

Taylor Securities Services, Inc.

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Form ADV Part 2A Client Brochure

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This brochure provides information about the qualifications and business practices of Taylor Securities Services, Inc. If you have any questions about the contents of this brochure, please contact Compliance@TaylorSecuritiesServices.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Taylor Securities Services, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Taylor Securities Services, Inc. is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2, Material Changes

There are no material changes

Item 3, Table of Contents

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Item 4, Advisory Business

General Description of Taylor Securities Services, Inc.

Taylor Securities Services, Inc. (TSS) is registered with the Securities Exchange Commission (SEC), privately held by Matthew Taylor, CFP, and is headquartered in Harrisburg Pennsylvania. After nearly 25 years' experience as an advisor, Mr. Taylor founded Taylor Securities Services, Inc. in 2017. Additional information about TSS's products, structure, and directors is provided in Part 1 of our Form ADV which is available online at <http://www.adviserinfo.sec.gov> or <http://taylorsecuritiesservices.com>

About Taylor Securities Services, Inc.

TSS is an investment advisory firm providing fee-based asset management services for individuals, estates, trustees, and business entities.

For risk adverse clients, TSS will use an Index Fund and employ hedging strategies to protect clients' account values from negative market events. If the account is large enough, TSS will build an efficient portfolio of these Index Funds, each employing its own hedging strategies.

For clients more comfortable with risk, TSS may invest in Mutual Funds.

TSS may hold individual securities for its client's convenience, but will not have discretionary authority nor manage these holdings.

As TSS does not manage individual securities, we do not anticipate any clients requesting individual security restrictions. However, TSS will honor client restrictions when feasible.

Item 5, Fees and Compensation

Taylor Securities Services, Inc. (TSS) is compensated for its advisory services by charging an annual 1% fee (0.25% per quarter) on the net market value of a Client's Account.

All advisory fees are negotiable between TSS and clients. The client agrees to pay a fee quarterly, in arrears, for advisory services provided by TSS pursuant to the Agreement signed by each client. The fee will be calculated based on the value of the account as of the close of the last trading day of the quarter, prorated to the number of days the account was funded.

In addition to the advisory service fee, Clients may also pay other fees or expenses to third parties. Other fees or expenses may include the cost of trades, the imbedded fees of an ETF or Mutual Fund, and additional services such as check writing privileges. If a Mutual Fund pays TSS a 12(b)1 fee it will be deducted from the advisory fee such that TSS will not benefit greater than 1% per year.

Clients may request to terminate their advisory contract with TSS by providing 30 days advance written notice.

Trading Activity Fees (TAF) are added to applicable transactions. The Securities and Exchange Commission (SEC) regulatory fee and a Financial Industry Regulatory Authority (FINRA) fee is assessed on client accounts for certain covered securities transactions. TD Ameritrade (TDA), the custodian that TSS uses, is a FINRA member firm. These fees recover the costs imposed by the SEC and FINRA for supervising and regulating the securities markets and professionals. For more information on the SEC and FINRA fees, please visit their websites:
www.sec.gov/fast-answers/answerssec31htm.html
www.finra.org/industry/trading-activity-fee

Furthermore, clients may incur brokerage execution costs charged by the custodian or executing broker/dealer in connection with transactions for a client's account. All custodial fees and execution costs will be paid out of the assets in the account.

Item 6, Performance-Based Fees and Side-by-Side Management

Taylor Securities Services, Inc. (TSS) does not charge performance-based fees.

Taylor Securities Services, Inc. (TSS) does not engage in side-by-side management.

Item 7, Types of Clients

Taylor Securities Services, Inc. provides investment advice and service to individuals, estates, trustees, and business entities. Requirements for opening an account vary depending upon the program selected, but typically minimum account size requirements are between \$10,000 and \$250,000.

Taylor Securities Services, Inc. may accept accounts below the minimum required amounts; most commonly when beginning a Roth IRA with contributions, or when reallocating assets as part of an overall financial plan or estate settlement.

