



Dear Central States Customer,

Regulation Best Interest (BI) is a 2019 Securities and Exchange Commission (SEC) rule that requires broker dealers to only make recommendations that are in their customers' best interests, and to clearly identify any potential conflicts of interest and financial incentives resulting from the recommendations. Regulation BI falls under the Securities and Exchange Act of 1934 and establishes a standard of conduct for broker dealers when recommending any securities transaction or investment strategy.

Part of our responsibility to you as your financial services firm is keeping you apprised of regulatory changes in our industry, providing associated documents, and making sure you understand we are here to answer any questions you may have.

Enclosed are documents for you to review and keep with your financial records:

Regulation BI requires us to provide customers and potential customers with a Customer Relationship Summary (Form CRS). This disclosure provides an overview of our firm, describing the financial services we offer, and the standard of conduct we follow when providing our services to you. This disclosure also includes fees, costs, conflicts and disciplinary information. We encourage you to read this document before choosing to invest.

Regulation BI also requires us to provide brokerage customers with the Regulation Best Interest Disclosure. This document summarizes important information concerning the scope and terms of the brokerage services we offer and details material facts relating to conflicts of interest that arise through our delivery of brokerage services to you. Our goal is to provide you with the information you need to make informed investment decisions. We encourage you to review this information carefully, along with any applicable account agreement(s), disclosure documentation, or other materials you receive from us. We reference various other documents throughout this disclosure, which have either been or will be provided to you as applicable, when you establish a brokerage account, or engage in certain brokerage activities with us.

We have also included our standard commission schedule currently in effect. If that schedule is updated, you will be promptly notified.

You should contact your investment representative if you do not fully understand these or other disclosures we provide you, including any questions you may have concerning the essential facts or potential conflicts of interest regarding your relationship with us.

Thank you for the privilege of serving your investment needs.



## Regulation Best Interest Disclosures

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and explains the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker dealer, and a FINRA/SIPC member, providing brokerage services. We also provide investment advisory services through this same firm which is registered with State of Kansas as an investment adviser. These disclosures focus on our brokerage services. For additional information, please refer to our Customer Relationship Summary (or Form CRS). The Form CRS contains important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action, and other reportable legal information. For information on the investment advisory services offered through our firm through the state-registered adviser, please review our Form Part1A and Part2A online at [www.sec.gov](http://www.sec.gov)

### Brokerage Services

In order to establish a brokerage account with us, you must set up a brokerage account through our clearing firm Hilltop Securities, Inc. In that account, you have the ability to buy, sell and hold securities within your account. We execute purchases and sales on your behalf, and as directed by you. In our brokerage services relationship, we can act as a principal which means we trade from our own account with you, or we can act as your agent in trading with another firm to fulfill your trade. We earn money off of either capacity. The capacity in which we act is disclosed on your trade confirmation. However, we are not required to communicate it in advance, obtain your consent, or inform you of any profit earned on trades.

We also are able to offer application-based brokerage services such as accounts held directly with mutual fund companies.

### Cash Brokerage and Margin Brokerage Accounts

We provide brokerage services through either a cash brokerage account or margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our

clearing firm, Hilltop Securities, Inc. This is generally referred to as a “margin loan.” The portion of the purchase price that is lent to you is secured by securities in your account, also referred to as “collateral.” You will incur interest costs as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes.

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact a Financial Professional or refer to the clearing firm’s Margin Disclosure Statement available at [www.hilltopsecurities.com/hilltop-securities-inc-disclosures](http://www.hilltopsecurities.com/hilltop-securities-inc-disclosures).

### **Brokerage Account Types**

We offer many different brokerage account types including individual and joint accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreement(s). You should refer to the clearing firm’s account agreement(s) for more information concerning available account types or speak with a Financial Professional.

### **Incidental Brokerage Services, Recommendations and Account Monitoring**

Within your brokerage account, we also provide other incidental services such as recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our Financial Professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. If you prefer on-going monitoring of your account or investments, you should speak with a Financial Professional about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and

information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

### **Clearing Services**

We have entered into an agreement with Hilltop Securities, Inc. (also referred to herein as “Clearing Firm”) to carry your account and provide certain back office functions. We and the clearing firm share responsibilities with respect to your account as set forth in the Customer Information Brochure that was delivered to you upon opening of your account. Please refer to the Customer Information Brochure for more information on how such responsibilities have been allocated between us.

### **Understanding Risk**

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Capital Preservation” investors typically holding the smallest percentage of higher-risk investments, followed by “Income” investors holding *some* higher-risk investments, and finally “Growth” investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies, and we measure it on a continuum that increases from “Low” to “Moderate” to “High” and finally “Speculative.” See the chart below for details.

