

FMSbonds, Inc. Regulation Best Interest Disclosure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and it details the material conflicts of interest that may arise through our delivery of brokerage services to you. We encourage you to review this information, along with any applicable account agreement(s) and disclosure documentation you receive from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC), FINRA and the Municipal Securities Rulemaking Board (MSRB) as a broker dealer. **We do not offer investment advisory accounts or services.**

For more information on the differences between our brokerage services and how they differ from investment advisory services, please review the Customer Relationship Summary (or Form CRS) available at www.fmsbonds.com/customer-service.

Our Form CRS contains important information about the types of services we offer, along with general information related to compensation, potential conflicts of interest, disciplinary actions and other reportable legal information.

Please carefully review and consider the information in each section below:

Brokerage Services	1
Our Brokerage Model and Products	4
Brokerage Fees and Our Compensation	4
Conflicts of Interest	7
Additional Resources	8

Brokerage Services

When you establish a brokerage account, you have the ability to buy, sell and hold investments within your account. The primary service we provide is our fixed income securities trading capability. We execute purchases and sales on your behalf, and as directed by you. In a brokerage services relationship we can trade with you for our own account, for an affiliate or for another client, and we can earn a profit on those trades. The capacity in which we act is disclosed on your trade confirmation.

Cash Brokerage and Margin Brokerage Accounts

FMSbonds, Inc. provides brokerage services through a cash brokerage account. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. Cash accounts are the only account types available at FMSbonds.

As an accommodation and through our relationship with First Clearing¹ we also offer margin brokerage accounts for customers who require this type of account. In a margin account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our introduced clearing firm, First Clearing. This is generally referred to as a "margin loan." The portion of the purchase price that is loaned is secured by securities in your account, ("collateral)."
You will incur interest costs as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes.

Given that a margin brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, your default option is our cash brokerage account. To access margin accounts you must open a separate account at First Clearing and execute a margin agreement before engaging in margin activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us at First Clearing.

¹ First Clearing is a trade name used by Wells Fargo Clearing Services, LLC.

Brokerage Account Types

We offer many different account registrations including individual accounts, joint accounts, custodial accounts, estate and trust accounts, partnership and corporate accounts. For customers who wish to purchase their fixed income securities through us but hold their securities at other firms, we offer Delivery Versus Payment (DVP) and Deliver Free options.

In addition to the various accounts mentioned above, our relationship with First Clearing allows us to offer individual retirement accounts and other types of qualified accounts. You should speak to your account executive for more information about which account type is right for you.

Incidental Brokerage Services, Recommendations and Account Monitoring

Within your brokerage account, regardless of the clearing arrangement, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer. Moreover, when we act in a brokerage capacity, we do not enter into a fiduciary relationship with you.

It is important for you to understand that when our brokers make a recommendation, we are obligated to ensure it is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you require on-going monitoring of your account or investments, you should seek out a financial advisor or advisory firm to discuss whether a fee-based advisory relationship is more appropriate for you.

When we provide "investment advice" as defined under Title 1 of ERISA or the Code, to you regarding your retirement plan account, IRA, or ESA, we are fiduciaries within the meaning of ERISA and/or the Code. The way we make money creates some conflicts with your interests, so when we operate as a fiduciary for your retirement account(s) we operate under a special rule, PTE 2020-02, which requires us to act in your best interest and not put our interest ahead of yours. To the extent that particular communications to you or activities are considered "investment education" or otherwise non-fiduciary under ERISA, we are not a fiduciary in connection with such communications or activities.

Please also consider that from time to time we may provide additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, portfolio reports, income reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

Clearing Services

We are a self-clearing firm and we carry your fully segregated cash account with our custodian bank, Bank of New York Mellon (d.b.a. BNY Mellon). All regular back office and clearing functions are performed at our headquarters in Boca Raton, Florida.

For our introduced accounts, we have entered into an agreement with First Clearing to carry your account and provide certain back office functions. For these accounts we and First Clearing share responsibilities with respect to your account as set forth in the Designation of Responsibilities that was delivered to you upon opening your account. Please refer to the Designation of Responsibilities for more information on how such responsibilities have been allocated between us.

Understanding Risk

It is important for you to understand that all investments involve risk, including the risk that you may lose some, or all of your principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses.

When you open a new account, we ask that you provide your broker with your investment objectives as defined below. These objectives along with other information we receive from you will be printed on the last page of your account statement. Our recommendations are based in part on your investment objectives. You should select the investment objectives and risk tolerance best aligned with your financial goals.

Investment Objective	Definition
Tax Exempt Income	Strategy focused on the purchase of municipal bonds.
Income/Dividend Income	Strategy focused on current income rather than capital appreciation.
Growth	Investing in securities with potential appreciation.
Speculative	Taking greater risk with the intent to achieve better than average returns.

