

## Introduction

NBC Securities, Inc. (herein referred to as “NBCS”, “Us”, “Our”, “We”) is an Alabama corporation which provides an array of financial and investment services, including insurance products. NBCS is registered as a broker-dealer, member FINRA and SIPC, and is a registered investment advisor. Some, but not all of our financial professionals (“Professionals”) are dually licensed and registered to offer services under the broker-dealer and the investment advisor, therefore it’s important that you ask your Professional in what capacity they are able to act in as they may not be able to offer you both brokerage and investment advisory services. Brokerage and investment advisory services and the fees associated, differ and it’s important that you understand the differences. Free and simple tools are available to you to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers and investment advisors.

## What investment services and advice can you provide me?

Depending on their licensing and registration, our Professionals are qualified to offer brokerage services and/or investment advisory services. Each Professional generally provides access to a range of investment products, such as stocks, bonds, mutual funds, exchange-traded funds (ETFs), life insurance, annuities and other various investment products. NBCS does maintain some proprietary products which may be offered to you. We do not limit our investment offerings or recommendations to our proprietary products. The range of investment options available to you may be limited depending on your investment size, ability to meet account minimum requirements, your personal suitability and other such qualifications. We encourage you to ask your Professional whether any investment limitations or account requirements apply to you. Furthermore, you should ask your Professional if the advice they are providing or the recommendations they offer are part of a brokerage service or advisory service. Some of the key differences between brokerage and investment advisory services are described below.

### Brokerage Services

- We are an introducing broker-dealer, meaning we have a contract with a clearing firm who handles the execution and settlement of trade orders it receives from us and our clients. The clearing firm also holds your securities for safekeeping (known as having “custody” of your securities).
- We provide recommendations to you on specific investments, but you make the final investment decisions for your account.
- We don’t monitor brokerage account investments for you unless we state otherwise in writing. This means you are responsible for reviewing your account and investments to make sure your investment mix is appropriate for you and for deciding whether to follow our investment recommendations.

#### QUESTIONS TO ASK YOUR PROFESSIONAL:

- Given my financial situation, should I choose an investment advisory service? 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?

### Investment Advisory Services

- The investment advisory services we offer include asset management, wrap-fee programs, financial consulting and financial planning.
- We manage accounts on either a discretionary basis or non-discretionary basis, as agreed to by you and your Professional. *Discretionary* means we will implement transactions without seeking your prior consent and *Non-Discretionary* means we will seek your prior consent for every transaction.
- We’ll typically monitor accounts and specific investments within accounts, on an ongoing basis to align with your investment goals.
- Account minimums are typically required to open an advisory account.
- More information about our investment advisory services and current account minimums for advisory programs are described in our [ADV Part 2 Disclosure Brochure](#)

**For more detailed information** about our services, you may request a free copy of our Form ADV (refer to Item 4 & 7 of ADV Part 2) or visit our [website](#).

### Brokerage Services Fees

- **Commission:** We charge a *transaction-based fee* every time you buy or sell an investment. The amount you pay as a transaction-based fee varies according to the particular investment, the capacity in which we act, and amount invested. We collect these fees each time a transaction takes place, which creates an incentive for us to encourage you to trade often.
- For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission or sales charge. For investments in bonds and some stocks, this fee is typically included as part of the price you pay for the investment (called “markup or markdown”). These types of fees occur when we purchase a security from you or sell a security to you from our own account as “principal” rather than acting as an agent to purchase or sell a security to you from a third party.
- **Sales Loads:** For investments in certain products like mutual funds and annuities, we receive transaction-based fees from the investment product sponsor<sup>1</sup> in the form of asset-based sales charges. These fees are based on the amount invested in a certain product and in some cases may also be dependent on how long you hold the investment position (Trail Commissions). These sales loads create an incentive for us to recommend certain products or product sponsors based on the fees we collect.

### Investment Advisory Fees

- For investment advisory services, we typically charge an *asset-based fee* based upon an annual percentage of your assets under management. Advisory Fees will generally range from .50% to 2.50% annually, of a percentage of the value of your assets in the account we manage. The more assets you have in this type of account, the more you'll pay in fees, which creates an incentive to encourage you to increase the size of your account.
- **Minimum Fee:** In some cases, a fee will be imposed if a minimum account size is not maintained, in which you will be charged a percentage of the required minimum account size, regardless of having less in the account. This results in a higher percentage of fees to manage your account. Minimum Program Fees are disclosed in the Client Profile and may vary by account or program.
- In most investment advisory program accounts, you will pay a single asset-based fee for advisory services. This fee also covers most transaction costs and certain administrative and custodial costs associated with your investments and trading. If you expect to trade infrequently or pursue a “buy and hold” strategy, a wrap fee program may cost you more than paying for the program's services separately, furthermore, you may want to consider a brokerage relationship rather than an advisory relationship.
- **Performance-Based Fees:** In some cases, we may enter into a performance fee arrangement with you based on your account qualifications. This type of fee arrangement creates an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities.
- **Financial Planning:** Depending upon the total assets involved, strategies required, and complexity of the plan structure, our financial planning service fee may typically range from a minimum of \$100 to a maximum of \$10,000.

