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## OMC Financial Services, Ltd.

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### **Form ADV Part 2A – Firm Brochure**

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Dated February 29, 2016

This brochure provides information about the qualifications and business practices of OMC Financial Services, Ltd. If you have any questions about the contents of this brochure, please contact us at 315-446-8720. 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 OMC Financial Services, Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for OMC Financial Services, Ltd. is 110528.

OMC Financial Services, Ltd. is a Registered Investment Adviser. 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

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There have been no material changes since the last annual filing, dated February 26, 2015.

## Item 3: Table of Contents

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# Item 4: Advisory Business

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## **Description of Advisory Firm**

OMC Financial Services, Ltd.'s registration was granted by the U.S. Securities and Exchange Commission on April 23, 1987. Cynthia Ann Scott is President and Chief Compliance Officer of the firm. Ms. Scott owns one hundred (100%) percent of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries, which have any ownership interest in the firm. As of December 31, 2015, the firm managed, on a discretionary basis, \$110,446,799, which represented 473 accounts, and on a nondiscretionary basis, managed \$241,101 which represented 2 accounts. Client assets are managed on an individualized basis. Clients may impose restrictions on their accounts.

## **Types of Advisory Services**

### **Investment Management Services**

Clients are provided an evaluation of their current financial model based upon a review of their investment holdings, income needs, and estate planning. Investments are reviewed for their performance and suitability. Investments are bought and sold based upon this analysis.

### **Client Tailored Services and Client Imposed Restrictions**

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon a client data gathering questionnaire, which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to aid in the selection of a portfolio that matches restrictions, needs, and targets.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

## Item 5: Fees and Compensation

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Our standard advisory fee is based on the market value of the assets under management and is calculated as follows:

Account Value	Annual Advisory Fee
<b>\$500,000 and under</b>	1.25%
<b>\$500,001 - \$1,000,000</b>	1.00%
<b>\$1,000,001 - \$2,000,000</b>	$\frac{3}{4}$ of 1.00%
<b>\$2,000,001 and Above</b>	$\frac{1}{2}$ of 1.00%

Fees may be negotiated based upon a minimum management fee of \$500 per year. Annual fees are paid in advance and quarterly fees are billed following the billing quarter. In certain circumstances where services are performed on an hourly basis, the rate of \$250 /hr. will apply. Termination can be effected anytime upon receipt of written notice and a pro-rata charge for bona fide advisory services actually rendered prior to such termination will be incurred.

Because mutual funds and exchange traded funds (ETF's) pay advisory fees to their investment advisers and such fees are therefore indirectly charged to all holders of mutual fund and ETF shares, clients with mutual funds and ETF's in their portfolios are effectively paying both the Firm and the fund adviser for the management of their assets. Clients who place mutual fund or ETF shares under the Firm's management are therefore subject to both the Firm's direct management fee and the indirect management fee of the fund's adviser.

## Item 6: Performance-Based Fees and Side-By-Side Management

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We do not offer performance-based fees.

## Item 7: Types of Clients

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Individuals, high net worth, trusts, estates, corporations and other business entities. A minimum account of \$100,000 is required. Account may be adjusted based upon individual circumstances. Accounts to be managed are discretionary.

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

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Our primary methods of investment analysis are fundamental and technical.

**Fundamental analysis** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Technical analysis** involves using chart patterns, momentum, volume, and relative strength in an effort to pick sectors that may outperform market indices. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given market.

Our investment strategy includes long term purchases (securities held more than a year), short term purchases (securities held less than one year) and infrequently margin transactions at the request of the client.

## Material Risks Involved

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable, or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change. If you hold common stock, or common stock equivalents, of any given issuer, generally you are exposed to greater risk than if you hold preferred stocks and debt obligations of the issuer. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as idiosyncratic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Exchange Trade Funds (ETF) and Mutual Funds** bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds, in addition to the risks linked to the structure, management and liquidity of the ETF or mutual fund itself. You will also incur brokerage costs when purchasing ETFs or mutual funds. ETFs and mutual funds are also subject to basis risk, the risk of the ETF's or mutual fund's performance diverging from the benchmark.