Item 8, Methods of Analysis, Investment Strategies, and Risks

Methods of Analysis

Rather than analyzing individual securities, Taylor Securities Services, Inc. focuses on building a Modern Portfolio of Index and Mutual Funds that are then hedged against major market events.

Investment Strategies

Diversification

Diversification is a risk management technique that mixes a variety of securities within an asset class. The rationale is that a variety of individual holdings will, on average, yield higher returns and pose a lower risk than a single security investment. Taylor Securities Services, Inc. will use diversification to reduce risk.

Mutual and Index Funds

Funds offer diversification by pooling the investment capital of clients to build a holding of many underlying individual securities. Taylor Securities Services, Inc. may use both Mutual and Index Funds.

A Mutual Fund has a paid manager who selects and manages the individual securities within the stated asset classes. Taylor Securities Services, Inc. will use Mutual Funds in search of “Alpha”, above market returns.

An Index Fund follows a formula for selecting the individual securities without the expense of a manager. Taylor Securities Services, Inc. will use Index Funds to minimize expenses.

Modern Portfolio Theory

Modern Portfolio Theory is a mathematical framework seeking to maximize a portfolio's expected return for a given amount of portfolio risk through the use of asset class diversification using Mutual Funds and Index Funds. TSS will use

Modern Portfolio Theory when an account size is sufficient for such a level of diversification.

Modern Portfolio Theory was set forth by Harry Markowitz in his 1952 paper "Portfolio Selection". Much has changed since then. While Modern Portfolio Theory is helpful in building a portfolio, it is no longer adequate on its own for minimizing risk. Many asset classes which had been negatively correlated are now positively correlated. Thus, not achieving the risk abatement theorized.

Hedging

Hedging is the process of surrounding or limiting a portfolio, so as to prevent large swings in value. TSS does this with options. Buying Put options on a security already owned is one example of hedging. This protective Put limits the loss to the premium paid for of the option plus the difference between the securities' current price minus the strike price of the Put option, with an adjustment for the time value of money. TSS when feasible, will hedge client's assets or use managers who hedge client's assets.

When feasible, TSS will use just the dividends a fund distributes to buy the protective Put options. Sometimes it may be necessary or desirable to generate additional cash to purchase the protective Put. This may be done two ways. Firstly, by selling a Put option on the same fund with a strike price that is above the current market price. Or secondly, by selling a Put option on the same fund with a strike price further down than the protective Put.

Risks

Individual Security Risk

The risk that any particular security may experience loss of value even in an increasing market due to a decline in sales, change in personnel, loss of competitive advantage, increase in taxes, or increase in expenses. TSS may hold, but does not recommend individual securities. In order to reduce individual security risk, TSS will use Index Funds and Mutual Funds consisting of many individual securities within an asset class.

Index Fund Risk

Most Index Funds copy a specific market index and are usually un-managed. This structure is such that most ETFs' market prices tend to track the copied index's value closely. Sometimes this is not the case in a period of extreme market losses when an Index Fund may trade at a discount. Additional information regarding the risks unique to each Index Fund can be found in its prospectus.

Mutual Fund Risk

The risks present in a mutual fund from the underlying securities, as well as risks from the action or in-action of the Mutual Fund's manager. Additional information regarding the risks unique to each Mutual Fund can be found in its prospectus.

Management Risk

The risk that a Mutual Fund manager may make a bad decision choosing the underlying securities. The risk that the manager may be prevented by the prospectus from making the best decision.

Concentration Risk

The risk that if a Mutual Fund or an Index Fund concentrates in an industry it will experience the volatility of that industry, which could possibly be greater than the market as a whole. (i.e. the Tech Bubble, the Real Estate Bubble). A Modern Portfolio consisting of many different industries helps reduce the Risk of a single Concentration.

Asset Class Risk

The risk that an entire asset class can decline for a variety of reasons. Changes in consumer sentiment, macro-economic conditions, interest rates, environmental factors, domestic policy, foreign policy, and taxation. A Modern Portfolio consisting of many Asset Classes helps reduce the Risk of a single Asset Class. When an account is sufficiently large, TSS will build a Modern Portfolio of various asset classes to minimize risk.