Investment Objective	Investment Objective Description	Risk Tolerance	Risk Tolerance Definition
Income	Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	Conservative	Conservative Income investors generally assume lower risk, but may still experience losses or have lower expected income returns.
		Moderate	Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
		Aggressive	Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth & Income	Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.	Conservative	Conservative Growth and Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
		Moderate	Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.
		Aggressive	Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth	Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.	Conservative	Conservative Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns.
		Moderate	Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
		Aggressive	Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.
Speculative	Speculative investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.		

Our recommendations are based in part on your risk tolerance and investment objective as outlined above. We encourage you to carefully consider your investment objective and risk tolerance before investing.

### Cash Sweep Program Feature

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle,” until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s). More information about the Cash Sweep Program can be found in the **Cash Sweep Program Disclosure Statement** available at the Clearing Firm’s website at [www.hilltopsecurities.com/hilltop-securities-inc-disclosures](http://www.hilltopsecurities.com/hilltop-securities-inc-disclosures). Please review that Disclosure Statement carefully.

## **Account Minimums and Activity Requirements**

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

You should also understand that our Financial Professionals may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated Financial Professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your Financial Professional.

## **Brokerage service models and products**

We operate primarily as a full-service broker in coordination with the registration of our investment adviser. In acting as such, we provide ongoing monitoring and financial planning through investment adviser. In our role as a broker-dealer to retail investors, we act as a direct or phone-based broker-dealer making recommendations to brokerage clients. Finally, we act as an introducing broker for clients who wish to direct their own trades.

## **Brokerage fees and our compensation**

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs involved.

### **Transaction-Based Fees**

You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, Exchange Traded Products (ETPs), mutual funds, and other investment purchases and sale. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Your brokerage service model and account type
- Size of your transaction and/or overall value of your account
- Frequency of your trade activity
- Available discounts and/or fee waivers

## **Account and Service Fees**

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you. For more information concerning administrative and service fees, please see our clearing firm's disclosure at [www.hilltopsecurities.com/hilltop-securities-inc-disclosures](http://www.hilltopsecurities.com/hilltop-securities-inc-disclosures).

## **How We Are Compensated**

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the respective account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

## **Commission Schedule for Stocks, Rights, Warrants, Secondary Market Closed End Funds (CEFs) and Exchange Traded Products (ETPs)**

We have a standard commission schedule which details the commission charged to you and received by us and your Financial Professional for trades of stocks, rights, and warrants. It is attached as Appendix 1. If modifications are made by individual Financial Professionals, these modifications will be disclosed to you.

## **Debt Securities**

For debt securities, including preferred securities and CDs, we may apply a charge (i.e., markup) of up to 2% depending upon credit quality, maturity, and size of the transaction of the amount of your secondary market transaction. Additionally, we may incur gains (or losses) on positions we hold in inventory in response to market movements or other events that impact the value of the securities we own.

## **Mutual Funds**

We currently offer hundreds of mutual funds varying in share class structure and investment style. If you invest in mutual funds in a brokerage capacity, we receive direct and indirect compensation in connection with such mutual fund investments, as described below.

## **12b-1/Shareholder Service Fees**

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from

0.25% to 1.00%. These fees may be passed on to us and may in turn be passed on to your Financial Professional as a commission.

### **Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)**

Front-end sales charge fees may be charged and paid to us, including your Financial Professional, when you purchase a fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Financial Professional if you believe you are eligible for sales charge waivers.

CDSC is a charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your Financial Professional. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

### **Revenue Sharing**

#### **Cash Sweep Program – Bank Insured Money Market Program**

We received a rebate from our clearing firm for our customers whose cash assets are in our clearing firm's Bank Insured Money Market Program.

#### **Operational Fees**

We do not receive any compensation for various operational services provided to you through a brokerage account, such as wire transfer fee or other fees enumerated in our clearing firm's Customer Disclosure document.

#### **Compensation for Termination of Services**

We receive a rebate when an account terminates with us and ACATs away from us. If you have questions, contact your Financial Professional.

#### **Brokerage – Excluded Advisory Assets**

As described above, our brokerage services differ from our advisory services offered through the registration of our firm with the State of Kansas. However, in some instances we may allow an advisory client to trade what are referred to as "excluded assets" within their advisory services account. Excluded assets are subject to our standard brokerage charges when traded.



## **Conflicts of interest**

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Financial Professionals, our clients and third parties. We offer a broad range of investment services and products and we receive various forms of compensation from our clients and third parties as described above. Securities rules allow for us, our Financial Professionals to earn compensation when we provide brokerage services to you. However, the compensation that we and our Financial Professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

### **Compensation We Receive From Clients**

#### **Transaction-based conflicts**

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your Financial Professional receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all.

#### **Markups and markdowns for principal transactions**

When you buy or sell fixed income securities in a brokerage account, and in accordance with industry regulations, we typically impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we

sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules.

