

## 1. INTRODUCTION

B. Riley Securities, Inc (“BRS”) is a full-service investment bank registered with the Securities Exchange Commission (SEC) as a broker dealer and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

Brokerage and investment advisory services and fees differ; it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS) which also provides educational materials about broker-dealers, investment advisers, and investing.

## 2. WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

BRS offers brokerage services to institutional and retail investors, including, but not limited to, buying and selling securities, traditional investment accounts, retirement accounts, securities-based lending (margin), syndicate offerings, research, and alternative products.

All brokerage transactions are at the full discretion of you, the client. We can recommend securities for you to buy or sell, however, the decision to buy or sell is ultimately yours. You are free to accept or reject any recommendation we make. Commissions will be charged per transactions. We will deliver a trade confirmation of each trade executed in your account and account statements will be delivered to you no less than quarterly, in either paper or electronic format. We do not provide on-going monitoring of brokerage accounts and we do not require an account minimum to open a brokerage account.

For more information about the services we offer, please visit our website at <https://brileyfin.com>.

**Conversation Starter** – 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?*

## 3. FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT

### 3.1. What Fees Will I Pay?

You will pay fees and costs whether you make or lose money on your investments. Fee 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.

Opening a brokerage account means that you will pay a transaction-based fee, or commission, every time you buy or sell a security. Commissions are charged regardless of whether a trade is profitable. A variation of a commission is a markup or markdown. This is a charge for a security trade where we sell to you from our firm inventory or buy from you for our firm inventory. In this instance we are acting as a “principal”. A markup is added to our cost and then the sales price to you is the sum of those items. Likewise, when we buy from you, the markdown is subtracted from the price we pay to you. There may also be other fees associated with each transaction, such as ticket charges passed on from our clearing firm.

For certain products, such as mutual funds and alternative investments, the fees are discussed and detailed in the “prospectus” or offering documents respectively. If we lend you money to buy securities, sometimes called “margin”, you will be charged a margin interest.

Because we earn money from your transactions to buy and sell securities, and from lending money to you to buy and sell securities, the more you trade and the more you borrow, the more money we make. This may create an incentive for us to encourage or recommend you trade more frequently.

Other fees and costs are applicable to your brokerage account or accounts. These fees may include account maintenance fees, account inactivity fees and similar types of account fees. These fees are charged by our clearing firm. For more information on fees you may pay, please visit our website at <https://brileyfin.com>.

**Conversation Starter** – 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?*

3.2. 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 recommendations that we provide you.

Here are some examples to help you understand what this means.

- Proprietary products are investments that are issued, sponsored, or managed by our firm or our affiliates. We and our affiliates make money on proprietary products which may be similar to non-proprietary products which may cost less.
- We may buy and sell your investment through our own accounts (called “acting as principal”) and we can earn a profit on these trades.
- We can make extra money by selling you certain investments either because they are managed by us or by someone related to our firm or because they are offered by companies that pay our firm to sell their investments. Your financial professional also receives more money if you buy these investments.
- You may find additional information at <https://brileyfin.com/legal-disclosures/>

**Conversation Starter** – ask your financial professional:

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

3.3. How do your financial professionals make money?

Our financial professionals are compensated by receiving a portion of the commission or fee revenue generated from securities transactions. The portion of the revenue paid to the financial professional can increase based upon the total of revenue generated. Newly hired financial professionals can receive a bonus for successfully transferring customer assets to BRS and/or by meeting specific revenue goals. We do not permit sales contests.

#### 4. DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes. Visit FINRA’s BrokerCheck at <https://brokercheck.finra.org/> which is a free tool to research the background and experience of financial brokers, advisers and firms.

**Conversation Starter** – ask your financial professional:

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

#### 5. ADDITIONAL INFORMATION

You may find additional information about our brokerage services at our website <https://brileyfin.com> or ask your financial professional for more information and request a copy of this relationship summary at (310) 966-1444.

**Conversation Starter** – ask your financial professional:

- *Who is the primary contact person for my account? Is he or she a registered representative of a broker-dealer? If I have concerns about how this person is treating me, who can I talk to?*