

November 1, 2020

# Customer Relationship Summary

Helping you make an informed decision

Form CRS

## Introduction

Founded in 1978, FMSbonds, Inc. is a broker-dealer registered with the U.S. Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). We are a FINRA member firm and a member of the Securities Investor Protection Corporation (SIPC).

Brokerage and investment advisory services and fees differ and it is important for the retail investor to understand these differences. FMSbonds, Inc. does not offer investment advisory accounts or services.

Free and simple tools are available for you to use at [Investor.gov/CRS](http://Investor.gov/CRS), a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisers, and investing

This relationship summary provides information that helps you make an informed decision about whether or not to invest with us and will answer the following questions:

- What investment services and advice can you provide me?
- What are your legal obligations to me when providing recommendations as my broker-dealer?
- What fees will I pay?
- How else does the firm make money and what conflicts of interest do you have?
- How do your financial professionals make money?
- Do you or your financial professionals have legal or disciplinary history?
- Where can I find additional information?

## Terms to know

- A **broker-dealer** is a firm that acts as an intermediary between buyers and sellers of securities for which they will usually receive a commission and may purchase or sell those securities in/out of their own account.
- An **investment adviser** is generally any person or group that provides investment advice or conducts securities analysis in exchange for a fee.

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

### Brokerage Services

FMSbonds, Inc. is a self-clearing, broker-dealer specializing in municipal bonds. We carry non-discretionary, cash accounts for standard brokerage registrations.

The types of securities we recommend to retail clients include municipal bonds, corporate bonds, mortgage backed securities and certificates of deposit. Our firm does not have minimum requirements to open or hold accounts, however the securities we offer can only be transacted in certain prescribed minimum denominations and increments.

As a dealer, acting in a principal capacity, we own the securities we recommend to our clients.

Our inventory is comprised of securities that we have underwritten and or purchased in the primary and secondary 'Over-the-counter' (OTC) markets. For more detailed information about our firm and the securities we offer, please visit our website located at [www.fmsbonds.com](http://www.fmsbonds.com).

We may offer mutual fund shares to retail customers, but we do so in an agency capacity. We also offer money market funds through our optional cash sweep program. In addition, as agent, we can accommodate orders in listed securities and in equities (on an unsolicited basis) for our introduced accounts held at First Clearing.

## Conversation corner

Questions you might wish to ask when considering an account with our firm:

- Given my financial situation is a brokerage account right for me? Do I require investment advisor services? Should I have both types of accounts? Why or why not?
- How will you choose investments to recommend to me?

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1-800-741-1103

## What are your legal obligations to me when providing recommendations as my broker-dealer?

We make recommendations that are in the best interest of our retail customers at the time of the transaction. The recommendations are based upon the financial information, requirements and investment objectives that we receive from you and we cannot place our interest ahead of yours.

Although we supervise all securities transactions, we do not provide ongoing account monitoring. Account monitoring or investment management is typically a fee based service associated with financial advisory accounts and serviced by registered financial advisors.

For our retail customers who require additional brokerage services such as qualified retirement accounts or access to margin and or listed or exchange traded securities, we offer "Introduced accounts" on a fully disclosed basis through First Clearing (Wells Fargo Clearing Services, LLC.)

## What fees will I pay?

For cash accounts held at FMSbonds, we do not charge any account fees and we do not pass through any regulatory fees that we are assessed.

When we act as "Principal" or from a "Principal Capacity", the prices at which we sell securities to you or buy securities from you, contain a Mark-Up or Mark-Down from the prevailing market price. There are no additional commissions or fees charged. For detailed information about our compensation please review our Regulation BI disclosure document located on our web page at <https://www.fmsbonds.com/customer-service/>.

When we transact as "Agent" or from the "Agency Capacity", there is a commission charged on the transaction. For securities such as mutual fund shares, we may also receive trailing commission for as long as you own that security. The capacity in which we act is indicated on your trade confirmation.

## Other Fees and Costs

Customers who require expedited access to funds via wire transfer, will pay a fee set by our bank. Please note fees for domestic and international wires differ in cost.

Introduced customer accounts held at First Clearing are subject to certain account fees and costs depending upon the type of account and or services they choose. The most common fees and costs for these customers are annual maintenance fees (Qualified accounts and standard accounts); account transfer (ACAT) fees, and account termination fees (qualified only). Certain transaction based fees are also charged at First Clearing for any "Agent" based trades.

With certain products 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.

## How else does the firm make money and what conflicts of interest do you have?

Our firm makes money almost exclusively from our ability to profitably buy and sell securities. Notwithstanding market risk, the more securities we are able to buy and sell the more revenue we are able to generate. Due to this incentive, over trading could be a potential conflict of interest.

## How do your financial professionals make money?

For each security transaction they complete, our brokers earn a gross sales commission. For agency transactions such as mutual funds, brokers may be paid an upfront commission and then a subsequent trailing percent on an annual basis. Our brokers are paid a certain percentage of the total gross commissions. This "Net" percentage paid is based upon a scale that may range up to 50% of the gross commission earned.

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

Yes. Finra's BrokerCheck is a free tool to research the background and experience of brokers, advisers and firms for more information visit <http://brokercheck.finra.org> or [Investor.gov/CRS](http://Investor.gov/CRS).

## Where can I find additional information?

For more detailed information about the services, fees, and conflicts, described above, or to request an up-to-date copy of this relationship summary please call us at 1-800-741-1103 or visit our webpage at <https://www.fmsbonds.com/customer-service/>.

### Conversation corner

Questions you might wish to ask when considering our services:

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

### Conversation corner

Questions you might wish to ask when considering your broker:

- As a financial professional, do you have any disciplinary history? For what type of conduct?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?
- Who is my primary contact person? Whom can I talk to if I have concerns about how this person is treating me?