### Other Fees and Costs

If applicable to your account, we'll charge you directly for other fees in addition to brokerage commissions and advisory fees, including: outside brokerage commissions, margin interest, custody fees, including annual IRA custodial fees, and certain other expenses for additional account services, as described in the IA Program agreement. You should understand that these fees are not charged by us if your investment is in an account that is held directly with the fund sponsor. Generally, our advisory fees don't include any brokerage commissions and other transactions costs, redemption fees, wire transfer fees, overnight check fees, account closing fees, or any other charges imposed by the administrator, custodian, or other service provider. You will pay fees and incur costs whether you make or

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<sup>1</sup> Sponsor means the insurance company, mutual fund, or other investment company.

lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. **For additional information**, please see our ADV Part 2A, item 5 as well as our Regulation Best Interest Disclosure Brochure, available on our [website](#).

#### QUESTIONS TO ASK YOUR PROFESSIONAL:

- Can you 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?
- Which type of investment program will I pay the least amount of fees for my anticipated trading volume?

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#### **What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, 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 and investment advice we provide you. Here are some examples to help you understand what this means:

**Third-Party Payments:** We receive compensation from third parties related to investments you make in certain products, including mutual funds, ETFs and annuities. This compensation includes ongoing distribution charges, such as 12b-1 fees or commission trails, which an investment product charges you and then pays to us.

NBCS receives compensation in the form of interest sharing from our clearing broker for certain products including the RBC BDP Cash Sweep. This creates an incentive for NBCS to recommend you hold uninvested cash in the RBC BDP Cash Sweep rather than investing in other products which may yield more return to you.

**Principal Trading:** In brokerage accounts, we sometimes directly buy from you or directly sell to you, investments including bonds or certain shares of mutual funds, unit investment trusts (UITs), or alternative investments. These transactions are called principal trades. If the principal trade involves a bond, we receive a markup or markdown by either buying the bond from you at a lower price than we will sell it for, or by selling the bond to you at a higher price than we brought it for. This creates an incentive for us to either buy the bond from you at the lowest price possible or sell the bond to you at the highest price possible to maximize our profit on the principal trade.

**Arrangements with Unaffiliated Banks:** Some of our Financial Professionals offer brokerage and advisory services on the premises of unaffiliated financial institutions, like banks and credit unions. We typically share compensation with the financial institution, including a portion of the brokerage commissions and fees the Financial Professional generates. In such case, the financial institution typically pays part of that amount to the Financial Professional. Such compensation can vary depending on the investment product or service recommended. The financial institution can limit the types of products that may be sold by a Financial Professional.

**Referrals and Other Compensation:** We pay unaffiliated outside financial professionals and other investment advisors for the introduction of accounts to us. Generally, this is referred to as referral compensation or solicitor's fees. The fee we pay is typically a portion of the fees or commission charged for advisory services in connection with the introduced account.

**For more detailed information** about our advisory services, you may request a free copy of our Form ADV 2A and refer to Items 4 & 7. You may also request a copy of our Regulation Best Interest Disclosure Brochure.

#### ASK YOUR PROFESSIONAL:

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

#### **How do your Financial Professionals make their money?**

Our Professionals are either independent contractors or employees. The agreement between each Professional and NBCS, sets out the payments we make to them. Those who provide investment advisory services receive a portion

of the advisory fee you pay. Those who provide you brokerage services receive a portion of the commission from your trades. Receiving a portion of the advisory or brokerage fees you pay to us creates an incentive for them to encourage you to increase your investment account size or trade more frequently. Our Professionals also receive different levels of compensation for selling different types of investments or services. This could include, for example, a share of the 12b-1 fees<sup>2</sup>, trail commission<sup>3</sup>, or sales loads<sup>4</sup> paid to us by an investment product sponsor. Although your Professional is required to recommend investment products or manage your account in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products.

#### **Do you or your Financial Professionals have legal or disciplinary history?**

Yes, some of our Professionals have legal or disciplinary histories. Visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

#### QUESTIONS TO ASK YOUR PROFESSIONAL:

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

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#### **Additional Information**

For additional information about our products and services, visit [investor.gov](https://investor.gov) or [BrokerCheck.Finra.org](https://BrokerCheck.Finra.org), or visit our website [nbcsecurities.com](https://nbcsecurities.com) and review your account agreement. For additional information on advisory services, see our Form ADV brochure on IAPD, on [Investor.gov](https://investor.gov), and any brochure supplement your Professional provides. For additional information on our brokerage services, request a free copy of our Regulation Best Interest ("Reg BI") Disclosure Brochure, or you can access a copy at [nbcsecurities.com](https://nbcsecurities.com).

To report a problem to the SEC, you can visit [Investor.gov](https://investor.gov) or call the SEC's toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, you can visit [finra.org](https://finra.org) or call their help line at (240) 386-4357.

If you have a problem with your investments, account or financial professional, contact:

Scott Wilkins  
Senior Vice President & Director of Compliance  
1927 1<sup>st</sup> Avenue, North  
Birmingham, AL 35203  
205.421.2390 | 800.521.9390

#### QUESTIONS TO ASK YOUR PROFESSIONAL:

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

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2 A 12b-1 fee is an annual marketing or distribution fee on a mutual fund. The 12b-1 fee is considered to be an operational expense and, as such, is included in a fund's expense ratio.

3 A trailing commission is a fee that you pay a financial professional each year that you own an investment. The purpose of a trailing commission is to give an advisor an incentive to review a client's holdings and provide advice.

4 A load is a sales charge paid by mutual fund investors to the brokers or agents who sell the fund to them.