



# CLIENT RELATIONSHIP SUMMARY (FORM CRS)

**Introduction.** XML Financial Group is registered<sup>1</sup> with the U.S. Securities and Exchange Commission as an investment advisor. Fees for brokerage and investment advisory services differ among broker-dealers and investment advisors and it is important that you understand the differences. Free tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS) which also provides educational materials about broker-dealers, investment advisors, and investing.

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

XML Financial Group offers portfolio management, financial planning, and consulting services to retail investors. Our portfolio management services encompass recommending which securities to buy, sell or hold in an investment account, including investment strategies and the type of account. Continuous monitoring of your assets is included in our annual asset management fee. Our primary portfolio management service is in a discretionary capacity, where you give us the authority to determine the investments and the timing of transactions in your account(s). We also offer portfolio management services on a non-discretionary basis whereby we make recommendations, but you make the ultimate decision regarding the investments and when to purchase or sell in your account. You may impose reasonable restrictions, which must be provided in writing and accepted by us. Our services also include the ability to recommend or select third-party investment managers. We do not require a minimum initial and ongoing account size for portfolio management services. However, most third-party managers and custodians do. Our investment advice is not limited to proprietary products or to a limited menu of products or types of investments. Many, but not all, of our financial professionals are also qualified to offer portfolio management services in the form of wrap fee programs custodied at First Clearing<sup>2</sup> through our affiliated broker-dealer, XML Securities, LLC, member FINRA/SIPC ("BD"). As a sponsor of these programs, we recommend the selection of a program, the type of account, provide advice regarding the selection of other investment advisers in a program and for specific programs, our financial professionals serve as the portfolio manager on a discretionary or non-discretionary basis. With financial planning and consulting services, we can provide advice and recommendations regarding your investments, investment strategies, retirement and estate planning consideration. We do not monitor your investments. You make the decision and are responsible for implementing recommendations regarding your investments. You are encouraged to ask us questions including the following to help you better understand our services: **Given**

***my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? 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?***

## What fees will I pay?

For portfolio management services we charge an annualized fee as a percentage of assets under management. Our asset-based fee is generally assessed, in advance, on a quarterly basis. At account inception or termination, this fee is prorated. Please refer to the respective investment management agreement regarding how this fee is calculated and other related factors. You should be aware that the more assets that are included in this calculation, the higher our fee will be. This means we have an incentive to encourage you to increase the assets in your account. In addition to our fee, you will incur additional fees and costs by third-parties. The most common are product-level fees, such as mutual fund annual operating expenses and redemption fees, and custodian transaction fees. For accounts custodied at Fidelity, please refer to the *Fidelity Transaction Fee Schedule* for details related to their custodial charges. For wrap fee programs, your asset-based fee will include our portfolio management services, monitoring, and most transaction costs. With wrap fee programs, as these costs are "wrapped" together, the wrap fee could be higher than if you were you pay for these services separately. Other costs directly applied to you are standard custodial account fees, such as: annual account fee, transfer, closing, and wire transfer fees. We typically provide financial planning and consulting services in the form of an hourly charge or fixed fee. This arrangement is recommended when the scope of your needs is more than what we can provide when engaging our portfolio management

Refer to our Form [ADV Part 2A Brochure](#), particularly Items 4 and 7, for more information on our services, monitoring frequency, account minimums and material limitations. For information regarding wrap fee programs, refer to our Part 2A Appendix 1 [Wrap Fee Program Brochure](#). Both are available on <https://www.xmlfg.com/disclosures>.

**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. To understand the fees and costs you will pay review our Form [ADV Part 2A Brochure](#), particularly Item 5, or our [Wrap Fee Program Brochure](#) available on <https://www.xmlfg.com/disclosures>.**

<sup>1</sup> Registration of an investment advisor does not imply any level of skill or training.

<sup>2</sup> First Clearing, a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

services. Hourly and fixed fees are billed as mutually agreed upon and usually via an invoice. When you engage us for planning and consulting services, it will not include fees for implementing our recommendations made or the investment and custodial charges as mentioned above. Those costs will be applied to you directly. This means we have an incentive to recommend additional advisory services. Ask us questions to help you better understand the impact of fees and costs on investments:

***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 acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?**

**When we act as your investment advisor**, we have to act in your best interest and not put our interest ahead of yours. We are a fiduciary to you as defined by the SEC. That means we are required to act in your best interest throughout our entire advisory relationship. 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 investment advice we provide you. Here are some examples to help you understand what this means:

We purchase research and execution services with commission dollars generated by transactions in your advisory accounts at Fidelity. While this is a common practice, this is a conflict of interest because we have an incentive to use broker-dealers who allow us to use your commission dollars to purchase research and execution services rather than other broker dealers who do not allow this arrangement. We also have an incentive to conduct more transactions because the more frequently your accounts are traded the more commissions we generate to use for these services. See Form ADV, Part 2A Brochure, Item 12, for information on "soft dollars". We sponsor wrap fee programs through our affiliated BD. This is a conflict because the BD has a revenue sharing agreement that pertains to certain assets and services of wrap fee program clients. Many of our financial professionals are also registered with the BD and therefore are able to offer you brokerage products and services for additional compensation. This creates a conflict as there is an incentive to recommend and provide BD services to you in addition to advisory services. Our affiliated BD is also an insurance agency. Many, but not all, of our financial professionals are insurance agents. This creates conflict of interest because the BD receives compensation when providing insurance products to you. We have an incentive to recommend and provide these other products to you. Ask us questions to help you better understand our conflicts of interest:

**Please refer to our Form [ADV Part 2A Brochure](#), particularly Items 10, 11, and 12 for more detailed information about our conflicts of interest and Item 14 - Client Referrals and Other Compensation. For information about wrap fee programs, refer to our Part 2A Appendix 1 [Wrap Fee Program Brochure](#) available on <https://www.xmlfg.com/disclosures>.**

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

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

Financial professionals are compensated based on the amount of retail investor assets they service and receive a portion of the advisory fees you pay us. Some professionals receive an increasing percentage based on reaching tiers of total compensation. This is a conflict of interest because our financial professionals have an incentive to encourage you to increase the assets in your accounts and generate additional compensation. Some of our financial professionals are eligible to receive a bonus, at the discretion of the firm. This is based on their individual performance, the client assets they service and the success of the firm. Financial planning and consulting services are typically billed on an hourly or fixed fee based on the complexity and the time and related expenses involved. Financial professionals and a third party are eligible to receive compensation when they refer new clients to us. This is a conflict of interest because it creates an incentive for financial professionals to recommend our investment advisory services to you. Please refer to the Form ADV, Part 2A Brochure regarding referrals and the financial professional's Part 2B Supplement regarding their other areas of business and compensation.

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

Yes, please visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research firms and financial professionals. Ask us questions to help you better understand our disciplinary history: ***As a financial professional, do you have any disciplinary history? For what type of conduct?***

**Additional Information**

**For additional information about our services and to view our Form [ADV Part 2A Brochure](#) and [Wrap Fee Program Brochure](#) visit <https://www.xmlfg.com/disclosures>. To request up-to-date information and a copy of this Form CRS, and that of our affiliated broker-dealer, XML Securities, member FINRA/SIPC, call 703.827.2300 or email [info@xmlfg.com](mailto:info@xmlfg.com). Ask us questions to help you better understand who to contact with any questions or complaints: ***Who is my primary contact person? Is he or she a representative of an investment advisor or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*****



## CLIENT RELATIONSHIP SUMMARY(FORM CRS)

**Introduction.** XML Securities, LLC is registered<sup>1</sup> with the U. S. Securities and Exchange Commission as a broker-dealer and a FINRA/SIPC<sup>2</sup> member. Fees for brokerage and investment advisory services differ among broker-dealers and investment advisors 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](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing.

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

We offer a variety of brokerage services to retail investors. It is important that you discuss your options with your financial professional to determine which type of services are most appropriate for you. We do not require a minimum account size or investment amount to establish a brokerage account. We do not limit our advice to proprietary products, or a limited menu of products or types of investments. The principal type of brokerage service we engage in is recommending investments and buying and selling securities in a brokerage account. The primary types of securities we transact in are: exchange traded equities, corporate equity securities over-the-counter; corporate debt securities, open-end mutual funds, closed-end funds, exchange-traded funds (ETFs), municipal securities, options (put or call writing) and fixed income securities. We also provide brokerage accounts and services conducted via an application to open accounts directly with product sponsors, such as mutual fund companies and insurance companies for variable annuities.

As a broker-dealer, we make recommendations regarding the type of brokerage service to engage, the type of account, and to purchase or sell securities in certain situations. This means we provide advice regarding the characteristics of securities or advisability of a transaction in securities in our capacity as a broker-dealer. You make the ultimate decision regarding the transaction. Upon your authorization, we may accept limited discretion to determine the price or the time to execute an order. We do not monitor brokerage accounts on a continuous basis.

To help you better understand the types of services we offer and the relationship we will have with you, discuss the following questions with 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?***

Please refer to our [Reg BI Brochure](#) disclosure for additional information about our brokerage services at <https://www.xmlfg.com/brokerage-services>.

