

Part 2A of Form ADV: Firm Brochure

Peter A. Farrell Investment Management Services

4 Palisades Drive, Suite 130
Albany, New York 12205

Telephone: 518-462-4979

March 20, 2017

This Brochure provides information about the qualifications and business practices of Peter A. Farrell Investment Management Services (hereinafter “the Advisor”). If you have any questions about the contents of this Brochure, please contact us at 518-462-4979. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional Information about the Advisor is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site using an identifying number known as a CRD number. The CRD number for the Advisor is 107170.

Item 2 Material Changes

There are no material changes in this updated Brochure from our Brochure dated March 18, 2016.

Each year, we will provide you with a summary of any material changes no later than March 31st and we will offer to send you a copy of our updated Brochure.

Item 3 Table of Contents

Item 2	Material Changes.....	2
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation.....	5
Item 6	Performance-based Fees.....	6
Item 7	Types of Clients.....	6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9	Disciplinary Information	7
Item 10	Other Financial Industry Activities and Affiliations.....	7
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
Item 12	Brokerage Practices.....	8
Item 13	Review of Accounts.....	10
Item 14	Client Referrals and Other Compensation.....	10
Item 15	Custody.....	11
Item 16	Investment Discretion.....	11
Item 17	Voting Client Securities.....	11
Item 18	Financial Information.....	12
	Brochure Supplement (Employee Information).....	13

Item 4 Advisory Business

Peter A. Farrell Investment Management Services (hereinafter “the Advisor”) is a sole proprietorship owned by Peter Farrell. The Advisor has been in business since 1994. The employees of the Advisor are Peter Farrell and Michael Farrell, and their biographies are set forth in the Brochure Supplement at the end of this document. Both Peter and Michael provide investment advisory services to clients.

The Advisor primarily manages securities investment portfolios for clients. This includes selecting appropriate investments and placing buy and sell orders, monitoring client portfolios, measuring results and reporting results to clients. The Advisor invests client assets only in the following types of investments: publicly-traded stocks and bonds, exchange traded funds, mutual funds and bank certificates of deposit. Residual balances are held in money market accounts maintained by the client’s broker/custodian. The Advisor purchases securities of U.S. and non-U.S. issuers for client accounts.

The Advisor manages securities portfolios that are tailored to the individual needs and objectives of our clients. This is done by selecting investments based upon the Advisor’s assessment of the client’s risk tolerance and whether they are seeking safety of principal, current income or long-term capital appreciation. We also consider other factors such as future withdrawals, income tax liability and estate planning considerations. Clients may impose restrictions on investing in certain types of securities.

Occasionally, the Advisor provides investment advice to clients that does not involve on-going management of a securities portfolio. This is more in the nature of consulting work and often involves advising the client about holding a particular security or proceeding with a particular investment plan or strategy.

As of December 31, 2016, the Advisor managed \$50,587,717 of client assets on a discretionary basis and \$1,517,486 of client assets on a non-discretionary basis.

Item 5 Fees and Compensation

The Advisor generally is compensated for its services based on the value of account assets managed according to the fee schedule below. However, fees are negotiable in some cases, depending upon the level of service required by a client.

The Advisor's fee schedule for managing equity and mixed bond/equity accounts is as follows:

- 0.75 percent of average assets annually, for the first \$1 million in assets
- 0.50 percent of average assets annually, for assets in excess of \$1 million

The fee schedule for managing bond accounts is as follows:

- 0.50 percent of average assets annually

The Advisor calculates its fees based on the average value of assets under management during the billing period using the beginning and ending market values of the client's account. Such market values are obtained from the client's month-end brokerage statement. For a few smaller-sized client accounts, the Advisor charges a fixed fee.

The Advisor bills clients quarterly, semi-annually or annually as agreed with the client. Fees are not billed in advance of services.

In some cases, the Advisor deducts its fees directly from client accounts, but only if the client has given prior authorization for such deductions and if their account is maintained at a brokerage firm that permits such deductions. Otherwise, clients pay the Advisor's fee by sending a check.

