

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Taylor Securities, Inc.. If you have any questions about the contents of this brochure, please contact us at 615-372-1356 or gmoody@taylorws.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Taylor Securities, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 17575.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 12/27/2016, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4 Advisory Business

Taylor Securities, Inc. is a SEC-registered investment adviser with its principal place of business located in Tennessee. Taylor Securities, Inc. began conducting business in 1985.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- William Graham Taylor III,

Taylor Securities, Inc. offers the following advisory services to our clients:

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio with the client at least quarterly, and if necessary, rebalance the portfolio, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Private Placements

- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Other securities as determined by the individual needs of the clients

Because some types of investments involve certain additional degrees of risk, they will only be utilized if consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

FINANCIAL PLANNING

Our firm also provides financial planning services to clients who may not need our asset management services. These clients may have goals and objectives to accumulate assets for specific purposes and may desire our advice in developing a financial plan to assist them in achieving those goals and objectives. Through personal discussions with the client which may involve one or more meetings, we examine their particular financial situation and identify their specific financial goals. During our data-gathering process, we look at the client's age, family composition, education, assets, liabilities, income, employment, availability of a company retirement plan, investment experience, time horizon, risk tolerance and liquidity needs. Financial goals such as a future home purchase or improvements to an existing home, income in retirement years, college education for their children, and achieving a higher standard are considered. A personal financial plan is then developed which may include income sources, spending disciplines, savings strategies, life or disability insurance, and appropriate investment options. The plan is presented to the client and reviewed and with the client and refined, if necessary. The financial planning client has no obligation to establish an investment account with our firm, but they may request and set another meeting at some future date to review and check their progress toward reaching their financial goals.

AMOUNT OF MANAGED ASSETS

As of 9/30/2016, we were actively managing \$222,250,304 of clients' assets on a non-discretionary basis and \$38,927,620 of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally are 1% annually or .25% quarterly.

A minimum of \$400,000 of assets under management is generally required for this service.

This account size may be negotiable under certain circumstances. Taylor Securities, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Limited Negotiability of Advisory Fees: Although Taylor Securities, Inc. has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fees. These include the complexity of the client, the assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, outside assets, utilization of affiliate companies, types of reports, and travel distance involved in meeting with the client, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members, close friends, or business partners of existing clients.

Management personnel and other related persons of our firm are also licensed as registered representatives of our broker-dealer. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage the Broker Dealer services of Taylor Securities when contracting with our firm for investment advisory services. In addition, any commissions received will be used to offset advisory fees, including the bonus commissions paid by mutual fund distributors on clients who invest \$1 million or more.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason with 30 of days written notice. Upon termination of an account, unpaid fees are prorated accordingly, and prepaid fees will be promptly refunded.

Mutual Fund Fees: All fees paid to Taylor Securities, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Whenever possible, the Adviser will recommend funds which do not impose sales charges for fee based accounts. If the Adviser does recommend a fund which imposes sales charges, the Adviser will inform the client in advance and obtain the consent of the client for such purchase. A client could invest in a mutual fund directly, without our services. In that case, (1) the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives and (2) the client might not qualify for the sales charges to be waived as they often are for fee based clients. Accordingly, the client should review both the fees charged by the funds and our fees to fully

understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by outside broker dealers, including, but not limited to, transaction charges and annual IRA fees. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts: Taylor Securities, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Taylor Securities, Inc. may only charge fees for investment advice about products for which our firm or our related persons either do not receive any commissions or 12b-1 fees, or conversely, receive commissions or 12b-1 fees and use such fees to offset Taylor Securities, Inc.'s advisory fees.

FINANCIAL PLANNING SERVICES FEES

Our fees for Financial Planning Services are based upon the time spent in developing the individualized financial plan, including the meetings with the client for data-gathering and also the time spent in analyzing the data and designing a customized plan for the client. The rate we charge for financial planning services is \$300.00 per hour OR 1% of gross household income, whichever is more beneficial to the client.

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

Taylor Securities, Inc. does not charge performance-based fees.

Item 7 Types of Clients

Taylor Securities, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not adjusted, may no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or

misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Risk of Loss. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

FIRM Registrations:

In addition to Taylor Securities, Inc. being a registered investment adviser, our firm is registered as a FINRA member broker-dealer. A list of affiliated broker-dealers is specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

MANAGEMENT PERSONNEL Registrations:

Management personnel of our firm are separately licensed as registered representatives of Taylor Securities, Inc. and appointed as agents by various insurance companies.

Management personnel of Taylor Securities, Inc. are also affiliated with Taylor Webster, a third-party administrator which provides back office support services to the sponsors of qualified retirement plans for a fee. In particular, **Taylor Webster** may refer plan sponsors in need of advisory services to our firm. Conversely, we may refer clients in need of third-party administrative services to **Taylor Webster**. However, there are no referral fee arrangements between **Taylor Webster** and our firm for these recommendations. No advisory client is obligated to use **Taylor Webster** for any third-party administrative services, and no client of **Taylor Webster** is obligated to utilize our advisory services. Sponsors or trustees of pension, profit-sharing, 401(k), IRA or other client accounts subject to the provisions of ERISA or the prohibited transaction provisions of the Internal Revenue Code are solely responsible for determining whether or not to engage the services of **Taylor Webster**.

Taylor Webster does not provide compensation to Taylor Securities for mutual clients. Therefore, there is no compensation from pension, profit-sharing, 401(k), IRA or other client accounts requiring advisory fees to be offset in order to avoid prohibited transactions under the provisions of ERISA or the Internal Revenue Code.

Clients should be aware that the receipt of additional compensation by Taylor Securities, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Taylor Securities, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn commissions as a broker dealer from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated use our broker dealer or to purchase recommended investment products from our broker dealer;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and

- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Taylor Securities, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Taylor Securities, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to gmoody@taylorws.com, or by calling us at 615-372-1356.

Taylor Securities, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any

security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We do not aggregate our employee trades with client transactions. As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
8. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
9. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
10. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.

12. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as **securities representatives of our broker-dealer and/or licensed as an insurance agent/broker through our affiliate company, Taylor Financial Corporation**. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

Taylor Securities, Inc. requires that clients provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to our clients for these transactions.

Clients must include any limitations on discretionary authority, if given, in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

As a matter of policy and practice, Taylor Securities, Inc. does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Item 13 Review of Accounts

INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least **quarterly**. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, or the political or economic environment.

These accounts are reviewed by **one or all members of the investment advisory committee consisting of David A Lankford, Martha Mason, Barbara Daugherty, Fred Palmliden and George W Moody**.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide **quarterly** reports summarizing account performance, balances and holdings.

Item 14 Client Referrals and Other Compensation

It is Taylor Securities, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

OTHER COMPENSATION

Our firm and/or our officers and representatives are not eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain investment products.

We endeavor at all times to put the interests of our clients first as part of our fiduciary duty, and the possibility of receiving incentive awards would create a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

As previously disclosed in Item 4 of this brochure, our firm provide asset management services on a non-discretionary or discretionary basis. A document is executed by our firm and by each client in writing which describes the authorizations and limitations given to our firm by each client. For those choosing non-discretionary basis, we will obtain the client's approval before executing transactions in the client's account.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our

firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 18 Financial Information

Advisory fees are generally paid in arrears of services provided. Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm which may ***maintain discretionary authority for client accounts as disclosed above***, we are required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. ***There are no such financial circumstances which require disclosure.*** Taylor Securities, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.