

# Sub-Advisory Agreement Between [INSERT ADVISORY FIRM NAME] and Interactive Advisors

This agreement (the “Agreement”) is entered into between Covestor Limited doing business as Interactive Advisors and [INSERT ADVISORY FIRM NAME] (“Advisor”). The Agreement is effective as of the date Advisor provides its electronic signature below.

**WHEREAS**, Advisor is an investment advisor and has entered into investment advisory agreements with its clients (“Clients”) that each grant the Advisor the authority to appoint sub-advisors;

**WHEREAS**, Interactive Advisors is an investment advisor registered with the Securities and Exchange Commission (“SEC”) that offers its clients the ability to choose from portfolios in line with its clients’ risk scores that are managed by either Interactive Advisors or third party managers (the “Interactive Advisors Portfolios”), through the Interactive Advisors website (<https://interactiveadvisors.com>);

**WHEREAS**, Advisor desires to retain Interactive Advisors as a sub-advisor and allocate all or a portion of the assets in a Client account it advises (“Client Account”) to Interactive Advisors Portfolios in Advisor’s sole discretion, and is entering into this Agreement to set forth the terms and conditions under which the Advisor may invest the Client Accounts in one or more Interactive Advisors Portfolios;

**WHEREAS**, each Client will provide written authorization to Interactive Advisors allowing Advisor to open an Interactive Advisors account on behalf of the Client and invest the Client’s assets in one or more Interactive Advisors Portfolios;

**NOW THEREFORE**, for and in consideration of the promises and mutual agreements set forth herein, Advisor and Interactive Advisors agree as follows:

1. Appointment and Duties of Interactive Advisors as Sub-Advisor.
  - a. Advisor hereby appoints Interactive Advisors as its investment sub-advisor with respect to the Client Accounts. Interactive Advisors hereby accepts such appointment and shall, for the compensation herein provided, facilitate the Client’s investment in the Interactive Advisors Portfolios that Advisor selects for a Client.
  - b. Interactive Advisors Portfolios available for investment by Advisor’s Clients will include third-party manager portfolios and in-house managed portfolios. Interactive Advisors shall provide to Advisor’s Clients all services and features presented on the Interactive Advisors website at <https://interactiveadvisors.com> as currently available for any other Interactive Advisors client, under the terms and conditions provided therein. Interactive Advisors may change the Interactive Advisors Portfolios available for investment at any time without notice.
  - c. Interactive Advisors is solely responsible for providing the sub-advisory services described in this Agreement in connection with any Client Account, independent of any other services Advisor may have agreed to provide to Client. References in this Agreement to the Client Accounts shall be understood to mean only that portion of the assets of a Client’s Account that is allocated to Interactive Advisors, unless otherwise expressly provided.
2. Compensation to Interactive Advisors. For the services provided pursuant to this Agreement, the Client shall pay Interactive Advisors the advisory fee applicable to the Interactive Advisors Portfolios in which Advisor invests the Client. The Interactive Advisors advisory fee applicable to each Client Account shall be computed and payable in accordance with the terms of the investment management agreement entered into separately between Interactive Advisors and the Client and signed by Advisor on the Client’s behalf (“Client’s Investment Management

Agreement"). No compensation will be paid by Advisor to Interactive Advisors or by Interactive Advisors to Advisor.

3. Duties of Advisor.

- a. Advisor shall have sole responsibility for all communications with the Clients. Prior to allocating any Client Account to an Interactive Advisors Portfolio, Advisor will determine that such Interactive Advisors Portfolio is suitable for investment based on the Client's financial circumstances, investment objectives, risk tolerance, liquidity needs, net worth, investment experience and any other factors that may be relevant and appropriate for such a determination.
- b. Advisor will promptly provide Interactive Advisors with documentation supporting the suitability information furnished for each Client upon request.
- c. At least annually, Advisor will review and appropriately update the suitability information it provided to Interactive Advisors for each Client. Advisor will also change the investments made for Client Accounts if the revisions to the risk questionnaire on a Client's behalf lead to a revised risk score.
- d. At least annually, Advisor will recertify to Interactive Advisors Advisor compliance with applicable provisions of law and this Agreement.
- e. Advisor will gather all information from Clients necessary to open an Interactive Advisors account on behalf of Clients and invest their assets in one or more Interactive Advisors Portfolios.
- f. Advisor will be responsible for reviewing the securities of all Interactive Advisors Portfolios in which it invests its Clients, and Advisor acknowledges that it will have only a limited ability (such as by placing restrictions on the trading of specific securities) to replace, remove or alter the securities in an Interactive Advisors Portfolio chosen by the Advisor for the Client Account.
- g. Advisor shall be responsible for providing Clients with a current copy of Interactive Advisors' disclosure statement prepared in accordance with Form ADV, Part 2A/2B and any other Interactive Advisors disclosures.
- h. Advisor will not make any representations to any person, contradicting information in the Interactive Advisors' disclosure statement.
- i. Advisor will be responsible for providing Clients with the "Authorization for Transactions in Retirement Accounts" and any annual "Notice of Termination of Authorization for Transactions in Retirement Accounts" that it receives from Interactive Advisors.

