

Guide to Investment Services

Regulation Best Interest Disclosure Statement

Zanbato Securities LLC

(Please retain with your records)

Thank you for your interest in Zanbato Securities LLC's products and services.

Zanbato Securities LLC ("Zanbato") is providing this information to enhance the transparency of our relationship by disclosing the scope and terms of the brokerage products and services we offer and detail the material conflicts of interest that arise in our delivery of these products and services. Each client's circumstance is unique, as is their solution. An important step in the process is understanding the products and services we provide and the related fee structures. This brochure explains the scope of the products and services we provide, the standard of care we observe with respect to such products and services, how we work with you to select products and services that suit your needs, and our compensation for the products and services we offer. We encourage you to review this information carefully, along with any applicable agreement(s) and disclosure documentation you may receive from us.

We hope you find this Guide to be a useful resource. The Table of Contents on the next page is an overview of the details you will find inside. We may make periodic updates to this Guide and will notify you of any material changes. You can also view the most current version of the Guide at www.zanbato.com, or you can always contact Zanbato's Associated Persons.

Zanbato is a broker-dealer, registered with the U.S. Securities and Exchange Commission ("SEC"); Member of the Financial Industry Regulatory Authority ("FINRA"); and the Securities Investor Protection Corporation ("SIPC")

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Section 1:

Who We Are, Who We Serve, and How We Serve You

Who We Are

Zanbato Securities LLC (“Zanbato”) is a registered broker–dealer with the United States Securities and Exchange Commission (“SEC”), a member of the Financial Industry Regulatory Authority (“FINRA”), and the Securities Investor Protection Corp. (“SIPC”) and operates an SEC-registered Alternative Trading System. Zanbato is designated as an exempt International Dealer under the Ontario Securities Commission (“OSC”), Autorité Des Marchés Financier (Quebec), and Alberta Securities Commission. It is also an Introducing Broker Member of the National Futures Association (“NFA”) to facilitate third-party marketing of funds that may contain commodity futures or options on commodity futures. Zanbato has an affiliated broker-dealer in the United Kingdom, Zanbato UK Limited, member of FCA.

Zanbato offers limited services, specifically, the resale of private company securities and introductions to curated hedge funds (“HFs”). We do not carry any customer accounts or hold customer funds or securities. We only offer a limited range of investment products and services connected to those products. You will need to open accounts with other financial institutions to make investments in products not offered by us.

Who We Serve

We provide limited services to US and Non-US institutions, registered broker-dealers and investment advisors and exempt reporting entities, qualified purchasers and qualified institutional brokers and certain retail clients in a number of ways, depending on their individual circumstances and how they prefer to engage with us.

How We Serve You

We put the needs of our clients first and it is the foundation of our business as we work to understand our clients' interests.

Zanbato acts as a broker-dealer and is subject to a number of laws, rules, and regulations, including the Securities Act of 1933 (the “Securities Act”), Securities Exchange Act of 1934 (the “Exchange Act”), the rules of the SEC, FINRA, the NFA and state laws. We also have limited member rights in certain Canadian provinces. Zanbato’s duties to you include, among others, the following Disclosure Obligations should we make a recommendation:

Make full and fair disclosure to you, prior to or at the time of a recommendation, of all material facts relating to:

- *The scope and terms of our relationship*, whether acting in our capacity as a broker – dealer in assisting you in the resale of your private company securities or when we make an introduction to a curated HF.
- *The costs* that apply to your transaction.
- If a recommendation, *any limitations* included by your Associated Person.
- If a recommendation, any *conflicts of interest* associated with the transaction, such as those related to compensation arrangements.

When Zanbato acts as a broker-dealer, Zanbato also has Care Obligations requiring us to exercise reasonable care and skill to:

- Understand the potential risks, rewards, and costs associated with a recommendation, and have a reasonable basis to believe that when a recommendation is made, it is in the best interest of customers generally, even if it may not necessarily be appropriate for you in particular.
- Have a reasonable basis to believe that when a recommendation is made, it is in your particular best interest based on your investment profile and that the potential risks, rewards and costs associated with the transaction do not place the financial or other interest of Zanbato ahead of yours. Your investment profile includes your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information that you may disclose to the Associated Person in connection with the transaction.
- Have a reasonable basis to believe that, when a series of recommended transactions are made, even if in your best interest when viewed in isolation, are not excessive, are in your best interest when taken together in light of your investment profile, and do not place Zanbato's interest ahead of yours.

