors does not engage in principal or agency cross transactions. If/when this policy changes, we will comply with all the rules and regulations of the Investment Advisors Act of 1940.

Section 206 (Prohibited Transactions) of the Investment Advisors Act of 1940 specifies that any investment advisor acting as principal must disclose to clients in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction. (The prohibition does not apply to any transaction with a customer of a broker or dealer if such broker or dealer is not acting as an investment advisor in relation to such transaction.)

BlackBay Capital Advisors will comply with the requirements when effecting an agency cross-transaction:

The client will execute a written consent prospectively; clients will be sent written confirmations at or before the completion of each such transaction; BlackBay Capital Advisors sends to each such client at least annually a written disclosure statement identifying the total number of such transactions and the total commissions/remuneration received; each written disclosure statement and confirmation includes a conspicuous statement that the written consent may be revoked at any time by written notice; and no such transaction is effected by BlackBay Capital Advisors where we recommended the transaction to both any seller and any purchaser.

As fiduciaries, investment advisors are required to put their client's interests ahead of their own. In correcting a trading error, the client should not be disadvantaged in any way.

In correcting an error, the client must be "made whole." The affected client, and all other clients will be put in the same position as they would have been had the error not occurred.

Soft dollars may not be used to pay for correcting the advisor's trading error.

BlackBay Capital Advisors must bear any cost associated with correcting a trade error, and not pass any of those costs on to the client.

There is no single solution to every trading error. Resolution must be determined on a case-by-case basis. Two examples are:

If an account is overcharged for the purchase of securities, it may be appropriate to reimburse the account for the amount overcharged, plus adjustments such as interest.

If an account was restricted from holding a particular security, it may be appropriate to repurchase the securities from the account from the same price as the account paid for them, plus adjustments such as interest. If a trading error results in a profit to the client, and the account was restricted from holding such securities, the account cannot profit from this trade, other than adjustments such as interest.



Interest payments will be calculated on the T-Bill rate over the affected time, unless the specific fact scenario deems another method to be appropriate. BlackBay Capital Advisors does not offer compensation on theoretical “what-if” scenarios of lost opportunity.

Any person discovering an error shall immediately notify Todd Butterfield.

Error corrections should be made as soon as possible after the error is discovered. Often this means no later than the next business day. Sometimes an error correction needs to take place after an investigation to determine whether the client, the advisory firm, the broker/dealer, or the custodian made the error. Error correction may need to be delayed until after Butterfield Capital Advisors consults with the client. A lengthy investigation may require that the correction be made prior to determining who made the error. BlackBay Capital Advisors will use best efforts to resolve errors in a timely manner.

BlackBay Capital Advisors will maintain a file documenting the correction of all trading errors.

### PERSONAL TRADING ACTIVITY

At times BlackBay Capital Advisors and/or its advisory representatives may take positions in the same securities as clients and will try to avoid conflicts with clients. The Advisor and its affiliates will generally be “last in” and “Last out” for the trading day when trading occurs in close proximity to client trades. We will not violate the advisor’s fiduciary responsibilities to our clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e., a thinly traded stock) disclosure will be made to the or sale which is minimal in relation to the total outstanding value and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

BlackBay Capital Advisors and its advisory representative will keep records of all personal securities transactions whether done through the firm or not.

For purposes of this section, the term “advisory representative” means:

1. any officer, director, partner;
2. any employee who makes recommendations, or duties relating to recommendations to be made;
3. any employee who has access to which recommendations will be made prior to dissemination;
4. other control or affiliated persons with access to recommendations prior to dissemination.

Advisory representatives are required to disclose all personal securities holdings upon commencement of employment, and thereafter as stated below.

Each advisory representative shall provide copies of monthly brokerage statements to Todd Butterfield. Additionally, each advisory representative shall submit quarterly (by the 10<sup>th</sup> calendar day after the end of each quarter) a “Record of Personal Securities Transactions.” This report is submitted whether or not any transactions have occurred.

The policy on personal securities transactions by advisory representatives includes trading activity of family members defined as dependent children, spouse, or dependent parents. It does not include parents, in-laws, or adult children trading wholly independently from the advisory representative.