4. Brokerage and Custody.

- a. Interactive Brokers LLC is the sole broker-dealer and custodian in connection with Interactive Advisors services under this Agreement, and will be responsible for the custody, receipt and delivery of securities and other assets in each Client Account. Interactive Brokers LLC and Interactive Advisors are affiliated corporate entities.
- b. Advisor acknowledges that trading through Interactive Brokers LLC may not always result in the lowest commissions and/or custody fees.

5. Representations and Warranties by Interactive Advisors: Interactive Advisors represents, warrants, and agrees that Interactive Advisors (i) is registered as an investment advisor under the Investment Advisers Act ("Advisers Act") and will continue to be so registered for so long as this Agreement remains in effect; (ii) is not prohibited from performing the services contemplated by this Agreement; (iii) has met, and will continue to meet for so long as this Agreement remains in effect, any other applicable federal or state requirements, or the applicable requirements of any regulatory or industry self-regulatory agency, necessary to be met in order to perform the services contemplated by this Agreement; (iv) has the authority to enter into and perform the services contemplated by this Agreement;

and (v) will immediately notify Advisor of the occurrence of any event that would disqualify Interactive Advisors from serving as an investment advisor.

6. Representations and Warranties by Advisor: Advisor represents, warrants, and agrees that Advisor: (i) is duly registered as an investment advisor or exempt from registration and will remain registered or within an appropriate exemption from registration for so long as this Agreement remains in effect; (ii) will provide prompt written notice to Interactive Advisors of any change in Advisor and its employees' registration or regulatory status or any information provided to Interactive Advisors regarding registration status (including but not limited to, any lapse in registration or licenses, or any other change, suspension, bar or other adverse regulatory action affecting Advisor or its employees) or if Advisor or its employees no longer qualify from an exemption from registration; (iii) will promptly respond to any Interactive Advisors requests concerning Advisor registration or exemption status; (iv) is not prohibited from performing the services contemplated by this Agreement; (v) has met, and will continue to meet for so long as this Agreement remains in effect, any other applicable federal or state requirements, or the applicable requirements of any regulatory or industry self-regulatory agency, necessary to be met in order to perform the services contemplated by this Agreement; (vi) has the authority to enter into and perform the services contemplated by this Agreement; (vii) has the authority to enter into this Agreement with respect to each of the Client Accounts; (viii) will immediately notify Interactive Advisors of the occurrence of any event that would disqualify Advisor from serving as an investment advisor or of any change in the Client Accounts; (ix) will not make any incorrect, inaccurate or misleading statement, interpretation or representation or any misrepresentation regarding Interactive Advisors services, or fail to state material facts concerning Interactive Advisors services, and (x) will provide true and correct information to Interactive Advisors regarding the Clients, including information concerning the Clients' financial circumstances, investment objectives, risk tolerance, liquidity needs, net worth, and investment experience, which will be used to determine which Interactive Advisors Portfolios a Client is eligible to invest in. If any Client Account is part of a Plan (i.e., a pension or other employee benefit plan subject to the prohibited transaction and fiduciary responsibility rules of Part 4 of Title 1 of ERISA or the prohibited transaction rules of Section 4975 of the Internal Revenue Code), Advisor also acknowledges, represents and warrants the following:

- i. Advisor is a "fiduciary" for that Client Account within the meaning of Section 3(21) of the Employee Retirement Income Security Act of 1974 and Section 4975(e)(3) of the Internal Revenue Code of 1986;
- ii. Advisor will sign an "Authorization for Transactions in Retirement Accounts" on behalf of any such Client Account before Interactive Advisors allows Advisor to invest the Client Account in any Interactive Advisors Portfolios;
- iii. Advisor will inform the Client about this Authorization to Interactive Advisors and provide to the Client the annual "Notice of Termination of Authorization for Transactions in Retirement Accounts" that it receives from Interactive Advisors; and
- iv. If at any time the Client whose account is part of a Plan requests termination of the "Authorization for Transactions in Retirement Accounts," Advisor will immediately inform Interactive Advisors of the Client's termination.