Market Risk

The risk that mostly all asset classes suffer a decline due to an overall “crash” or “correction” for any number of reasons. TSS may employ Hedging Strategies to reduce Market Risk, such as the use of protective puts.

Correlation Risk

The risk that securities which had behaved contrary, begin behaving in unison; as well as the risk that securities which had behaved in unison, begin behaving in contrary to each other.

Volatility Strategy or Options Risk

Volatility strategies seek to provide negatively correlated appreciation through the use of Options so as to reduce risk. Option prices are based primarily on the volatility expectations of the underlying investments. Managers employing Volatility Strategies typically buy and sell one or more options contracts (i.e. Puts or Calls) based on a mathematical approach that attempts to quantify the return and risk of the portfolio up front. These strategies typically attempt to provide steady growth regardless of the conditions of the market in which they invest. Options Risk is the chance that a long option may expire out of the money, or a short option may be unfavorably exercised. (i.e. Called-away or Put-upon).

Liquidity Risk

The risk that a security may not be able to be readily turned into cash for its full value. This may occur in extreme situations where potential sellers outnumber potential buyers.

Other Risks

There are certainly other risks associated with investing in securities. The very nature of risk is that it is unpredictable and the next crash will be caused by a risk many will have failed to notice until it was too late. Taylor Securities Services, Inc. focusses on minimizing all known risks while attempting to prepare for unknown risks.

Item 9, Disciplinary Information

All registered investment advisors are obligated to disclose any disciplinary event that might be material to any client when evaluating their services.

Disclosure information specific to Taylor Securities Services, Inc. can be found on the Supplemental ADV 2B and is available at www.AdvisorInfo.sec.gov.

Taylor Securities Services, Inc. and its employees do not have any legal, financial, regulatory, or disciplinary items to disclose.

Item 10, Other Financial Industry Activities and Affiliations

Investment Advisor Representatives (IARs) of Taylor Securities Services, Inc. (TSS) may also be Agents of non-affiliated insurance companies or insurance agencies engaging in the business of selling and servicing life, health, disability, long-term care insurance or annuities. As an insurance agent, IARs may receive separate compensation in the form of commissions through their associated insurance company or insurance agency.

IARs of TSS may also be Registered Representatives (RRs) of non-affiliated Broker/Dealers (B/D) engaging in the business of selling and servicing securities. As a RR, IARs may receive separate compensation in the form of commissions through their associated B/D.

Additionally, Matthew Taylor is a shareholder in Taylor Retirement Services, Inc., an insurance agency.

Mr. Taylor is also a shareholder in Taylor Marketing Services, Inc., a marketing company.

Item 11, Code of Ethics and Personal Trading

Taylor Securities Services, Inc. (TSS) and its Investment Advisor Representatives (IARs) acts as fiduciaries for their clients. They have a fundamental obligation to act in the best interest of their clients and to provide investment advice in the clients' best interest.

TSS and its IARs must employ reasonable care to avoid misleading clients and must provide full and fair disclosure of all material facts to their clients and prospective clients.

TSS and its IARs owe their clients a duty of undivided loyalty and utmost good faith. They should not engage in any activity in conflict with the interest of any client. They should take steps reasonably necessary to fulfill these obligations. IARs must eliminate, or at least disclose, all conflicts of interest that might incline them to render advice that is not disinterested. If the IAR does not avoid a conflict of interest, the IAR must make full disclosure of the conflict to the client.

TSS and its IARs cannot use their clients' assets for their own benefit or the benefit of other clients.

TSS and its IARs may invest in the same securities as recommended to clients. TSS does not allow any IAR or employee to trade ahead of their clients. TSS, IAR, or employees of TSS when invested in the same model as clients are block traded using an average price.

All employees and IARs are required to TSS compliance department copies of all trades and account statements.