When Zanbato acts as a broker-dealer we have the following Conflict of Interest Obligation, requiring Zanbato to establish, maintain, and enforce written policies and procedures designed to:

- Identify and disclose, mitigate or eliminate conflicts of interest associated with recommendations, when one is made that places Zanbato's interests ahead of yours.
- Zanbato has created policies and procedures designed to disclose and mitigate the conflict.
- Identify and disclose any material limitations that apply to the product or service being recommended, such as what investments your Associated Person is licensed to recommend, and prevent those limitations from causing the Associated Person to suggest an investment that places their interest or Zanbato's ahead of yours.
- Identify and eliminate any sales contests, quotas, bonuses, and non-cash compensation that are based on recommending specific securities or specific types of securities within a limited period of time.

Section 2:

Investment Services

Different Types of Investment Services

Zanbato offers limited investment products and services. It acts solely as a broker-dealer and not an investment adviser. There are important differences between the two; including the types of services provided, the costs, and how they are regulated. Zanbato does not carry any customer accounts or hold customer funds or securities. As a practice, Zanbato does not make recommendations. Once you have completed a transaction and we collect our commission, our involvement ends. We do not, and will not provide any on-going or periodic review, follow-up, or monitoring of an account, or make any recommendation to you on whether to hold, add to, or dispose of your investments. We encourage you to speak with your Associated Person if you have any questions.

Resale of Private Company Securities

Zanbato provides retail clients the opportunity to buy and sell institutionally-sized blocks of private securities via ZX, which is an independent SEC-registered Alternative Trading System (“ATS”) supporting institutional transactions in the resale of private company stock and/or debt offerings. Our primary service involves assisting you with the purchase and sale of private securities based on your instructions. These transactions have a transaction-based cost structure and you retain the final investment decision on your transactions.

- As part of the relationship, Zanbato will handle brokerage and related functions, which may include introductions to possible transaction counterparties, and facilitate your transaction thorough execution;
- You generally pay a Zanbato a commission for completed transactions for each transaction and other applicable fees (e.g., private company stated transfer fee, legal fee). Therefore, your total costs will generally increase or decrease as a result of the fees charged for the transaction and the type of private security bought or sold. We may also be paid by third parties who compensate us based on your transaction; that is subject to our duty of care to you so that the transaction, taken as a whole, is in your best interest and not that of Zanbato’s..
- We assist you with the purchase and sale of private securities based on your instructions. Your approval will be required before any securities transaction takes place. We do not have discretion and you self-direct whether to transact, we do not act on your behalf. This means that we do not generally provide advice or recommendations regarding the purchase or sale of private securities, we do not make investment decisions for you, and you are responsible to manage your investments and monitor your account.

We are not acting as:

- a fiduciary under federal law, state rule or federal regulation;
- a custodian;
- a transfer agent;
- an underwriter; or
- a placement agent.

As such, we are permitted to act as agent for you and another client in the same trade. We are *acting as*:

- a *facilitator*;
- a *registered* Alternative trading System (“ATS”); and,
- if we make recommendations to you, we do so in a broker–dealer capacity, not as your investment advisor.

We collect a fee or a commission in connection with the secondary resale of private company securities for:

- completed/consummated transactions; and
- introducing prospective sellers and purchasers to each other to negotiate their own terms.

Private and Hedge Fund Referrals

We introduce retail investors to screened and vetted hedge funds for your consideration. Investors are introduced directly to the HF in order to conduct your own due diligence. These hedge funds will independently vet you prior to accepting any investment dollars.

Zanbato enters into rebate arrangements with this select group of HFs for successful referrals. A portion of fee proceeds collected by HFs from investors we refer are paid by the HFs directly to Zanbato, which is at no additional cost to the investor(s). Because of this, we may be influenced to guide investors to HFs with which we have rebate arrangements that have higher fee structures over others, which is an apparent conflict of interest. Zanbato has developed policies and procedures so that the transaction, taken as a whole, is in your best interest and not that of Zanbato’s.

Transaction-Based Fees

We charge certain fees or other amounts in the normal course of providing services to you. These charges may include fees for certain administrative services. The components of how we compensate our Associated Persons is discussed in more detail below.

Section 3:

Products Available

Resale of Private Company Securities

Description

What is a security (stock)?