7. Risk Acknowledgement and Indemnification.

- a. Interactive Advisors will use its best judgment and good faith efforts in rendering services to the Client Accounts. The composition of the Interactive Advisors Portfolios shall not constitute legal or tax advice, analysis or opinion. Interactive Advisors does not guarantee future performance or any special performance of any Interactive Advisors Portfolio, success of any investment decision or strategy of an Interactive Advisors Portfolio, or success of Client Accounts. Advisor understands that investment decisions within the Interactive Advisors Portfolios are subject to various market, currency, economic, political, and business risks, and that the Interactive Advisors Portfolios will not always be profitable.

- b. Interactive Advisors shall not be liable for any loss arising out of any investment or disposition hereunder, except a loss directly resulting from willful misfeasance, bad faith, or negligence in the performance of its duties, or by reason of reckless disregard of its obligations and duties hereunder.
- c. Advisor shall indemnify Interactive Advisors for any liability or expense, including reasonable attorney's fees, arising from, or in connection with: (a) its breach of this Agreement or its representations and warranties, including but not limited to its obligation to provide information and documents to Clients and evaluate the suitability of any investments Advisor makes for its Clients; (b) as a result of the Advisor's willful misfeasance, bad faith, negligence, reckless disregard of its duties under this Agreement or violation of applicable law; or (c) any investment decision Advisor makes with respect to a Client Account, including the Advisor's selection of an Interactive Advisors Portfolio, or any act or omissions taken by the Advisor in connection with the management of a Client Account.
- d. Interactive Advisors shall indemnify Advisor for any liability and expenses, including reasonable attorneys' fees, arising from, or in connection with, Interactive Advisors': (a) breach of this Agreement or its representations and warranties herein or (b) willful misfeasance, bad faith, negligence, reckless disregard of its duties hereunder or violation of applicable law.
- e. Notwithstanding the foregoing, nothing herein shall be deemed to relieve Interactive Advisors or Advisor of any liability it would otherwise have under applicable federal securities laws.

8. Access Interruptions.

- a. Interactive Advisors reserves the right to reasonably suspend access to its website, including the Interactive Advisors Portfolios and Client Accounts, without prior notice for scheduled or unscheduled system maintenance, repairs or upgrades. Access to Clients' Accounts may also be limited or unavailable due to, among other things: market volatility, peak demand, interruption of the services provided by Interactive Brokers LLC or Interactive Advisors' ability to communicate with Interactive Brokers LLC, hardware or software malfunction or failure, internet service failure or unavailability, the actions of any governmental, judicial, or regulatory body, and force majeure.
- b. Advisor agrees that neither Interactive Advisors nor Interactive Brokers LLC will be liable to Advisor for losses of any kind incurred by Advisor resulting from such access limitations or unavailability.

9. Confidentiality.

- a. Except as otherwise agreed to in writing or as required by law, Interactive Advisors and Advisor will keep all information regarding Client's personal and financial information strictly confidential.
- b. Each of Interactive Advisors and Advisor agree to maintain the confidentiality of the terms of this Agreement, each party's trade secrets and any documents or information supplied by either party (including the composition of any Interactive Advisors Portfolios) that is not otherwise in the public domain or previously known to the other party relating to the business of each respective party (collectively, the "Confidential Information"). In particular, the parties will not disclose the Confidential Information to any outside party (except as required by law, judicial process or regulation or upon request by a regulator having jurisdiction over such party), the parties will not use the Confidential Information for any purpose other than the performance of their respective obligations under this Agreement, and will use their best efforts to prevent the unauthorized disclosure of all Confidential Information.

10. Use of Advisor's and Interactive Advisors Information, Name and Logos: Advisor agrees to furnish to Interactive Advisors, for Interactive Advisors' review and prior approval, all brochures, advertisements, promotional materials, web-based information, and other similar informational, offering or marketing materials that are (i) to the public and that (ii) either (a) refer to the Interactive Advisors website, any intellectual property of Interactive Advisors or any of its affiliates in any way, (b) describe the website, any intellectual property of Interactive Advisors or any of its affiliates or (c) describe or characterize the duties of Interactive Advisors or its affiliates under this Agreement.

During the term of this Agreement, Advisor may use the Interactive Advisors name, refer to Interactive Advisors, describe Interactive Advisors and/or describe or characterize the duties of Interactive Advisors under this Agreement under the following circumstances: strictly as necessary to satisfy disclosure requirements under applicable rules, laws, and/or regulations, or otherwise as approved in writing by Interactive Advisors prior to such use, reference, descriptions or characterization. Advisor grants Interactive Advisors a license to display and distribute Advisor's name, logos, and any other intellectual property Advisor provides to Interactive Advisors in connection with the sub-advisory services provided under this Agreement.