Over time and if your circumstances change, you may see the need to update these objectives to better reflect your financial requirements. Please inform us in writing of any changes as soon as applicable.

In addition to the above information, we also look to ascertain your risk tolerance, investment time horizons and any known liquidity needs. Risk tolerance means the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, while your investment time horizon and liquidity needs provide information in regard to how long you are willing and or able to invest your money to achieve your stated goals. We encourage you to carefully consider your investment objectives before investing.

Cash Sweep Program Feature

Our brokerage services include an optional "Cash Sweep Program".

This program offers you the ability to automatically "sweep" uninvested cash balances in your brokerage account into selected money market mutual funds. Participation provides you the opportunity to earn interest or dividends on your cash while awaiting investment, or as needed to satisfy obligations arising in connection with your account. This program and your investments in money market funds should not be viewed as a long term investment option.

Additional information concerning the Cash Sweep Program, including the summary prospectus of the participating fund(s) is included in your new account package. A copy of the cash sweep program disclosure is available at www.fmsbonds.com/customer-service/. Please review the disclosure statement carefully.

The cash sweep program available to our introduced customer accounts at First Clearing differs in that it also offers a FDIC insured bank deposit option please see the respective program disclosure document for more information.

Account Minimums and Activity Requirements

There is no minimum initial account balance required to open a brokerage account with us. Please note however that most fixed income securities can only be transacted in certain prescribed minimum denominations.

Certain introduced customer accounts held at First Clearing may have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained or your account will be closed or charged an annual maintenance fee. These requirements are detailed in the account agreement(s) you receive when you open your introduced account at First Clearing.

Our Brokerage Model and Products

FMSbonds, Inc. is a self-clearing, broker-dealer specializing in municipal bonds. We provide exceptional value and insight into the fixed- income markets to individual investors. We carry non-discretionary, cash accounts for standard brokerage registrations. FMSbonds, Inc does not offer investment advisory accounts or services.

The types of fixed-income securities we recommend to retail clients include municipal bonds, corporate bonds, mortgage backed securities (CMOs) and certificates of deposit (CDs). As a dealer, acting in a principal capacity, we own the securities we recommend to our clients. Our inventory is comprised of securities underwritten or purchased in the primary or secondary 'Over-the-counter' (OTC) markets.

As agent or when transacting with you in the agency capacity we may also offer mutual fund shares to retail customers, as well as money market funds through our optional cash sweep program. In addition, we can accommodate orders for equities or other exchange traded securities (on an unsolicited basis) through our introduced customer accounts at First Clearing.

Brokerage Fees and Our Compensation

It is important to consider that while a brokerage relationship can be a cost effective way of investing your assets, it may not be for everyone. Below are examples of the fees and costs involved in the brokerage accounts we offer.

Transaction-Based Fees

As explained above, when we transact with you in the principal capacity, you will not pay a commission or ticket charge. We are however compensated for each transaction. The transaction based compensation we receive when we buy and sell bonds, CMOs and CDs is referred to as the "Mark-up". Our price to you includes this form of compensation and is determined by the inter-dealer market price for that security on the day of purchase. Information regarding the amount of "Mark-up" or "Mark-down" from the prevailing, inter-dealer market price can be disclosed on your trade confirmation as required by market regulations.

In cases where we transact in the agent capacity such as when we buy or sell mutual funds you will typically pay a "sales load" or "sales charge". In the cases where we buy or sell equities or exchange listed securities for you through our introduced account held by First Clearing you will pay a flat "commission" or ticket charge per order.

Transaction-based fees are predicated on a host of factors, including, but not limited to:

- Underlying product selection
- Size of your transaction
- The type of order you place
- Frequency of your trade activity
- Available discounts and/or fee waivers

Service Fees

FMSbonds does not charge annual or ongoing account fees and we do not pass through any regulatory fees we are assessed.

Introduced Account Fees (First Clearing)

Introduced customer accounts held at First Clearing may be assessed fees for various services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions. Typical annual fees are as follows:

Standard account	\$ 65.00
Retirement account (IRA)	\$ 50.00
Advantage Asset	\$ 125.00

How We Are Compensated

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the account typically at the time of a transaction as described above.

The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

Fixed-Income / Debt Securities

For all debt securities, including preferred securities and CDs, we may apply a charge (i.e., markup) of up to 2.5 %of the amount of your secondary market transaction.

Mutual Funds

We currently offer mutual funds varying in share class structure and investment style. If you invest in mutual funds, we may receive direct and/or indirect compensation in connection with such mutual fund investments, as described below.

12b-1 Fees & Shareholder Service Fees

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees can be as much as 1.00% but the majority are below 0.85%. These fees may be credited to us and may in turn be passed on to your Broker as a commission.

Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)

Front-end sales charges may be paid to us, and your broker, when you purchase a fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge can be as much as 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of the transaction and "Rights of accumulation". In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Broker if you believe you are eligible for sales charge waivers.

Contingent Deferred Sales Charge or "CDSC" is a charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges can be up to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as a

"Back-end load". CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your Broker. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund. Please note that 12b-1s and similar fees or compensation received in connection with our affiliated funds are not received, or are rebated, on ERISA assets held in Advisory Program accounts.

Annuities

Whether a fixed or variable annuity, based upon arrangements with insurance companies, we, including your broker, receive compensation from the insurance companies for the sale of annuities, as well as trail commissions. Commissions and trails paid to FMS vary by product type and may vary by insurance carrier.

Cash Sweep Program/Bank Deposit Sweep Program

We receive compensation from the money market mutual funds that participate in the cash sweep program we offer. The compensation is derived from 12b-1 fees and shareholder service fees explained above.

We receive minimal compensation from First Clearing in the form of interest rate rebates on deposits in both the FDIC money fund and Treasury portfolio options offered in the cash sweep program.

Equity & Exchange Listed Securities

Finally, the commission charged to you and received by us and your broker for trades of stocks, rights, and warrants and any exchange listed securities traded at First Clearing.

Trade Commission (Flat) \$ 50.00

Operational Fees

As stated in our customer relationship summary, certain extraordinary or expedited service requests such as access to funds via wire transfer or stop payment requests will be charged a fee set by our bank. Special service requirements such as overnight delivery via Federal Express will also be charged a fee. The firm reserves the right to waive any fees at its discretion.

Domestic Wires	\$ 17.50
International Wires	\$ 50.00
Stop payment	\$ 30.00
Insufficient funds (Bounce)	\$ 20.00
Overnight Delivery	\$ Market Rate

Compensation for Termination of Services

Other than any CDSC charge for a mutual fund (as described under the Mutual Funds section above), and in the specific case of IRA fees, FMS does not receive additional compensation in this regard.

Conflicts of Interest

A conflict of interest is a situation in which we engage in a transaction or activity when our interest is materially adverse to yours. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of potential conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Brokers, our clients and third parties. We offer certain investment services and products and we receive various forms of compensation from our clients, and other third parties as described above. Securities rules allow for us, our brokers, and our affiliates to earn compensation when we provide brokerage services. However, the compensation that we receive from you may vary based upon the product you purchase, which creates a financial incentive to recommend investments and services that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are most material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available.

Compensation We Receive From Clients

Transaction-based conflicts

As described earlier, you may pay certain fees (commissions and sales charges) in connection with the buying and selling of investment products, including bonds, mutual funds, variable annuities, CD's, exchange traded funds, and equities. Where these fees apply, the more transactions you enter into, the more compensation we and your broker receive. This compensation creates an incentive to recommend that you buy and sell, rather than hold, these investments. We also have incentive to recommend purchase of investment products that carry higher fees, instead of products with lower fees or no fees.

Markups and markdowns for principal transactions

When you buy or sell securities in a brokerage account, and in accordance with industry regulations, we may impose a markup (increase) or markdown (decrease) in the price of transactions we execute for you on a principal basis.

We are compensated on the difference between the price you pay for your bonds and the prevailing inter-dealer price on that day. Similarly, when you sell your bonds we are compensated by the difference between the price we pay you and the prevailing inter-dealer market price at the time of your transaction.

We maintain policies and procedures designed to ensure compliance with industry rules regarding “markups”, “markdowns,” and price transparency.

Compensation We Receive from Third Parties

The payments we receive vary from product to product, with respect to the third-party investment products we recommend such as mutual funds and variable annuities. It also varies from the compensation we receive in connection with other products and services we may make available to you. There can be incentive to recommend investment products and services that generate greater payments to the brokerage firm. This compensation generally represents expenses embedded in these investment products that are borne by the investor.

Types of third-party compensation we receive include:

- Trail Compensation. Ongoing compensation from Product Sponsors may be received by us and shared with our brokers. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We can have an incentive to recommend that you purchase and hold interests in products that pay higher trails.

Compensation Received by Brokers

Product Share Classes

Some product sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure. Some classes have lower costs as compared to others. We can be incentivized to make available those share classes or other product structures that will generate the highest compensation to us.

IRA Rollover Accounts

Brokers can have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain procedures designed to ensure that rollover recommendations are in your best interest.

Additional Resources

The following resources can be found at www.fmsbonds.com/customer-service

Cash Sweep Program Disclosures

CMO Disclosures

FMSbonds, Inc. New Account Form

Legal Entity Customer Due Diligence Attestation Form

First Clearing, LLC IRA/ROTH/SEP/SIMPLE Distribution Form

Our First Clearing account holders can find more information at www.wellsfargoclearingservicesllc.com