If the Advisor is hired to provide investment advice not involving management of a portfolio, then the Advisor may charge the client a consulting fee. The consulting fee would be either a flat fee or billed on an hourly basis, as agreed upon in advance with the client.

In addition to the Advisor's fees listed above, clients may incur the following fees and expenses: brokerage commissions and transaction fees, nominal custody fees charged by a few brokerage firms, exchange traded fund expenses and mutual fund expenses. Such fees and expenses are paid to parties other than the Advisor. For more information, see **Item 12** – Brokerage Practices.

The Advisor is compensated on a fee-only basis and does not receive any commissions or other remuneration from the sale of securities or from any source other than directly from clients.

Item 6 Performance-Based Fees

The Advisor does not charge clients a performance fee (a fee calculated as a percentage of a client's investment profits).

Item 7 Types of Clients

The Advisor provides investment advice and investment management services to individuals, trusts, profit-sharing plans and charitable organizations. The Advisor typically manages accounts of \$100,000 or more. However, we manage a few accounts valued at less than \$100,000 because these have the potential to increase in value over time.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

In deciding whether to buy or sell a particular stock, the Advisor uses both fundamental analysis and technical analysis. Fundamental analysis attempts to measure the intrinsic value of a stock by examining factors such as the financial condition of the issuing company, its projected earnings, industry conditions and the overall economy. Technical analysis involves evaluating stocks by studying their past price levels, price movements, trading volume and other market data. The Advisor uses stock price charts to identify patterns and trends that may suggest what a stock will do in the future. The Advisor also considers dividend yields, dividend growth rates and industry sector analysis. No methodology for stock selection can guarantee positive returns, and any stock held in a client's account is subject to market declines.

In deciding whether to buy a corporate or government bond, the Advisor examines the credit risk associated with the bond issuer, current bond market yields and the outlook for future interest rates.

The Advisor uses a long-term investment strategy in managing accounts. We purchase securities with the intention of holding them in a client's account for at least a year. However, securities may be sold sooner if events occur which change the Advisor's outlook for the issuer or the general market.

The Advisor's sources of investment research information include publications received from brokerage firms, financial newspapers and other financial media sources as well as company reports and press releases. Additionally, the Advisor may pay outside firms to obtain research information.

Investing in securities involves risk of loss that clients should be prepared to bear. Stocks fluctuate in value – sometimes greatly. The price of a stock may decline when the general stock market declines even if the prospects for the company are sound. Also, stocks and corporate bonds are subject to business risk – the risk that a company's securities decline in value because of adverse circumstances such as declining profits, increased competition, unforeseen liabilities or insolvency. Investing in government and corporate bonds entails credit risk (the risk that the bond issuer may default on its obligations) and interest rate risk (the risk that a bond will decline in market value when interest rates rise). Non-U.S. securities involve risk of loss from unfavorable fluctuations in currency values or from economic or political instability in other nations.

Item 9 Disciplinary Information

The Advisor is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of the Advisor's business. The Advisor and the Advisor's employees have no reportable legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

The Advisor and the Advisor's employees are not engaged in other financial industry activities and have no financial industry affiliations.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Advisor has adopted a Code of Ethics which sets forth high ethical standards of business conduct that the Advisor requires of its employees. The Code of Ethics includes rules governing personal securities transactions by our employees. These rules are designed to prevent improper personal trading by employees and to address potential conflicts of interest. Among other things, the Code of Ethics requires the Advisor's employees to pre-clear their personal securities transactions with Peter Farrell and to periodically report their transactions and holdings in securities to him.

The Advisor's employees occasionally buy or sell for their own accounts the same security that is being bought or sold in client accounts. Sometimes this personal trading occurs on the same day as trading occurs for client accounts. If an employee's trade was placed before the client's trade, this could potentially cause a client to pay a higher purchase price for a stock or receive a lower sales price if the stock is being sold. To prevent this, the Advisor's Code of Ethics stipulates that no personal transactions may be made by the Advisor's employees in a given security on any trading day until all client transactions in that security have been completed.