### What fees will I pay?

We charge transaction-based fees, known as commissions, for brokerage services at the time of the transaction. We make more when there are more trades in your account. This means we have an incentive to encourage you to trade often. Transaction charges cover our service and execution and clearing costs. When we buy or sell a security on your behalf, we will charge a commission, or apply a mark-up or mark-down, on each transaction. This is a source of compensation for us.

You will incur additional fees and costs, such as custodian account fees and expenses related to the securities themselves, as applicable. Examples of custodian fees are; generally, annual maintenance fees, inactive account fee, termination fee, confirmation postage fees and wire fees. Refer to the schedule of fees provided when you open your brokerage account. Examples of fees and expenses of the securities products themselves are; mutual fund's annual operating expenses, redemption or exchange fees, and as with variable annuities, mortality expense, administrative expenses, sub-account fees, surrender charges and riders costs, if applicable. Refer to the respective product prospectus or application regarding the investment's specific fees and expenses. Ask us questions to help you better understand the impact of fees and costs on investments: ***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***

**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. Please read our [Reg BI Brochure](#) disclosure at <https://www.xmlfg.com/brokerage-services>.**

<sup>1</sup> Registration of a broker-dealer does not imply any level of skill or training.

<sup>2</sup> You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC. Securities in your account are protected up to \$500,000. For details, please see [www.sipc.org](http://www.sipc.org)

***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.

- Revenue Sharing: Revenue sharing arrangements involve payments that are received from product sponsors that share revenues earned from investments in their products. We receive a portion of the revenue that our clearing firm receives for certain assets in their products/programs. This means we have an incentive to recommend certain investments and brokerage account options to you.
- Our financial professionals can invest in the same securities as clients. This creates a risk that they may receive better pricing for personal benefit. We have policies and procedures in place to monitor and remediate this risk.

We are also a licensed insurance agency. Some, but not all, of our financial professionals are also insurance agents and are able to offer various insurance company's products. As insurance agents, these individuals are able to recommend both securities based and non-securities based insurance products. Compensation paid for insurance products includes up-front and trail commissions, a portion of which gets paid to our financial professionals. Therefore, we have a financial incentive to recommend insurance products in addition to the brokerage products and services described.

To help you better understand the conflicts of interest we have with you, discuss the following question with us: ***How might your conflicts of interest affect me, and how will you address them?***

Please refer to our [Reg BI Brochure](https://www.xmlfg.com/brokerage-services) disclosure for additional information about our conflicts of interest  
<https://www.xmlfg.com/brokerage-services>.

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

The type of compensation varies according to the services and products provided to you. Compensation covers operational services and the complexity required to meet your needs. Compensation related to certain products is also set by the respective product sponsor. When providing brokerage trading services, we and our financial professionals are paid in the form of transaction commissions based on the amount of securities traded. Commissions are in the form of a flat charge or percentage of the transaction value depending on the type of security. For debt securities traded in a riskless principal capacity, there is typically a mark-up or mark-down included in the price you pay or receive. When purchasing mutual funds, depending on the share class, we and the financial professionals receive the sales charge and distribution and/or service (12b-1) fees, which are detailed in the fund's prospectus. Financial professionals are paid a percentage of their total revenue, less expenses applied to them, per a tiered payout. As their revenue increase, so does the percentage that they receive. This means your financial professional has an incentive to recommend transactions and products based on the compensation he or she will receive.

Our financial professionals also receive selling compensation related to investments sold via applications submitted to product sponsors or via offering documents/private placement memorandums. The compensation they receive is typically detailed in the product prospectus or the selling agreement with us. This means your financial professional has an incentive to recommend products based on the compensation that he or she will receive, and products with higher compensation levels.

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

Yes. Please visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research our firm and your financial professional. To help you better understand our disciplinary history, discuss the following question with us: ***As a financial professional, do you have any disciplinary history? For what type of conduct?***

## **Additional Information**

For additional information about our brokerage services, important notices and disclosures and the [Reg BI Brochure](https://www.xmlfg.com/brokerage-services) disclosure visit <https://www.xmlfg.com/brokerage-services>. To request up-to-date information and a copy of our Relationship Summary (Form CRS) and that of our affiliated investment advisor, XML Financial Group, call 703.827.2300 or email [info@xmlfg.com](mailto:info@xmlfg.com). To view information about investment advisory services offered through XML Financial Group, visit <https://www.xmlfg.com/disclosures>. Ask us questions to help you better understand who to contact with any questions or complaints: ***Who is my primary contact person? Is he or she a representative of an investment advisor or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?***