Securities not covered under the reporting/recordkeeping requirements are:

- U.S. Government Securities
- Money Market Funds

All other transactions are reportable

### BEST EXECUTION

It is the duty of BlackBay Capital Advisors to seek best execution on securities transactions. This means that we must seek to execute client trades at the best net price considering all relevant circumstances. In order to obtain better services (better access, timely execution, expertise, better error record), it would be acceptable to pay up for better execution.

BlackBay Capital Advisors will perform a systematic and periodic review of best execution. The review will be documented.

The review will look at best price (trade ticket look-back) and the services available at the executing broker/dealer (due diligence analysis).

#### Trade Tickets (Performed quarterly)

Look-back sample review of price execution (3<sup>rd</sup> party database for time and price)

#### Due Diligence Analysis on Executing Broker (Performed on an annual basis)

Competitiveness of commission rates

Statistics on quality of execution

Ability to handle trades and answer calls in volatile markets

Research for the benefit of clients

Willingness, ability, facilities, infrastructure to work with RIAs

Trading errors and ability to correct (based on history)

### SOFT DOLLARS

Research can be considered in best execution if such research is received within the safe harbor under Section 28 (e) of the Securities Exchange Act of 1934. Research received for soft dollars should assist BlackBay Capital Advisors with the performance of our investment decision-making responsibilities. Non-research products and services should be purchased with hard dollars. If we receive soft dollars, such practices will be disclosed in our Form ADV.

### BLOCK TRADES/AGGREGATE TRADES (PORTFOLIO MANAGEMENT PROCESSES)

BlackBay Capital Advisors may aggregate trades and execute block trades.

CLIENT INVESTMENT OBJECTIVES: Notwithstanding, individual investment advice and treatment will be accorded to each advisory client consistent with client's investment objectives.

DISCLOSURE: Our policies for the aggregation of transactions is fully disclosed in the Form ADV.

No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all BlackBay Capital Advisors transactions in that security on a given business day.

In accordance with SEC No-Action letters, all clients would receive the same commission rate, which should reduce slightly the costs of execution. However, some broker/dealers apply an average per share commission that may result in some clients getting lower commission rates but other clients getting higher commission rates than if the trades had

been placed individually. In these cases, fair treatment to the client may mean that commissions will be applied on the same basis as if the trade had been entered on an individual basis.

BlackBay Capital Advisors will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for clients.

Before entering an aggregated order, BlackBay Capital Advisors will prepare a written statement (the "Allocation Statement") specifying the participating client accounts and how we intend to allocate the order among the clients.

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro rata based on the Allocation Statement, subject to rounding for odd lots, round lot holdings that would be deemed too small for an account ("de minimis allocations"), and other objective criteria. When the total final execution amount of a trade is materially less than an amount of the requested order, certain accounts may be removed entirely from the list of participants and the amounts of the allocation can be adjusted to avoid inefficient results. Accounts that do not receive an allocation with respect to a particular security will be considered first when the next partial fill occurs.

Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for the different allocation is explained in writing and is approved in writing by Todd Butterfield no later than one hour after the opening of the markets on the trading day following the day the order was executed.

#### FUND OF FUNDS PROHIBITION: RULE 3A-4

BlackBay Capital Advisors supervises or manages accounts on a discretionary basis and based on the individual needs of the client. Butterfield Capital Advisors is not subject to registration as an investment company on the following basis:

Each client's account is managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account.

At the opening of the account, BlackBay Capital Advisors will obtain sufficient information from each client regarding the client's financial situation and investment objectives and give the client the opportunity to impose reasonable restrictions on the management of the account. This information will be captured on a new account form and/or a data gathering questionnaire.

At least annually, BlackBay Capital Advisors will contact (or attempt to contact) the client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. The written notification may be made part of the quarterly report or other correspondence. BlackBay Capital Advisors will provide the client with a means through which such contact may be made.

BlackBay Capital Advisors and its advisory affiliates (persons that are knowledgeable about the client's account and management) will be reasonably available to each client for consultation.

Each client has the ability to impose reasonable restrictions on the management of his/her account, including the designation of particular securities or types of securities that should not be purchased for the account.