## 11. Miscellaneous.

- a. Advisor agrees to the provision of this Agreement in English and represents that Advisor understands all of the terms and conditions contained herein.
- b. Either party may terminate this Agreement immediately upon written notice to the other party.
- c. Nothing in this Agreement shall prevent Interactive Advisors from providing advisory services to other advisors or clients or entering into sub-advisory agreements with other advisors.
- d. This Agreement constitutes the entire understanding of the parties as to its subject matter. The parties acknowledge that they have not relied upon any oral or written representation of the other or the other's employees or agents and have made their own independent investigations into all relevant matters. This Agreement may not be modified except in a writing signed by the party against whom such modification shall be asserted.
- e. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign this Agreement without the written consent of the other, which shall not be unreasonably withheld.
- f. The failure of either party to enforce at any time, or for any period, any one or more of the terms or conditions of this Agreement shall not be a waiver of such terms or conditions or of the right at any time subsequently to enforce all terms and conditions of this Agreement. If any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected thereby.
- g. Each party agrees to cooperate fully and in good faith with any reasonable request by the other party to respond to any regulatory audit, investigation or inquiry, or legal action related to any of the activities contemplated by this Agreement and shall make its books and records available during normal business hours. If either party requires or reasonably believes it needs copies of any records of the other party to respond to any regulatory inquiry or claim or suit from any individual or entity, the party from whom the records are requested shall supply copies of such records in a timely manner. Each party shall make its records reasonably available to any regulatory authorities or in any judicial or arbitration proceeding involving the other party if requested by such other party. The requesting party shall bear all reasonable costs involved with copying and delivering such records.
- h. The parties are sophisticated and have had the opportunity to be represented by their separate attorneys throughout the transactions contemplated by the Agreement. Therefore, if an ambiguity or a question of intent or interpretation arises, the Agreement is to be construed as if the parties had drafted it jointly, as opposed to being construed against a party because it was responsible for drafting one or more provisions of the Agreement.
- i. All written notices to Advisor under the Agreement shall be sent to the Advisor in electronic form through the email address Advisor keeps on record with Interactive Advisors. All written notices to Interactive Advisors under the Agreement shall be sent to Interactive Advisors at [notices@interactiveadvisors.com](mailto:notices@interactiveadvisors.com). The parties may mutually agree to provide notices in an alternative fashion.

j. This Agreement shall be construed in accordance with the laws of the State of New York without giving effect to the conflicts of laws principles thereof and the Advisers Act. To the extent that the applicable laws of the State of New York conflict with the applicable provisions of the Act, the latter shall control.

12. Mandatory Arbitration.

- a. This Agreement contains a mandatory arbitration clause. Any controversy or claim arising out of, relating to, or concerning the construction, performance, or breach of this Agreement shall be settled by arbitration administered by the American Arbitration Association. Any such arbitration shall be pursuant to the then existing Commercial Arbitration Rules of the American Arbitration Association, except to the extent set forth herein.
- b. Advisor and Interactive Advisors agree that any arbitration proceeding pursuant to this provision shall be held in Boston, Massachusetts.
- c. Advisor and Interactive Advisors agree that no party to this Agreement shall arbitrate any claims as a representative or member of a class or in a private attorney general capacity. Arbitration proceedings between Advisor and Interactive Advisors may not be combined with any other arbitration between or among Interactive Advisors and non-parties to this Agreement without the written consent of all parties to such arbitral proceedings.
- d. Advisor and Interactive Advisors agree that, except as may be required by law, no party to this Agreement nor its respective representative(s) may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Advisor and Interactive Advisors.
- e. By signing this Agreement, Advisor and Interactive Advisors agree and acknowledge the following:
  - i. ALL PARTIES TO THIS AGREEMENT ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO JURY TRIAL, EXCEPT TO THE EXTENT SUCH A WAIVER WOULD VIOLATE APPLICABLE LAW.
  - ii. ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
  - iii. THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED AND DIFFERENT IN ARBITRATION THAN IN COURT PROCEEDINGS.
  - iv. THE AMERICAN ARBITRATION ASSOCIATION MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION.
  - v. ALL PARTIES TO THIS AGREEMENT ARE WAIVING THEIR RIGHT TO INITIATE OR PARTICIPATE IN CLASS ACTION LAWSUITS, CLASS- WIDE ARBITRATIONS, PRIVATE ATTORNEY-GENERAL ACTIONS, AND ANY OTHER PROCEEDINGS WHERE A PARTY ACTS IN A REPRESENTATIVE CAPACITY.
  - vi. ADVISOR AND INTERACTIVE ADVISORS AGREE THAT JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF.

Electronically signed by:

*[Insert firm's representative's name and title] on behalf of [Insert advisory firm name]*