- Stocks represent an ownership interest in a company. When you own a company's stock, you can have an equity interest in the company, or own a fractional portion of the company.
- A stockholder can achieve returns through price appreciation/depreciation and dividends.
- A stock's market value can change at any moment, depending on market conditions, investor perceptions, government regulations, political situations or a host of other issues.
- Owning stocks typically gives you the right to vote on important company issues and policies. Issuers of private company stock may place certain restrictions on their shareholders, you will need to refer to the specific Shareholder Agreement for details of your rights.
- Stockholders have a claim on a company's assets if the company goes bankrupt. However, in the event of liquidation, stockholders generally will receive what is left after all of the company's creditors have been paid.

There are different types of stocks:

Private vs. public stocks -- private shares have not been registered and are not traded on a public exchange, while public shares have been registered and are typically traded on a public exchange. Therefore, private stock is generally illiquid when compared with public stock. Zanbato transacts only in private stock.

Common vs. preferred stock -- private shares are often issued in various classes, such as common stock and various classes of preferred stock. The classes typically have very different rights, obligations, and preferences, and, therefore, may have very different trading and exit values. Zanbato transacts in both common and preferred stock.

Primary vs. secondary stock -- primary shares are those purchased directly from the underlying issuer, while secondary shares are those purchased from another holder of the shares. Zanbato may transact in both primary and secondary stock, but focuses on secondary transactions.

Risks and other relevant information

An investment in stocks involves a number of risks. The following discussion is not meant to be exhaustive and the risks discussed do not comprise a complete list of all the risks relating to stocks. You should consider these risks as you choose your investments.

- Stocks may not be registered, publicly listed or traded on an exchange, and these securities are more likely to be illiquid and therefore subject to a higher degree of liquidity risk than registered or listed securities.
- The price of stocks may rise or fall because of changes in the broad market or a company's financial condition, or industry-specific risks, sometimes rapidly or unpredictably.
- Some private company securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than the original investment, and are likely to be less than the current net asset value of the issuer.
- If a company becomes insolvent, its stockholders are generally repaid only after all other debts of the company have been repaid. This can result in a potentially severe reduction in, or total loss of, their value.
- Some securities trade less frequently and in smaller volumes; this often affects stocks of smaller or newer companies. In addition, smaller or newer companies may be more vulnerable to economic, market and industry changes, and thus can be riskier.

Resource(s) to obtain additional information

Please consult available offering documents for any security for a discussion of risks associated with the product. We can assist you in finding them.

Alternative Investments - Hedge and Private Equity Funds

Description

Non-traditional, or alternative, investment strategies include investments in hedge funds, private equity funds, real estate funds and other unregistered funds (including funds that invest in such funds). Such funds are sometimes referred to as private investments or private funds because they are typically organized pursuant to exemptions from registration under federal securities laws and therefore are not offered to the general public.

Although interests in private investment funds sometimes may be resold in privately negotiated transactions, the prices realized on these sales could be less than the original investment, and are likely to be less than the current net asset value.

Private funds are offered only by confidential private placement memorandum or similar document (the “PPM”). The PPM provides important detailed information regarding fees, merits, risks, investment objectives and strategies and other matters of interest, and must be read carefully before a decision is made on whether to invest.

Risks and other relevant information

An investment in hedge or private equity funds involves a number of risks. The following discussion is not meant to be exhaustive and the risks discussed do not comprise a complete list of all the risks relating to an issuer or its classes of stocks. You should consider these risks as you choose your investments. Hedge or private equity funds:

- Often engage in leveraging and other speculative investment practices that may increase the risk of the complete loss of the client’s investment;
- Can be highly illiquid because no trading market exists and there are restrictions on resale, transfer, withdrawal or redemption of interests;
- Can be hard to value, and provide infrequent pricing or valuation information;
- May involve complex tax structures and delays in distributing important tax information;
- Are not subject to the same regulatory requirements as mutual funds; and
- Often charge performance fees in addition to management fees.
- Although hedge and private equity fund interests sometimes may be resold in privately negotiated transactions, the prices realized on these sales could be less than the original investment and are likely to be less than the current net asset value of the issuer.

As described above under “Transaction Based Fees,” Zanbato receives payments from private funds (or their sponsors) for the investments made by Zanbato’s clients. The fees paid to Zanbato by the sponsor or company whose interests are being offered create a potential conflict of interest in the form of an additional financial incentive to Zanbato for making such opportunities available to its clients.

Resource(s) to obtain additional information:

Please consult available offering documents for any security we recommend for a discussion of the risks associated with the product. We can provide copies of these documents to you, or help you find them.

Section 4:

Compensation and Potential Conflicts

Zanbato and its affiliates earn compensation in various ways of which you should be aware so you can better evaluate the services received from your Associated Person and Zanbato. We earn revenue from our clients in the form of transaction-based commission and rebates from HFs with whom agreements are made.