To review a copy of TSS's Code of Ethics, please make a written request to your IAR, contact TSS at (800)482-4720, or email compliance@TaylorSecuritiesServices.com

Item 12, Brokerage Practices

Taylor Securities Services, Inc. (TSS), an investment advisory firm, participates in the institutional advisor program (the Program) offered by TD Ameritrade Institutional. TD Ameritrade Institutional (TDA) is a division of TD Ameritrade Inc., member FINRA/SIPC, an unaffiliated SEC-registered broker/dealer and FINRA member. TDA offers independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

TSS places all trade orders for securities transactions on behalf of client Accounts solely with TDA's Program, with whom clients must open brokerage accounts if they are to become TSS advisory clients. Also, TSS requires clients to maintain accounts with TDA for custody and brokerage services.

There is no direct link between TSS's participation in TDA's Program and the investment advice it gives to its clients. TSS and its Advisors may receive economic benefits that are typically not available to TD Ameritrade retail investors. These benefits include the following at no cost or a discount:

Duplicate Client Statements.

Duplicate Trade Confirmations

Trading Desk access

Access to mutual funds with no transaction fees

Research Tools

Consulting Services

Block Trading access

Access to an electronic communications network for client order entry and account information

Orion, a back-office performance and reporting system

Direct deduction of advisory fees from client accounts

Discounts on compliance, marketing, research, technology, and management services provided to TSS by third party vendors

TSS and its Advisors may receive some benefits from using in TDA's Programs. Possible benefits could be business consulting services, professional services, expense reimbursement, meetings or conferences. Some of the products and services made available by TDA may benefit TSS to aid in managing and administering client accounts, or to further develop its business. An Advisor may receive succession planning, practice valuation, and equity management services from third-party vendors as a result of client accounts maintained with TDA. Clients should be aware that the receipt of economic benefits may influence TSS's choice of TDA for custody and brokerage services.

TD Ameritrade (TDA) is a discount broker/dealer independent and unaffiliated with Advisors, and there is no employee or agency relationship between TDA and Advisor. TDA does not supervise Advisors and has not responsibility for Advisor's management of client portfolios or Advisor's other advice or services to clients.

Order Aggregation and Allocation

TSS has a fiduciary duty to seek best execution for client transactions. Orders for client's accounts may be grouped into blocks to facilitate favorable trades. This blocking must be equitable and potentially advantageous to all accounts involved. Block trading is performed when it is consistent with TSS's investment advisory agreements. All managed accounts participating in a block trade receive the same average execution price for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price. Due to the low liquidity of certain securities, some orders may remain open and be worked for several days until filled. When an order is only partially filled, the securities will be allocated pro rata. TSS may allocate trades in a different manner if all managed accounts receive fair and equitable treatment.

Reports Provided to Clients

All account statements are sent directly to the client directly from the custodian, TD Ameritrade. Clients may receive a quarterly performance evaluation, a monthly summary statement, trade confirmations as they occur, and a year-end tax summary supplemental to their account statements.

Item 13, Review of Accounts

Taylor Securities Services, Inc. (TSS) Investment Advisor Representatives (IARs) periodically review their client accounts on a regular basis no less than annually. Client accounts are reviewed for appropriateness in light of each client's investment objectives, risk tolerance and financial goals.

Reviews may be triggered when TSS becomes aware of a change in market conditions, client's situation, or client's investment objectives. The client is encouraged to notify TSS or their IAR in changes occur in his/her/their personal financial situation that might affect his/her/their investment plan. Rebalancing of assets to maintain proper asset allocation may be done at any time.

The client will receive written statements no less than quarterly from the custodian, TDA. A client may choose to receive either paper or electronic monthly statements or trade confirmations. In addition, the client may receive other supporting reports from Mutual Funds, Asset Managers, Trust Companies, Custodians, Insurance Companies, Broker/Dealers or others who are involved with client accounts.

