

Joseph Stone Capital, LLC (“JSC”) is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer. Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. This Client Relationship Summary provides details about our brokerage services, fees, and other important information.

Free and simple tools are available for investors to research firms and financial professionals at Investor.gov/CRS. Here, you can also find educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

Joseph Stone Capital, LLC offers brokerage services to retail investors. We are a Full-Service Broker/Dealer retailing corporate equity securities - OTC, broker or dealer selling corporate debt securities, underwriter or selling group participant, corporate securities other than mutual funds, mutual fund dealer, U.S. government securities broker, municipal securities broker, broker or dealer selling variable life insurance or annuities, put and call broker or dealer or option writer, private placements of securities, broker or dealer selling REITS. The firm offers recommendations to retail investors.

Conversation Starters. Ask your financial professional these questions to learn more:

- **Given my financial situation, should I choose a brokerage service? Why or why not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?**

The firm and its representatives may recommend products, including pre-IPO private placements, which one or more firm affiliates issue, sponsor, provide or manage (affiliated party private placements). Pre-IPO Private placements recommended by the firm are limited to affiliated party private placements.

- We do not monitor your brokerage account. However, your financial professional may voluntarily review your holdings and may or may not make recommendations to you based on these reviews. You make the final decision regarding the purchase or sale of investments. Clients can ask representatives to discuss and explain any transaction in their accounts. Representatives discuss all recommendations to their clients on a per/transaction basis. All accounts held at the firm are non-Discretionary accounts. The client has the last word in the investment decision. These reviews are performed by the representative, on an as needed basis. These reviews are standard and included.
- The designated supervisor will review Active Accounts on an ongoing basis, with a minimum review every four (4) months. Actively traded accounts are NOT predefined as each account has different investment/time/risk criteria. Various reports (Concentration, Margin, Daily Trade Blotters) are utilized to review for active trading. Additionally, a calculation of Year-to-Date Cost Over Equity Ratio “COE”, Account Turnover Ratio as well as the number of trades in a period (Quarterly & Year to Date) and the clients objectives, risk tolerance, experience as well as any other criteria deemed applicable by the reviewer. Once a review has been concluded, the supervisor will determine whether to send an “Active Trade Letter” to such client.
- The firm offers proprietary products to its clients as placement agents for the following funds: JSSOF, JS Venture Funds and JS Opportunity Funds. Clients at the firm decide which products they will purchase for their accounts.
- The firm does NOT have any account minimums.

For additional information, on products that the firm offers, please visit our website: www.JosephStoneCapital.com

What fees will I pay?

Conversation Starter –

- **Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

Clients are charged an Additional Fixed Commission for every transaction in their account of \$99.00 All accounts also pay an Annual Fee of \$99 per year. For a full list of the fees, please visit the “Fee” section at the firm’s website. Please note, conflicts can occur with your Representative. Registered Reps charge commissions, and the more transactions that clients make, the more commissions will be charged to the customer accounts. Fees assessed to customer accounts will negatively affect the overall profitability to the account.

The firm charges for a multitude of fees related to customer accounts. This can include Account transfers, Returned Checks, IRA’s, Annual Fees, Low

Priced Security Reviews, Wire Transfers. A complete list is located at: www.JosephStoneCapital.com

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Fee Schedule: www.josephstonecapital.com/fee-disclosure.html

What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. The Firm and its affiliates may earn higher fees, compensation, and other benefits when you invest in a product that one of our affiliates advise, make available, manage, sponsor, or underwrite such as pre-IPO private placements. As such, the firm has an incentive to recommend to you products of affiliates that share their revenue with us, over other products that do not or who share less revenue.

Here are some examples to help you understand what this means.

The firm and its Registered Representatives earn by charging its clients commissions. The number of transactions recommended by your representative can negatively affect the value of your account. More transactions can equal more commissions and/or fees to the Representative and/or Firm.

This effect could cause your account to decline in value. Your representative could recommend more transactions that might negatively impact the value of your account. The Firm also earns through its fees. Additional fixed commissions may be shared with its Registered Representatives. The firm may earn on its Investment Banking services through Private Placements or Initial Public Offerings. The firm may also earn a percentage on margin accounts charged to its customers.

How do your financial professionals make money?

The firm's Registered Representatives earn by charging commissions to their clients. This may cause a conflict of interest to the clients in that the more transactions the Representatives solicit to their clients, the more the Representatives can earn. JSC and its Representatives may be entitled to share additional revenue in the form of carried interest. The firm, JSC and its affiliation with JSSOF, may pose a Conflict of Interest. Please discuss with your representative any questions related to any potential conflicts of interest.

Do you or your financial professionals have legal or disciplinary history?

-Yes

You can visit Investor.gov/CRS for a free and simple search tool to research our firm and financial professionals.

Conversation Starter –

- How might your conflicts of interest affect me, and how will you address them?

Conversation Starter –

- As a financial professional, do you have any disciplinary history? For what type of conduct?

For additional information about Joseph Stone Capital, LLC, or to request a copy of this relationship summary please visit www.JosephStoneCapital.com. You may also call (516) 267-7001 to request up to date information or a copy of this relationship summary.