Associated Person Compensation

We design our compensation program to encompass best practices, support our business objectives and enhance client interactions. Zanbato's system plays a significant role in our ability to attract, retain and motivate the highest quality workforce. Compensation creates incentives for Associated Persons to, among other things, offer certain product and services, and generate business. Zanbato Policies and Procedures exist to mitigate Conflicts of Interest, where possible. See below for a description of the components of our compensation plan, detailing ways in which different conflicts of interests manifest themselves.

Cash Compensation

A Zanbato Associated Person is primarily compensated through salary and a discretionary bonus that are based on a number of factors, including: successfully sign up of ZX subscribers, investors, participants, and/or obtaining ZX listings. The compensation paid in connection with the products and services chosen by clients varies based on certain factors. These factors include the total revenue generated by clients covered by the Associated Person, the type of clients covered by the Associated Person, and the types of products and services purchased, sold or received by such clients.

Total compensation generally includes commissions, mark-ups/mark-downs, and services and revenue earned on the products we offer. The commission paid to your Associated Person varies and is subject to change but generally increases as total revenue attributable to your Associated Person increases.

Associated Persons may also receive financial incentives to join and/or remain at Zanbato. These incentives, which are in addition to the compensation received, may take various forms, including an up-front loan, annual cash payment, Incentive Stock Options (ISOs) and performance awards. Performance awards will be contingent upon meeting requirements set forth in the respective Associated Person's employment contract.

Associated Persons do not provide investment advice and, therefore, do not receive revenue credit with respect to your investment transactions.

Non–Cash Compensation

Associated Persons may receive certain non–cash compensation under limited circumstances. Zanbato has implemented policies and procedures intended to ensure that its employees avoid actual or perceived conflicts of interest when giving or receiving non–monetary compensation from relevant parties, and comply with all applicable federal and state laws, rules and regulations. To that end, Zanbato generally prohibits the acceptance of gifts, entertainment or other non–monetary compensation in connection with the services we provide to any particular client, or in return for any business of the firm. Exceptions may be made for certain nominal non–cash gifts to employees of less than \$100 meeting certain criteria, including potentially from third-party investment managers. Meals, refreshments and entertainment in the course of a host–attended business–related meeting or other occasion may also be permitted in limited circumstances. Payment of travel or accommodation expenses are prohibited.

Zanbato’s policies set conditions for each of these types of payments, and do not permit any gifts or entertainment unless it is clear that the gift–giving person is not trying to influence or reward the employee inappropriately in connection with any business decision or transaction and the gift is unsolicited.

Zanbato Securities LLC’s Conflicts of Interest and Other Disclosures

A conflict of interest can be defined as an interest that might incline a broker–dealer or its Associated Person to consciously or unconsciously make a recommendation that is not disinterested. Zanbato has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest that may arise between Zanbato, its Associated Persons and Zanbato affiliates and their respective customers. These policies and procedures include information barriers designed to prevent the flow of information between Zanbato and certain other affiliates. Certain actual or potential conflicts of interest are described below, while others are described throughout this Guide, particularly those relating to fees and other compensation received by Associated Persons, Zanbato, and its affiliates.

Other Services Provided by Zanbato

In addition to the services provided by Zanbato to its brokerage clients, Zanbato provides other financial services to individuals and corporations. These services may include, but are not limited to, traditional investment banking services. Zanbato receives compensation for these services.

Section 5:

Protection of Client Information

Firm policy mandates that confidential information, including client information, be safeguarded from misuse, misappropriation and improper dissemination. Zanbato maintains policies and procedures designed to protect client information in accordance with applicable laws, rules and regulations and this Firm's mandate, including training our employees, physically locating our employees to minimize potential breaches of confidentiality, and applying technology controls. More specifically, confidential information is made available only to persons who have a need to know such information in connection with the duties they carry out or the services they perform.

Additionally, we regularly train our employees on, and hold them accountable for, the appropriate handling of confidential information. Furthermore, we manage our technology so that entitlements by employees to access confidential information held in electronic form are approved only after review and are regularly reviewed for appropriateness. Systems holding confidential information are secured against, and continually monitored for, potential external threats, and actual or suspected incidents are promptly escalated and remediated. Finally, the use of confidential information by affiliates and service providers is carried out in strict accordance with federal, state, and other financial privacy laws.

At Zanbato, we appreciate your giving us the opportunity to work with you and thank you for your kind time and consideration. For additional information on any Zanbato service, please visit our website: www.zanbato.com.