Item 14, Client Referrals and Other Compensation

Economic Benefits Received

Taylor Securities Services, Inc. (TSS) may be provided an economic benefit through its receipt of soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934. TSS may enter into these “soft dollar” arrangements whereby brokerage transactions are directed to certain broker/dealers in return for investment research products and/or services which assist TSS in its investment decision-making process. The receipt of such services may be perceived to serve as an economic benefit to TSS, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker/dealers based on the receipt of such benefits rather than on a client’s interest in receiving most favorable execution. Please refer to the **Brokerage Practices** section of this brochure which more fully describes these benefits and how TSS addresses the possible conflicts of interest.

Principals and IARs of TSS may receive compensation from other non-affiliates as described in **Other Financial Industry Activities and Affiliations**. Such compensation shall only be received in conjunction with those services provided to such non-affiliates.

Compensation for Client Referrals

TSS has entered into solicitor relationships with individuals and organizations, including the advisors to mutual fund companies that TSS recommends (Solicitors) in order to give or receive payments for referral of certain clients. In the instance where TSS receives a client referral from a Solicitor, TSS will pay a cash referral fee to the Solicitor based upon a percentage of our advisory fee received from that particular client. In the instance where TSS refers a client to another advisor or mutual fund company, TSS may receive a referral fee. This may create a conflict of interest.

Under these circumstances, TSS will enter into a solicitor’s agreement with the other party. All such agreements will be in writing and comply with the applicable

state and federal regulations. While the specific terms of each agreement may differ, generally, the compensation will be based upon a varying percentage of the assets under management by the client, which shall be paid by the advisor until the account is closed by written authorization from the client. Any such fee shall not result in any additional charge to the client.

Each prospective client who is referred under such an arrangement will receive a copy of applicable advisor's Form ADV Part 2A and a separate written disclosure documenting the nature of the relationship between the solicitor and the advisor and the amount of compensation that will be paid to the third party solicitor, which must be acknowledged in writing by the solicited client.

Item 15, Custody

Taylor Retirement Services, Inc. (TSS) does not custody client assets and uses an independent third-party custodian to hold all client securities and assets. The third-party custodian is TD Ameritrade (TDA). Clients receive quarterly or monthly statements, as well as trade confirmations, directly from the custodian.

Each client can access account information, such as statements and trade history, directly from TDA by logging into TDA's client services web page at www.clientservices.com

TSS periodically reviews the services, tools, and rates of custodians such as TDA in order to obtain the best value for the client.

Item 16, Investment Discretion

Taylor Securities Services, Inc. (TSS) and its Investment Account Representatives (IARs) have discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth and agreed to by both TSS and the client.

Discretionary authority will only be authorized upon full disclosure to the client. Granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement enclosed in the IPS Parts A and B containing all applicable limitation to such authority. All discretionary trades made by TSS will be in accordance with each client's investment objectives and goals.

The client gives TSS unlimited and unrestricted discretionary authority to invest and reinvest assets held in the investment account, including but not limited to the ability to substitute models with similar investment objectives as needed and at the client's sole risk. TSS is not required to notify the client prior to any transaction and normally will not do so. The client hereby designates TSS as the agent and attorney-in-fact with a limited power of attorney. TSS has full power to arrange for the delivery of payment for securities purchased or sold.

Item 17, Voting Client Securities

Taylor Securities Services, Inc. (TSS) will not vote proxies on behalf of our advisory accounts. At the client's request, we may offer advice regarding corporate actions and the exercise of client proxy voting rights. The client is responsible for exercising the right to vote as a shareholder. In most cases, the client will receive proxy materials directly from the account custodian, TD Ameritrade. However, in the event TSS were to receive proxy materials, TSS would forward them directly to the client, either by mail or electronic mail.

For accounts subject to ERISA, the plan fiduciary specifically keeps the authority and responsibility for voting proxies. TSS cannot give any advice or take action with respect to the voting of these proxies.

Item 18, Financial Information

Taylor Securities Services, Inc. does not require prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, a Balance Sheet is not attached or required. There are no known financial conditions that would impair TSS's ability to meet its contractual agreements. TSS is not subject to any bankruptcy proceeding.