## Item 9: Disciplinary Information

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### **Criminal or Civil Actions**

OMC and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

OMC and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

OMC and its management have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of OMC or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

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Cynthia Ann Scott and Gregory W. Jennings are licensed to sell life and health insurance and may engage in product sales with our clients, for which they will receive additional compensation. Any commissions received through life or health insurance sales do not offset advisory fees the client may pay for advisory services under OMC Financial Services, Ltd.



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

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The firm has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. The Code sets forth standards of conduct and requires compliance with federal securities laws. Our Code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer, Cynthia A. Scott. We will provide a copy of our Code of Ethics to any client or prospect upon request.

It is further noted that Firm is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, Firm has adopted a firm wide policy statement outlining insider trading compliance by Firm and its associated persons and other employees. This statement has been distributed to all associated persons and other employees of Firm and has been signed and dated by each such person. A copy of such firm wide policy is left with such person and the original is maintained in a master file. Further, Firm has adopted a written supervisory procedures statement highlighting the steps which shall be taken to implement the firm wide policy. These materials are also distributed to all associated persons and other employees of Firm, are signed, dated and filed with the insider trading compliance materials. There are provisions adopted for (1) restricting access to files, (2) providing continuing education, (3) restricting and/or monitoring trading on those securities of which Firm's employees may have non-public information, (4) requiring all of Firm's employees to conduct their trading through a specified broker or reporting all transactions promptly to Firm, and (5) monitoring the securities trading of the firm and its employees and associated persons.

Firm or individuals associated with Firm may buy or sell securities identical to those recommended to customers for their personal account.

It is the expressed policy of Firm that no person employed by Firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. Firm or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

As these situations may represent a conflict of interest, Firm has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A director, officer or employee of Firm shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of Firm shall prefer his or her own interest to that of the advisory client.
- 2) Firm maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. These holdings are reviewed on a regular basis by Cynthia A. Scott.
- 3) Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- 4) Any individual not in observance of the above may be subject to termination.

## Item 12: Brokerage Practices

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Individual consideration for each client's risk tolerance and income needs are evaluated for securities purchased.

We will always have the interest of our clients ahead of our own personal securities transactions.

We participate in Charles Schwab & Co.'s Schwab Advisor Services (SAS) service program. While there is no direct linkage between the investment advice given and participation in the SAS program, economic benefits are received which would not be received if Firm did not give investment advice to clients. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SAS participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

The benefits received through participation in the SAS program do not depend upon the amount of transactions directed to Charles Schwab & Co., Inc.

We may require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, Member SIPC/NYSE, to maintain custody of clients' assets and to effect trades for their accounts. Schwab Advisor Services provides Firm with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab Advisor Services. Schwab Advisor Services' services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to

institutional investors or would require a significantly higher minimum initial investment. Schwab Advisor Services also makes available to Firm other products and services that benefit Firm but may not benefit its clients' accounts. Some of these other products and services assist Firm in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Firm's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Firm's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services may also provide Firm with other services intended to help Firm manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing.

In addition, Schwab may make available, arrange and/or pay for these types of services to Firm by independent third-parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Firm. The availability of the foregoing products and services is not contingent upon us committing to Schwab Advisor Services any specific amount of business (assets in custody or trading.)

### **Aggregating (Block) Trading for Multiple Client Accounts**

Generally, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## Item 13: Review of Accounts

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We will provide continuous advice and monitoring of each client's portfolio based upon the individual needs of the client and the then current market and economic conditions.

Two portfolio review conferences scheduled semi-annually are included in the management fee. We will conduct an annual review and the client can request a semi-annual one. Reviews are conducted by Cynthia Scott, President, and/or Gregory Jennings, Investment Manager.

We will provide written and/or electronic on-line reports to Investment Management clients on a quarterly basis. We urge clients to compare these reports against the account statements they receive from their custodian.

## Item 14: Client Referrals and Other Compensation

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We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients. Nor do we directly or indirectly compensate any person who is not advisory personnel for client referrals.

## Item 15: Custody

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We do not accept custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16: Investment Discretion

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We maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients when an advisory relationship has commenced. At the start of the advisory relationship, the client will grant our

firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client.

## Item 17: Voting Client Securities

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We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for voting proxies. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

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We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client six months in advance.