Each client is provided with a statement at least quarterly, containing a description of all activity in the client's account during the preceding period, including all transactions made on behalf of the account, all contributions

and withdrawals made by the client, all fees and expenses charged to the account, and the value of the account at the beginning and end of the period.

Each client will retain certain indicia of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program (the right to withdraw, vote or delegate the authority to vote, be provided with timely confirmations and all other documents required by law to be provided to security holders, and proceed directly as a security holder against the issuer of any security).

## CODE OF ETHICS

BlackBay Capital Advisors will abide by honest and ethical business practices to include, but not limited to:

Will not induce trading in a customer's account that is excessive in size or frequency in view of the financial resources and character of the account.

Will make recommendations with reasonable grounds to believe that the recommendations are suitable for the customer on the basis of information furnished by the customer.

Will not borrow money or securities from, or lend money or securities to, a customer.

Will not place an order for the purchase or sale of a security if the security is not registered, or the security or transaction is not exempt from registration in states we provide investment advice in.

Will not place orders for customers, or recommend that the customer place an order, to purchase or sell a security through a broker/dealer or agent or engage the services of a broker/dealer, agent, or investment advisor not licensed under states we provide investment advice in.

Will not guarantee a client that a specific result will be achieved (e.g., a gain or no loss).

## ACCURACY OF DISCLOSURES

It is our policy that disclosures made to prospective investors, clients, and regulators (including client reports and advertisements) (will be accurate to the best of our ability.

Form ADV will be reviewed and amended as may be required. (See section Amendments and Annual Filing)

Client reports will be compiled from reliable sources. (See Section Asset Valuations.)

Marketing materials will be reviewed for compliance and updated if/when necessary. (See sections Advertising, AIMR, and Internet.)

## ASSET VALUATIONS

Each security listed on any national securities exchange shall be valued at the last quoted sales price on the valuation date on the principal exchange on which such security is traded. In case no sale takes place on the valuation date, the average of the closing bid and asked prices shall be used.

Securities which are not listed to trading on any national securities exchange, shall be valued at the last quoted sale price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as last reported by NASDAQ or other such system then in use. If not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such security.

All other securities or assets shall be valued in a manner determined in good faith by BlackBay Capital Advisors.

We obtain the value of client holdings from sources we believe to be reliable. We reconcile internal reports with that of the custodian. Any discrepancies will be noted in the client report.

We obtain computer software that we believe is reliable to calculate our advisory fees based on the client holdings. Periodically we will do a manual calculation spot check to test the software. This spot check will be documented.

## PRIVACY POLICY

In the normal course of our business, we collect nonpublic personal information about clients (this term defined to be inclusive of prospective clients) from information received from the client on applications and other forms, and from information about client transactions with us. We restrict access to nonpublic personal information to employees. Employees are to treat this information as confidential.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. As permitted by law, we may disclose personal information to companies that effect, administer, or enforce a transaction that is requested or authorized by the consumer.

We will provide customers with an initial and annual notice of our privacy policies.

If our policy changes, and we begin to disclose nonpublic personal information outside the exception, we will provide customers with an opt out right and allow a reasonable time to opt out.

We have established safeguards to protect the security and confidentiality of customer records and information.

### Physical Security

Employees are to shred/or have burned, discarded paper records.

Employees are to erase/destroy electronic media before discarding.

The computer is secure and restricted to employee access only.

The office is secure and restricted from access by outside parties when employees are not present.

### Administrative Security

Todd Butterfield is the designated person responsible for monitoring internal access to customer records and information and determining who has access rights to covered information.

The designated person will periodically identify and assess the risks that may threaten protected information and adjust procedures to account for changes in technology, the sensitivity of the protected information, and internal or external threats to information security.

### Technical Safeguards

All employees will enter into a confidentiality agreement upon employment.

Employees shall take other reasonable steps in protecting customer records as may be necessary from time to time.

## USE OF SOLICITORS

BlackBay Capital Advisors will compensate solicitors, and the following rules will be abided by:

All solicitors will represent to us that they are not subject to any orders from the SEC or have been convicted of any of the misconduct or crimes so specified by the SEC. All solicitors will execute a Solicitor/Adviser Agreement with us. We will make a bona fide effort to ascertain that the solicitor has complied with the Solicitor/Adviser Agreement.