The Advisor will furnish a copy of our Code of Ethics to clients or prospective clients upon request.

Item 12 Brokerage Practices

Clients select the brokerage firm that will hold their account assets and execute purchase and sales orders. When a stock is bought or sold, the brokerage firm charges a commission which is paid out of the client's account. When a bond is traded in an account, the brokerage firm is compensated by including a "markup" in the purchase price paid by the client or a "markdown" in the sale price received by the client. Brokers also may charge service or custodial fees. Full service brokerage firms charge substantially higher commissions than discount brokerage firms, but they provide more personalized service to clients.

The Advisor usually recommends to new clients that they select a discount brokerage firm because their commission rates are low, their execution of orders has, in our experience, been favorable to clients and we can trade on-line for

accounts maintained at such firms. In cases, where a new client already has an existing brokerage account before the Advisor is hired, we will manage the account at such brokerage firm if the client wishes.

In 2013, the Advisor began using the institutional advisor platform of Charles Schwab Advisor Services, which is a discount brokerage firm. This is a centralized account system designed for independent investment advisors whose client accounts are maintained at Charles Schwab & Co. Previously, the Advisor had used Fidelity Investment's institutional advisor platform to manage many client accounts. All of our clients who had brokerage accounts at Fidelity Investments agreed to transfer their accounts to Charles Schwab Advisor Services. Charles Schwab Advisor Services provided a benefit to the Advisor and our clients by reimbursing our clients for the \$75 per account transfer fee that Fidelity Investments charged when the clients moved their accounts. This facilitated our client's transition from Fidelity to Charles Schwab. An employee of the Advisor also transferred one of their personal accounts from Fidelity to Schwab and received reimbursement for the \$75 transfer fee.

Another benefit that the Advisor and our clients receive from our use of Charles Schwab Advisor Services' institutional platform is that Schwab allows us to deduct our advisory fees directly from client accounts if the client has authorized this in advance. There is a tax advantage to this method of fee payment for clients whose accounts are IRAs or retirement plans. So if a client wishes to have our advisory fees deducted from their account, we will recommend that they maintain their account at Charles Schwab Advisor Services.

In addition to advisory fee deductions, Charles Schwab Advisor Services offers various support services to investment advisors using its institutional platform relating to account administration, trade execution and managing an advisory fee business. Although the Advisor uses the Schwab Advisor Services website for trading and managing client accounts and for investment research, we do not use the other support services that Schwab makes available to investment advisors such as educational conferences and events, technology and compliance consulting or business development services.

The Advisor uses the brokerage firm that has custody of the client's account to place individual trades for their account. Not all investment advisors execute trades in that manner - they may place orders through brokers other than the broker with custody of the account or they may aggregate trade orders and then allocate the combined order among several client accounts. By placing trades individually

with the custodial broker selected by the client, the Adviser may not be able to achieve the most favorable order execution in some instances. That would be the case if the client has selected a full service broker charging higher commissions – this would result in the client paying more money for the trade. The Adviser does not aggregate purchase or sale orders for client accounts – this also may result in clients paying higher commissions.

The Adviser does not have any “soft-dollar” arrangements with brokerage firms through which it receives investment research or other benefits in consideration of client brokerage transactions. Our clients’ brokerage firms may send us proprietary research publications from time to time, and Charles Schwab & Co. has investment research material that is available to us on their website. However, we do not use client brokerage commissions in order to obtain any research material from brokers. The Adviser is able to access Charles Schwab’s research material because we maintain our own personal accounts at Charles Schwab & Co. Therefore, such research is not provided to us as a result of our clients’ brokerage transactions at Schwab. Research received from a broker may be used by the Adviser in managing all of its client accounts, not just the accounts held at that particular broker. All clients share in the pool of research information that is available to the Adviser regardless of its source.

Item 13 Review of Accounts

The Adviser reviews each client account at least monthly when brokerage statements are received. If the Adviser has internet access to a client’s brokerage account, we monitor the account’s current status frequently during the month. Additionally, newsworthy events materially affecting the securities held in an account will trigger an immediate review of the account.