### **Cash Management Account and Account Termination Fees**

For the services we provide, and the clearing firm provides or makes available to you with respect to your brokerage account, the clearing firm charges certain administrative fees, a cash management fee and account termination fee. We receive a portion of the cash management fee and account termination fee.

### **Compensation We Receive from Third Parties**

Third-party payments we receive are based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product and varies with respect to the third-party investment management products we recommend. It also is separate from and in addition to the compensation we receive in connection with other products and services made available to you, including advisory services through our affiliated investment advisor firm. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

- **Trail Compensation.** Ongoing compensation from Product Sponsors is received by us and shared with our Financial Professionals. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

### **Product Share Classes**

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund shares classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us.

## Compensation Received by Financial Advisors

Financial Professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity. This compensation varies by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or “trail” payments. Thus, Financial Professionals are incentivized to recommend products that have higher fees as well as those with on-going payments.

Typically, a Financial Professional’s payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. The same payout schedule is reduced when Financial Professionals discount certain client fees and commissions, or client relationship asset levels are below minimums established by the clearing firm or third party.

As a result, Financial Professionals have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Financial Professionals also have an incentive to provide brokerage recommendations to increase brokerage trading activity, and to reduce the amount of discounts available to you.

Financial Professionals have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Financial Professionals are incentivized to recommend you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. Further, Financial Professionals are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Financial Professionals also have an incentive to provide higher levels of service to those clients who generate the most fees.

Recruitment compensation is provided to Financial Professionals who join our firm from another financial firm. This compensation, which likely varies by Financial Professional, often includes either an upfront or backend award based upon new client assets to the firm and/or revenue generated from such client assets. This creates an incentive for the Financial Professional to recommend the transfer of assets to the firm, including brokerage assets, in order to earn this compensation.

### **Other Financial Professional Activities**

Financial Professionals may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients.

Financial Professionals who are transitioning through a succession plan may be incentivized to make brokerage recommendations designed to increase the value of their “book of business” through asset accumulation or brokerage trades that are not in your best interest. Financial Professionals who receive clients from a retiring Financial Professional are incentivized to meet growth goals and may make recommendations not in your best interest.

Internal campaigns and recognition efforts incentivize Financial Professionals to engage in activities to reach incentive goals.

### Additional Resources

Title	Web address
Form CRS	<a href="http://www.centralstatescapital.com">www.centralstatescapital.com</a>
Our Customer Disclosure	<a href="http://www.centralstatescapital.com">www.centralstatescapital.com</a>
Margin Disclosure Statement Hilltop	<a href="http://www.hilltopsecurities.com/hilltop-securities-inc-disclosures">www.hilltopsecurities.com/hilltop-securities-inc-disclosures</a>
Cash Sweep Program Disclosure Hilltop	<a href="http://www.hilltopsecurities.com/hilltop-securities-inc-disclosures">www.hilltopsecurities.com/hilltop-securities-inc-disclosures</a>

# Central States Capital Markets

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Tel. 800-851-6459 913-766-6565 Fax 913-946-4940

245 N Waco Suite 525 Wichita, KS 67202  
Tel. 800-444-9411 316-265-9411 Fax 316-265-9415

2600 Westown Parkway Suite 220 West Des Moines, IA 50266  
Tel. 515-375-2838 Fax 888-339-1632

471 E Broad St. Ste 905 Columbus, OH 43215  
Tel. 614.705.6966

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## Commission Schedule – Common Stocks

### Transaction Size

### Commission Rate

Minimum Fee \$ 40.00

\$ 0 - \$ 2,499	\$ 30.00 + 1.60% of principal amount
\$ 2,500 - \$ 6,249	\$ 55.00 + 0.60% of principal amount
\$ 6,250 - \$ 19,999	\$ 75.00 + 0.30% of principal amount
\$ 20,000 - \$ 49,999	\$100.00 + 0.18% of principal amount
\$ 50,000 - \$ 499,999	\$150.00 + 0.08% of principal amount
\$ 500,000 -	\$250.00 + 0.06% of principal amount

### Notes:

1. For purchases, we require cleared funds in the account. When selling, we require the stocks in advance. Registered stocks must often times be re-registered before they are negotiable.
2. Securities are held in the account in street name at no cost. Fee for voluntary and/or Post-Effective Reorganizations/Registrations is \$50.00.
3. Minimum Fee \$40.00.
4. Limit Orders and Preferred Stock Transactions subject to additional charges.