Any partner, officer director, or employee who is compensated as a solicitor will disclose this status and/or any affiliation to the client at the time of the solicitation.

Solicitors will deliver to the client at the time of the solicitation; the Form ADV Part II (or substitute brochure), the Compensation Disclosure Document ("Solicitor/Client Agreement"), and the Client Acknowledgement. The Client Acknowledgement will be returned to us for our files.

We will comply with any state laws regarding the use of solicitors and any registration requirements that may be applicable.

BlackBay Capital Advisors and its affiliates may act as solicitors to other investment advisors, and will comply with the solicitors rule to include:

We will only recommend to a customer that the customer engage the services of another investment advisor, if that outside investment advisor is licensed under applicable federal and state licensing requirements. Todd Butterfield will perform due diligence on these financial service entities to review current status of licensing prior to any recommendations.

We will execute a Solicitors Agreement with the outside investment advisor/money manager.

The affiliate will deliver to the client at the time of the solicitation; the outside investment advisor's Form ADV Part II (or substitute brochure), the Compensation Disclosure Document, and the Client Acknowledgement. The Client Acknowledgement will be returned to the outside investment advisor, and we shall maintain a copy.

Additionally, we will deliver to the client our own Form ADV Part II (or substitute brochure).

Any partner, officer, director, or employee of the outside investment advisor, who is compensated as a solicitor, will disclose this status, and/or any affiliation with the outside advisor, to the client at the time of the solicitation.

## ADVERTISING

BlackBay Capital Advisors will comply with the Advertising Rules under 206(4)-1:

We will not refer directly or indirectly to any testimonial of any kind concerning the investment adviser or concerning any advice, analysis, report or other service rendered.

When referring to past specific recommendations and/or our model portfolio, we will comply with the requirements set forth in the Rule, as well as opinions set forth by the SEC in current No-Action letters.

We will not represent that any graph, chart, formula or other device being offered can in and of itself be used to determine which securities to buy or sell, or when to buy or sell them.

We will not make any statement to the effect that any report, analysis, or other service will be furnished free or without charge, unless such report, analysis or other services actually is or will be furnished entirely free and without condition or obligation.

We will not publish or circulate any advertisement which contains any untrue statement of a material fact, or which is otherwise false or misleading.

We will submit copies of advertising in advance, or as otherwise may be required, in those states so requiring such submission. This requirement may be limited by the provisions of NSMIA for Federal Covered Advisors, but state law should be verified non-the-less.

BlackBay Capital Advisors and its advisory affiliates will not use the term Registered Investment Advisor or the initials "RIA" to imply that such is a designation. Rather, if used, usage will be descriptive of the registration status of the of the firm.

BlackBay Capital Advisors and its advisory affiliates will not represent or imply in any manner whatsoever that such firm or person has been sponsored, recommended, or approved, or that his/her abilities or qualifications have in any respect been passed upon by the SEC, any agency of the United States, or any state jurisdiction.

BlackBay Capital Advisors and its advisory affiliates will not represent that we are, nor use the term "investment counsel" as descriptive of our business unless (1) our principal business consists of acting as an investment advisor, and (2) a substantial part of our business consists of rendering "investment supervisory" services.

#### AIMR PERFORMANCE PRESENTATION STANDARDS

BlackBay Capital Advisors will not claim compliance with AIMR performance standards unless meeting the criteria under "The AIMR-PPS Standards, the U.S. and Canadian version of "GIPS" as in effect as of January 1, 2001

The standards include the required presentation of performance data, and impose a mandatory calculation methodology. After the new effective date, firms may no longer rely on compliance with the old standards.

BlackBay Capital Advisors does claim compliance with AIMR performance standards.

#### INTERNET

BlackBay Capital Advisors has a web site. A web presence could be construed as advertising/soliciting in all 50 U.S. jurisdictions and internationally. This is not our intent. Therefore, BlackBay Capital Advisors will take the necessary steps as listed below, to avoid transacting business in states where we are not registered/notice filed or exempted.

