

**CAPE SECURITIES, INC., May 5, 2022**  
**Form Customer Relationship Summary (CRS)**

**Introduction**

Cape Securities, Inc. (Cape) is registered with the Securities and Exchange Commission (SEC) and the Financial Regulatory Authority (FINRA) as a broker-dealer. Brokerage services and fees differ from that of an investment advisory firm and it is important for you, a *retail investor*, to understand the differences. There are free and simple tools available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

**Relationships and Services**

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

**Description of Services:** Cape offers brokerage services to *retail investors* including the recommendation of investments such as Equities, Options, Bonds, Mutual Funds, Variable Annuities and Alternative Investments. Trades in most accounts are made on a nondiscretionary basis, meaning the *retail investor* will approve all recommended investments or instruct their financial professional to make a particular investment. While Cape manages a few legacy accounts on a discretionary basis, most accounts are nondiscretionary. Discretionary accounts are required to be signed off by *the retail investor*, registered representative and a principal of the firm. All investment products are from third-party sponsors and are **not** proprietary to Cape. Cape does not have specific requirements to open an account, although certain products may have a minimum investment level and financial requirements that the *retail investor* must meet such as alternative investments which are non-publicly traded securities. The minimums and financial requirements for these investments may vary by product.

Cape has an affiliated investment advisor, Cape Investment Advisory, Inc. (Advisor), for which some of its representatives are registered. While Cape provides services on a transactional basis for a commission, Advisor provides services on a regular basis for a percentage of assets under management.

**Conversation Starters; Ask your financial professional:**

- “Given my financial situation, should I choose a brokerage service? Why or why not?”
- “How will you choose investments to recommend to me?”
- “What is your relevant experience, including your licenses, education and other qualifications?”
- “What do these qualifications mean?”

**Fees, Costs, Conflicts, and Standard of Conduct**

**What fees will I pay?**

**Description of Principal Fees and Costs:** The principal fees and costs that *retail investors* incur for Cape’s brokerage services include transaction-based commissions which vary and are charged for each trade or investment. This is considered a conflict of interest because a *retail investor* would be charged more when there are more trades in his or her account, therefore the Firm may have an incentive to encourage a *retail investor* to trade often.

**Description of Other Fees and Costs:** There are other fees and costs related to Cape’s brokerage services in addition to the transaction commissions stated above. Common fees that will be paid by a *retail investor* are:

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| • Ticket Charge for Equity and Option trades   | \$45.00 |
| • Ticket Charge for Listed Corporate, Government and other publicly traded Debt Securities | \$40.00 |
| • Ticket Charge for Load/No-Load Mutual Fund Buys & Sales                                  | \$38.50 |
| • Annual IRA Fee for Qualified Plans   | \$45.00 |
| • Annual Custody Fee (non-Qualified Accounts)  | \$25.00 |
| • Wire Transfer  | \$35.00 |
| • Annual Account Inactivity Fee  | \$50.00 |

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce the amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For additional information, please refer to Cape's Fee Schedule and the Hilltop Correspondent Customer Clearing Brochure Schedule A.

**Conversation Starters; Ask your financial professional:**

- **“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?”**

- **“What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?”**

*When we provide you with a recommendation* we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here is an example to help you understand what this means:

o Cape makes money from brokerage investments and services provided to *retail investors*. We have incentives which create conflicts of interest for the sale of products including Mutual Funds, Variable Annuities and Alternative Non-publicly Traded Securities. Cape receives compensation from the sponsors of these products. This compensation varies depending on the sponsor. Cape may have an incentive to offer products based on the compensation we receive.

o Cape and its representatives may have an incentive to refer retail investors to the Advisor's services to receive compensation based on assets invested rather than on a transactional basis.

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

Your financial professional will provide additional information specific to the *retail investor*.

- **“How do your financial professionals make money?”**

Our financial professionals earn commissions based on the products they sell and the trades they make for the *retail investor's* brokerage account. The financial professional may also collect fees based on a percentage of investment assets if registered with the Advisor.

**Disciplinary History**

**Do you or your financial professionals have legal or disciplinary history?** Yes. Cape and some of our financial professionals currently disclose legal or disciplinary history. Visit [Investor.gov/CRS](http://Investor.gov/CRS) and [brokercheck.finra.org](http://brokercheck.finra.org) for free and simple search tools to research your financial professionals.

**Conversation Starter; Ask your financial professional:**

- **“As a financial professional, do you have any disciplinary history? For what type of conduct?”**

**Additional Information**

For additional information about our firm and its services, visit [www.capesecurities.com](http://www.capesecurities.com). If you would like additional, up-to-date information or a copy of this disclosure (Form CRS), please call 678-583-1120.

**Conversation Starter; Ask your financial professional:**

- **“Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”**

Your primary contact will be your financial professional who is a registered representative of Cape. If you have problems or concerns regarding the way your financial professional is treating you then call the Chief Compliance Officer, Lester Hochler at 678-583-1120 or email

[compliance@capesecurities.com](mailto:compliance@capesecurities.com).