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*Member FINRA and SIPC*



August 2024

## **Form CRS – Central States Capital Markets, LLC**

**Item 1. Introduction** Central States Capital Markets, LLC (“CSCM”) is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer and is a member of FINRA and the SIPC. We are also registered with the State of Kansas as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to you to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### **Item 2. Relationships and Services** *What investment services and advice can you provide me?*

We provide brokerage services to retail investors, including buying and selling of corporate debt securities, municipal securities, government securities, agencies, preferred and floating rate, equity securities, and mutual funds. In addition, we offer advisory services but only through our registration as a Kansas state-registered investment adviser and not as a broker-dealer registered with the SEC. For a more complete description of our services, please see our website at [www.centralstatescapital.com](http://www.centralstatescapital.com) and the investment adviser’s Part 2A at <https://adviserinfo.sec.gov/firm/summary/155291>. Included in our offerings may be proprietary securities that are tax-free municipal bonds. We do not monitor the investments of our retail brokerage customers on a regular basis as a standard service. Generally, you make the ultimate decision regarding the purchase or sale of investments; however, under certain circumstances we may act with discretionary authority which means that we may buy and sell securities without seeking your prior permission. We have no account minimums. *For additional information, please see our website at [www.centralstatescapital.com](http://www.centralstatescapital.com) or contact our office at 913-766-6565 and request a copy of our Regulation Best Interest Disclosures.*

### **Questions to Ask Us:**

- ***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?***

### **Item 3. Fees, Costs, Conflicts, and Standard of Conduct** *What fees will I pay?*

If you open a brokerage account with us you will pay a transaction fee, generally called a commission, or mark-up or mark-down at the time you buy or sell a security. The more frequently your account trades, the more compensation we receive; as such, we are incentivized to recommend that you trade often. In addition, for mutual fund shares you will be charged a sales load or deferred sales charge upon purchase or sale, respectively, as well as underlying distribution charges in mutual funds such as 12b-1 fees and the underlying expenses and manager’s advisory fee. Any fee for services will be disclosed at the time of the initial and any subsequent transaction. If applicable to your account, you will be charged account maintenance fees, custodian fees, cash management fees, transfer fees, wire fees, and other transactional and product level fees. *For additional information, please contact our office at 913-766-6565 and request a copy of our Regulation Best Interest Disclosures or see our clearing firm’s Customer Disclosure Statement at <https://www.hilltopsecurities.com/media/1289/HTS-Customer-Information-Brochure.pdf>.*

*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.*

### **Questions to Ask Us:**

- ***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?***

*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 must 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 to you. The following are some examples to help you understand what this means.

Generally, we earn money by placing your trades with our clearing broker and being paid, by you, an agency fee to act as your agent in the transaction. However, for purchases and sales of government securities and municipal securities, we may act as a principal on those trades. Acting as principal means that we sell or buy from our own proprietary account and earn a mark-up or mark-down (profit) on these trades, so we have an incentive to encourage you to trade with us. Additionally, we earn money by the number and size of your transactions, so it is in our interest to recommend more transactions in order to increase our compensation. Further, we receive compensation from third parties related to investments you make in certain products such as mutual funds. We also received a rebate from our clearing firm for our customers whose cash assets are in our clearing firm's Bank Insured Money Market Program, which incentivizes us to hold cash within such program. Lastly, certain of our financial professionals are dually registered with our affiliate investment adviser. Such financial professionals are not compensated specifically for referring business between each entity, however, due to common ownership, it is in the interest of the broker-dealer to recommend investment advisory services to you, and we are therefore incentivized to do so. For additional information, please contact our office at 913-766-6565 and request a copy of our Regulation Best Interest Disclosures.

**Question to Ask Us:**

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

*How do your financial professionals make money?*

Our financial professionals make money by receiving a portion of the commissions or mark-ups or mark-downs on trades and from payments from other investment products such as mutual funds. In addition, they receive trailing compensation from mutual fund sponsors (12b-1 fees) that continue to be paid so long as you hold the investment. Compensation to financial professionals will vary based on investment type, as such, financial professionals are incentivized to offer investments to you which increase their overall compensation. For more information, request a copy of our Regulation Best Interest Disclosures. Our financial professionals do not receive bonuses. Financial Advisors in our Iowa office are paid an annual salary.

Item 4. Disciplinary History *Do you or your financial professionals have legal or disciplinary history?*

Yes, the firm and an associated person have a disciplinary history. You may go to [www.investor.gov/CRS](http://www.investor.gov/CRS) or [www.BrokerCheck.Finra.org](http://www.BrokerCheck.Finra.org) for a free and simple search tool to research us and our financial professionals.

**Question to Ask Us:**

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

Item 5. Additional Information

For additional information about our services, please see our website, [www.centralstatescapital.com](http://www.centralstatescapital.com) or [www.investor.gov](http://www.investor.gov). You can request up-to-date information about us and request a copy of our relationship summary or Regulation Best Interest Disclosures by calling 913-766-6565. The Form CRS is also posted to our website.

**Question to Ask Us:**

- ***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?***