The use of appropriate legends/disclaimers will be used on all Internet communications.

Subsequent interactions with prospective clients residing in states where the firm is not registered is limited so as not to trigger the state licensing requirements. Individualized responses will not effect or attempt to effect transactions in securities or render personalized investment advice.

Prior to transacting business with prospective clients or any subsequent interaction that would trigger registration, the firm and its advisory affiliates will first register in the state or qualify for an exemption or exclusion.

Communications will not involve the actual effecting of securities trades or the rendering of personalized investment advice for compensation on the Internet, but is limited to the dissemination of information on products and services.

## COLD CALLING RULE

In accordance with the Telephone Consumer Protection Act of 1991, the Federal Communications Commission ("FCC") issued a cold-calling rule and as amended effective October 2003. The following rules apply:

Telephone solicitations may not be made to residential prospects before 8:00 am or after 9:00 pm local time at the called party's location.

If we engage in telephone solicitations, BlackBay Capital Advisors will search the National "Do Not Call Registry" at least once every 90 days (quarterly) and drop from the call lists the phone numbers of consumers who have registered. This practice is known as "scrubbing" the list.

Prior to making prospecting calls, always refer to the "Do Not Call List" and refrain from calling any numbers which are listed.

Make a record of the name and telephone number of residential prospects who request not to be called again, and do so at the time the request is made.

Provide the called party with your name, the name of BlackBay Capital Advisors, and a telephone number or address at which BlackBay Capital Advisors may be contacted.

By the next business day, forward all "do not call requests" to the home office Compliance Department of Butterfield Capital Advisors. BlackBay Capital Advisors will then compile and publish the "Do Not Call List" which will be updated and disseminated to all advisory affiliates, and to all parent, affiliate, and subsidiary companies of BlackBay Capital Advisors.

The Do Not Call List is to be maintained and referred to indefinitely.

In order to access the National Do-Not-Call Registry BlackBay Capital Advisors will be required to pay the annual fee to the Federal Trade Commission. This is not required if this firm does not engage in telephone solicitations.

BlackBay Capital Advisors will from time to time publish more detailed procedures and provide additional training to advisory affiliates.

Both the advisory affiliate and BlackBay Capital Advisors will be held liable for violations of the Telephone Consumer Protection Act of the FCC.

The Cold Calling Rule applies to calls made to residences and does not apply to calls made to businesses.

## PROHIBITION OF INSIDER TRADING



"Material information" generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that is reasonably certain to have a substantial effect on the price of a company's securities.

"Non-public information" is the information that has not been effectively communicated to the marketplace.

All advisory affiliates and associated persons (inclusive of all staff, independent contractors, and consultants) are strictly prohibited from trading for their own accounts, or accounts of their customers, friends, family or relatives while in possession of material non-public information.

All of the above persons are strictly prohibited from communicating any non-public information to other persons, other than the BlackBay Capital Advisors personnel involved in the matter who have a need to know such information and the firm's outside advisers retained to handle the matter.

BlackBay Capital Advisors obtains information from a wide variety of publicly available sources. The advisors have no, and do not claim to have, sources of inside or private information. In the normal course of our business, it would be unlikely that our employees would have access to non-public information. However, from time to time, and employee may receive such information, and must then abide by these policies.

#### ANTI-MONEY LAUNDERING

Under the USA PATRIOT Act, firms must file Currency Transaction Reports ("CTRs") on cash transactions of more than \$10,000. A CTR is to be filed with the Treasury Department Financial Crimes Enforcement Network. Furthermore, under future legislation, an RIA may be required to file Suspicious Activity Reports for cash transactions under \$10,000 under certain circumstances.

It is the policy of BlackBay Capital Advisors not to accept a cash transaction in any amount. All client funds must be by check, bank draft, or wire transfer.

#### BUSINESS CONTINUITY PLAN

BlackBay Capital Advisors shall maintain a separate document "Business Continuity Plan" (aka Disaster Recovery Plan). The plan will cover safety, network failure, telecommunications interruptions, utilities failure, communications with clients and employees, training of employees, testing of the plan, and adequacy of emergency procedures of service providers, among other important procedures to recover from a business interruption.