

**XTELLUS CAPITAL PARTHERS, INC**  
**Customer Relationship Summary – March 31, 2023**

**Item 1. Introduction**

**Xtellus Capital Partners, Inc.** (referred to as “we” or “us”) is registered as a broker-dealer with the Securities and Exchange Commission and is a member of FINRA/SIPC. You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC. Securities in your account are protected up to \$500,000, but you are not protected against the decline in value of your securities. For details, please see [sipc.org/](http://sipc.org/).

Brokerage and investment advisory services and fees differ, and it is important that you understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

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

We sell securities to pre-selected retail investors as part of a private securities offering (referred to as private placements). The companies who offer their securities for sale in private placements are referred to as “issuers”. We only make available or offer advice to retail customers with respect to investments in private placements. We also serve as an agent (meaning we match buyers to sellers) in the secondary market purchase and sale of restricted securities. Restricted securities are securities acquired in private placements from the issuing company or from an affiliate of the issuer.

Our services are offered on a non-discretionary basis. This means, you make the ongoing decisions regarding your investment. However, the decisions you can make regarding your investment will be limited by the offering documents provided to you in connection with your investment. **We do not monitor your investment.**

The minimum commitment for investors making investments in private placements is set by the issuer.

On an unsolicited basis, we may assist clients in the sale of securities. These securities may be sold in the secondary market, or we may choose to buy the securities from the client for our own account and re-sell it at a later time (Principal Transaction).

Most of our investors are “accredited investors”. This means they have a net worth exceeding \$1 million; and over the last two years, have an annual income of \$200,000, individually; or \$300,000 when combined with their spouse.

<b>Conversation Starters: Ask your financial professional:</b>
<ul style="list-style-type: none"><li>• <i>Given my financial situation, should I choose brokerage services? Why or why not?</i></li><li>• <i>How will you choose investments to recommend to me?</i></li><li>• <i>What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?</i></li></ul>



**Item 3. What fees will I pay?**

We charge a transaction-based fee (sometimes referred to as a commission) when you invest in a private placement or we act as agent in a secondary market transaction. The amount you pay as a transaction-based fee varies according to the particular investment and amount invested. The more you invest, the more fees we receive. So, there is an incentive to encourage you to invest more money with us.

You will be charged a transaction-based fee for investments in private placements or secondary market trades, we typically charge you a fee that ranges from 2% to 5%. Regardless of the investment type, your fees will be disclosed in the offering materials, commission agreement or other similar document.

When we assist clients in the sale of securities in the secondary market, we will earn a commissions of 5 -20 basis points. When we assist clients in the sale of securities through a principal transaction, we will earn the difference between the price we pay the client to purchase the securities for our own account and the price we receive when we re-sell the securities in the secondary market.

**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.**

**Conversation Starters: Ask your financial professional:**

- *Help me understand how these fees and costs might affect my investments. If I give you 10,000 to invest, how much will go into 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 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. Here are some examples to help you understand what this means.

In some instances, the issuer pays us a fee for selling a certain number of securities to specific investors. This is referred to as a success fee. A success fee creates an incentive for us to recommend investments that include these fees.

In some instances, issuers compensate us by giving us “warrants”. A warrant holder has the right to buy securities at a predetermined price, at a later date. This creates an incentive for us to recommend investments that include this type of compensation.

When you buy restricted securities, you should be aware that in most cases, these transactions require you to hold your securities for at least a year, therefore reselling these securities often times can’t be done quickly. Its important to ask your financial professional about any restrictions that may apply.

We also earn money for services we provide to issuers , including advisory services such as advice on Board Composition, Corporate Governance and Investor Relations. These are services provided through affiliated companies but nonetheless provide incentive for us to recommend a certain security

***How do your financial professionals make money?***

Our financial professionals are compensated by being paid a salary and discretionary bonus. A conflict of interest is that the amount of discretionary bonus for the financial professional could increase based on the total amount of private placements sold during the prior year.

There are also times when our financial professionals invest in a private placement that customers are also invested in. This may create an incentive for our professionals to ensure the success of the private placement by recommending them to you.

Although your professional must recommend investment products in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products. We have systems in place to mitigate the conflicts of interest that arise from the way he or she makes money, including systems to review whether an investment recommendation is in your best interest.

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

No. Neither us or any of our financial professionals have any disciplinary history. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tools to research us and our financial professionals.

**Conversation Starters: Ask your financial professional:**

- *Do you have any disciplinary history? If so, for what kind of conduct.*

**Item 5. Additional Information**

If you would like additional, up-to-date information or a copy of this relationship summary please go to our website, [Xtelluscapital.com](http://Xtelluscapital.com), or contact Stephen Zak at 646-527-6400 or by email at [info@xtelluscapital.com](mailto:info@xtelluscapital.com).

**Conversation Starters: Ask your financial professional:**

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