Conversation Starter –

- Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer? Who can I talk to if I have concerns about how this person is treating me?



Joseph Stone Capital, LLC (the “Firm” or “JSC”) is a registered broker dealer with the Financial Industry Regulatory Authority (“FINRA”) and we are required under Regulation Best Interest (“Reg BI”) to send you this additional Disclosure Letter. We are required to send these disclosures to you prior to making a recommendation to you regarding your potential investments. This letter will provide you with details relating to our Firm and the relationship between you, the Firm, and the Firm’s Registered Representatives.

In connection with establishing this account and completing your customer agreement you have been given the opportunity to provide to Joseph Stone Capital, LLC your financial profile, investment experience, investment objectives, and other information for your account(s). JSC understands that you may have separate investment objectives for different accounts. You have been given the opportunity to provide this information to JSC so that JSC may reasonably rely on this information. When our agent(s) provide you with investment recommendations supervisory and compliance personnel may review your profile to ensure the activity in your account is consistent with your objectives. Supervisory or compliance personnel may contact you from time to time to further verify that all activity in your account is transacted in the manner you choose.

On-Line Access:

Our clearing agent, Axos Clearing LLC ("Axos") offers On-Line Access to your account and it is recommended that you sign up for on-line access. You should check your account balances and account positions on a daily basis and review all trades, especially if you choose to work on margin or if you have options or short positions in your account. For online access please call your broker or dial our main office at 516-267-7001.

Account Statements:

It is very important to review your trade confirmations and account statements. Your monthly account statement will provide you with a detailed record of every transaction in your account, as well as your current balance as of the date of the statement. It also provides the current equity value compared to the equity value in the prior month to enable you to review the month to month performance of your account. Should you have any questions pertaining to any transaction, you should call your broker immediately.

Trade Confirmations:

Every time you enter a security transaction, Axos will send you a confirmation of that trade. The confirmation will include the details of your transaction and should be reviewed for accuracy upon receipt. Your trade confirmation will reflect a commission. Talk to your broker about the commission you are being charged on every trade. All of these documents should be reviewed immediately upon receipt and regularly thereafter. You should contact our compliance department in the event that any information contained in those documents is incorrect or in the event you wish to contest any activity in your account(s).

Commissions:

Commissions with respect to publicly traded securities are negotiated on a transactional basis. The commissions for equity transactions (exclusive of options) charged by your broker can range between zero and 5% of the dollar value of the transaction. Talk to your broker about the commission you are being charged on every trade. In addition to the commission charged by your broker, JSC charges a minimum "Additional Fixed Commission" on every securities transaction in your account in the amount of \$99.00 regardless of the dollar amount and frequency of transactions and is commission-based revenue to the Firm and the Firm may share such revenue with your broker. You may elect to be charged commissions on an agency basis or a riskless principal (otherwise known as markup/markdown) basis, which is in addition to the Additional Fixed Commission. An agency transaction discloses the commission on the trade confirmation as a flat dollar amount in the lower right side of your trade confirmation, i.e. \$100.00 plus the additional fixed commission of \$99.00. Since each transaction is subject to a commission charge this may create a conflict of interest and a larger number of transactions will result in higher compensation to your representative.

Time Horizon:

JSC obtains information from you the client regarding time horizon. In an effort to clarify, our interpretation of time horizon is as follows: The length of time over which an investment is made or held before it is liquidated. Time horizon is not interpreted as a time for need of the investment funds to be returned but rather as an intention on the time in which you wish to hold your investment.

Annual Fee:

Each year end there will be an annual fee of \$99.00 This fee is allocated toward expenses including but not limited to customer mailings and administrative expenses. The annual fee may result in additional revenue to the firm.

Products:

JSC offers a multitude of investment products. While your representative may make a recommendation for a certain type of security, please note that you have choices of products other than what is being recommended to you and you should engage your representatives with questions regarding other securities and other investment options which are available to you. You should also be aware that other investment products, fee structures and investment strategies could result in lower costs to you.

Conflicts:

Your representative is compensated for each transaction (i.e. buying or selling securities on your behalf). As such, there is an inherent conflict which is created when your representative makes a recommendation to you. Additional potential conflicts may also arise with respect to private placement investments which JSC makes available to firm customers. Certain private placements and private equity funds in which JSC participates may be managed by the CEO of JSC which presents the potential for a conflict of interest. The possible use of "Side Letters" as part of the sale of private equity funds could result in increased or decreased compensation for the firm and its registered representatives which as a result can lead to some investors receiving different or more favorable terms than others. There could be a material limitation conflict which could result from the firm only offering one type of private equity funds to its customers. Under Reg BI, your representative will consider the Care Obligation to ensure that recommendations being made to you are in your best interest pursuant to various information provided by you to your representative including your financial condition, investment objectives, risk tolerance, tax status, investment experience and other general information provided by you.

Active Account:

You may have indicated speculation or growth as an investment objective for your account. This reflects an aggressive approach which entails active trading. Actively traded accounts in general are speculative in nature and typically attempt to profit from short term swings in the market and/or of individual securities, generally accrue higher costs and results in greater risks to the investor. This trading may not be suitable for all investors. Speculative investing should only be carried out with capital in which you are willing to risk losing a substantial portion, if not all of your investment funds.