Most clients receive a written performance report from the Adviser on a quarterly basis. By mutual agreement, a few clients receive our report once every six or twelve months.

Item 14 Client Referrals and Other Compensation

The Adviser does not compensate anyone for client referrals. Except for a one-time reimbursement of a \$75 account transfer fee (described above in Item 12),

neither the Advisor nor its employees receive any compensation or economic benefit from third parties for providing investment advisory services to clients.

Item 15 Custody

It is the Advisor's policy to not accept custody of any client assets. However, according to the SEC's rules, the Advisor is considered to have custody of client funds when it is authorized to deduct its advisory fees directly from a client's brokerage account. Fee deductions are only made from client accounts that are maintained at Charles Schwab Advisor Services, and only with the client's prior permission. Such clients receive monthly account statements from Charles Schwab Advisor Services showing all transactions occurring with the account (including any fee deductions). Clients should carefully review their brokerage account statements.

Item 16 Investment Discretion

For most client accounts, the Advisor has full discretionary authority to manage the account. This means that we buy or sell securities for the account without first contacting the client to obtain their permission. If we do not have discretionary authority for an account, we will recommend particular securities transactions to the client and they will then decide whether or not to place the trade. There are also a few arrangements where the client has asked us to contact them to get their approval before we buy or sell securities for their account.

In order to grant discretionary investment authority to the Advisor, the client executes a limited power of attorney which is sent to the brokerage firm where the account is maintained.

Item 17 Voting Client Securities

The Advisor does not vote proxies on behalf of any clients.

Item 18 Financial Information

The Advisor has no negative financial circumstances to report. The Advisor does not require or solicit the prepayment of any fees in advance of services rendered. Therefore, we are not required to include a financial statement in this Brochure. The Advisor has not been the subject of a bankruptcy petition at any time.

Brochure Supplement - March 20, 2017

Peter A. Farrell, Proprietor, Portfolio Manager & Chief Compliance Officer

Item 2 Educational Background and Business Experience

Peter A. Farrell, born in 1935, earned a Bachelor of Science degree with a major in Finance in 1960 and an MBA in 1965. He has operated the Advisor since inception in May 1994. Prior to that, he was employed for 24 years as a portfolio manager by Key Trust Company, a subsidiary of KeyCorp. In that capacity, he became Chief Investment Officer and Chairman of the Investment Strategy Committee. He managed Key Trust's largest accounts, supervised investment personnel and supervised the trading desk. Before that, he was a broker at a NYSE member firm and a college instructor at Marist College.

Item 3 Disciplinary Information

Peter Farrell has no legal or disciplinary events to disclose.

Item 4 Other Business Activities

Peter Farrell is not engaged in any other business activities or occupation

Item 5 Additional Compensation

Peter Farrell does not receive any compensation or economic benefit from third parties for providing investment advisory services to clients.

Item 6 Supervision

Peter Farrell supervises the Advisor's employees.

Michael Farrell, Administrator and Investment Analyst

Item 2 Educational Background and Business Experience

Michael Farrell, born in 1964, earned a Bachelor of Arts degree from the University of Pennsylvania, a MBA from Tulane University and a law degree from Albany Law School. He practiced corporate and securities law at firms in Philadelphia and New York City for eleven years. He has been employed by the Advisor since 2005.

Item 3 Disciplinary Information

Michael Farrell has no legal or disciplinary events to disclose.

Item 4 Other Business Activities

Michael Farrell is not engaged in any other business activities or occupation

Item 5 Additional Compensation

Michael Farrell does not receive any compensation or economic benefit from third parties for providing investment advisory services to clients.

Item 6 Supervision

Michael Farrell is supervised by Peter Farrell, whose telephone number is 518-462-4979. Peter monitors the investment advice that Michael provides to clients. Michael discusses with Peter any verbal recommendations that he has made to clients. Also, Michael records any client account transactions he has made in a trading journal which Peter reviews at least weekly. In most cases, such account transactions are made after consultation with Peter.