Accounts have significantly higher turnover ratios and commission-to-equity ratios than accounts in which the customer merely buys and holds the position. Turnover ratios measure how often - on average - the securities in a customer's account are traded in a year. The securities purchased and the account's average equity are analyzed and the turnover ratio (TR) is the "litmus test" to determine active accounts. Annualized turnover ratio of 6 or greater is likely to be considered excessive for accounts with conservative investment objectives. You acknowledge and agree that your speculative natured account may be trading with a TR of 6 or substantially greater and that you do not consider this to be excessive in light of your investment strategies and objectives. The commission-to-equity ratio is obtained by dividing the total commission charges (including markups) by the average equity in the customer's account.

An investment objective or risk tolerance of speculation involves a high degree of risk and may result in your account to be actively traded. The performance of your account may be significantly higher or lower than the performance of the stock market or the various indices that may be tied to stock market performance, including the Dow Jones Industrials, the Standard & Poor's Index or any other index of the value or performance of the stock market. This is considered the "well managed account theory". Because of the nature of your account the returns on your investments may not be consistent with the stock market indexes and the performance of your account may be substantially more or less than what may be achieved under a well-managed account theory.

Active accounts receive statements every month, and confirmations are mailed after every trade. The specific trade/transaction information is disclosed on trade confirmations and monthly account statements, including transaction date, share amount, markup/mark down, commission, margin rates and interest charged as well as execution price. Active accounts can involve concentrated positions, meaning that there is a significant portion of the assets in the account in a few securities. This can increase the volatility in the account's value.

If you do not receive statements and confirmations, or if you have any comments or concerns about account objectives, risk tolerance or the level of activity, please feel free to contact us.

JSC charges a commission markup or markdown on each transaction. The total trading cost will add to your losses or reduce your gains. As a result, there is the possibility that you may incur trading losses and trading costs while the firm or representative earn fees. The representative's recommendations are not performance guarantees and having a high turnover account is your choice and you can reduce the number of transactions or stop trading at any time.

JSC is committed to customer service and a culture of compliance. We seek to ensure that at all times our representatives and affiliates act in accordance with all securities laws and regulations and in accordance with your investment objectives. We are sending this letter to maintain our level of communication and our commitment to our clients while ensuring the accuracy of your account information and objectives. We look forward to working with you to help you achieve your financial goals.

Private Equity Funds JSC and its representatives may recommend products, including pre-IPO private placements, which one or more Firm affiliates issue, sponsor, provide or manage (affiliated party private placements). Pre-IPO private placements recommended by the Firm are limited to affiliated party private placements. The Firm and its affiliates may earn higher fees, compensation, and other benefits when you invest in a product that one of our affiliates advise, make available, manage, sponsor, or underwrite such as pre-IPO private placements. Additional compensation paid to the Firm and its representatives is a portion of the carried interest which is a share of the profits earned by the fund manager. As such, the Firm has an incentive to recommend to you products of affiliates that share their revenue with the Firm, over other products that do not or who share less revenue. The fees associated with such investments typically include a management fee of 2.5% paid to the fund manager, a 7% placement fee and a 2% compliance and operations fee paid to the Firm and may include additional expenses incurred by the fund. In addition, in the event the fund manager purchases interests in third-party funds that own portfolio securities which results in the Fund indirectly owning the portfolio securities there will be additional costs paid to the third-party funds which may be up to 7% of the amount of the investments in such third-party funds. These fees and costs will result in a reduction in the amount of money available for the purchase of portfolio securities. The fees and other costs associated with private placements are included in the offering documents, including the series supplements, and should be reviewed for details of the costs and expenses related to each specific series.

Affiliated Funds

The Firm offers opportunity funds from time to time which seek to invest in pre-Initial Public Offerings ("pre-IPO") securities of late-stage companies. The Firm is paid a fee by the fund manager who can also be the CEO of JSC to sell these products and these have fees associated with the product itself. These funds are offered by prospectus to accredited investors only and it is imperative that you read the prospectus in its entirety prior to making a purchase of these funds. Notwithstanding this, the Firm reviews your particular situation and would only present these securities to you if through its investigation of factors, including information you have provided to the firm including your financial profile, the firm determines that these securities are suitable for you and are in your best interests to achieve your stated investment goals.

New Issue (IPO) Investments:

You may have an interest in purchasing new issue securities for your account. These types of investments may not be suitable for all investors. These types of investments in new issues can fluctuate dramatically over the initial issue period. New Issue investing should only be carried out with capital in which you are willing to risk losing a substantial portion, if not all of your investment funds. In addition, your representative may receive higher compensation in recommending purchases of new issues than in an exchange transaction resulting in the potential for a conflict of interest. Fees for IPOs typically range between 4% and 6% but may be higher and you should review the prospectus for all fees.

Again, if you have any questions or concerns whatsoever, please do not hesitate to call our compliance department at: 516-267-7004.

Sincerely,

Joseph Stone Capital, LLC Member FINRA/SIPC