

FORM CRS • CUSTOMER RELATIONSHIP SUMMARY

Effective June 30, 2020

INTRODUCTION



MIDWESTERN SECURITIES TRADING COMPANY, LLC (MSTC) is a broker-dealer and an investment adviser registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA; <https://www.finra.org/#/>) since 03/10/2000. MSTC is a member of the Securities Investor Protection Corporation (SIPC; <https://www.sipc.org/>).

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

RELATIONSHIPS & SERVICES



WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

We offer both brokerage and investment advisory services.

• Our **brokerage services** include buying and selling securities at your direction and providing you with investment recommendations from time to time or at your request. We offer mutual funds, exchange traded funds (ETFs), domestic and international equities, corporate debt, U.S. government debt, municipal debt, certificates of deposit (CDs), and variable products. MSTC does not allow all products; additional information can be found at <https://midwesternsecurities.com/formcrs-regulationbestinterest/>. We do not limit the investment offerings within products. However, we do not have selling agreements with all available sponsors or registrations in all available markets/jurisdictions. MSTC is a general purchase firm that does not have proprietary products or investment minimums on brokerage services. Unless we separately agree in writing, we do not monitor your brokerage account and you make the ultimate decision regarding the purchase or sale of investments.

• Our **advisory services** include buying and selling securities at your direction and providing you with investment recommendations from time to time or at your request. We also provide asset allocation, investment advice services, and financial planning and consulting services. These services use mutual funds, exchange traded funds (ETFs), domestic and international equities, corporate debt, U.S. government debt, municipal debt, and managed portfolios from third-party investment managers. MSTC does not allow all products; additional information can be found at <https://midwesternsecurities.com/formcrs-regulationbestinterest/>. We do not limit the investment offerings within products. However, we do not have selling agreements with all available sponsors or registrations in all available markets/jurisdictions. Depending on which program you select, our asset allocation services are either “non-discretionary” or “discretionary”—meaning that either we will recommend investments to you and you will make the ultimate decision regarding the purchase or sale of investments (non-discretionary), or we will make the ultimate investment decisions without your approval (discretionary). The third-party managers we make available to you will invest your account on a discretionary basis using mutual funds, ETFs, and other securities. Some of our advisory services are offered through “wrap fee programs” (MSTC Lighthouse Portfolios™) and we will monitor your account on an ongoing basis (at least quarterly) as part of our standard services. MSTC requires no minimum account size on accounts unless it is part of the MSTC Lighthouse Portfolios™ /wrap fee program. The current minimums vary by investment model and are described on our website at <https://midwesternsecurities.com/formcrs-regulationbestinterest/>. Investnet and/or third party managers require minimum account sizes and it varies based on the portfolio program selected. Your advisory account would also be limited to MSTC’s current custodian (National Financial Services). For additional information, please see below:

<https://adviserinfo.sec.gov/firm/summary/101080>

<https://brokercheck.finra.org/firm/summary/101080>

<https://midwesternsecurities.com/>

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**RELATIONSHIPS
& SERVICES**



Ownership structure: Firm ownership is made up of Unit Holders; 3 are principal owners and 22 are passive owners. For additional information refer to <https://midwesternsecurities.com/formcrs-regulationbestinterest/>.

Types of customers we serve: MSTC serves retail and institutional customers, including individuals, corporations, charitable organizations, estates, and trusts. For additional information refer to <https://midwesternsecurities.com/formcrs-regulationbestinterest/>.

Assets under management (AUM): Discretionary and Non-Discretionary AUM information is available on form ADV Part 2A. For additional information refer to <https://midwesternsecurities.com/formcrs-regulationbestinterest/>.

Affiliations: John Graham & Associates (JGA) is a financial consulting firm. JGA offers securities, insurance, and investment advisory services through its affiliate MSTC, the broker dealer/registered investment adviser. JGA charges separate fees for the services it offers.

ASK YOUR FINANCIAL PROFESSIONAL:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? 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?



**CONVERSATION
STARTERS**

**FEEES, COSTS,
CONFLICTS, &
STANDARDS OF
CONDUCT**



WHAT FEES WILL I PAY?

The fees you pay depend on whether you choose brokerage services, advisory services, or both.

• For **brokerage services**, the principal fees and costs are transaction-based fees for recommendations and execution of securities trades. Depending on the investment product you select, these fees can include up-front commissions, as well as fees that are charged on an on-going basis for as long as you hold the investment (“trails”). Because we are compensated for transactions, **we have an incentive to encourage you to trade more frequently** and in greater amounts. This creates an inherent conflict of interest which we address through disclosure in this document, review of transactions on a daily basis, and a prohibition on recommendations that are not in the best interest of the retail customer. You will also pay fees for custodial or administrative services, as well as fees and expenses that are included in the expense ratios of certain of your investments, including in mutual funds, ETFs, and variable annuities. For additional information about the fees and costs for our brokerage services, please refer to <https://midwesternsecurities.com/formcrs-regulationbestinterest/>.

• For **advisory services**, the primary fees and costs are the “wrap” program fee for the program you select. These fees are “asset-based” meaning that the fee is calculated as a percentage of the assets invested in your advisory account according to the fee schedule in your advisory agreement with us. This means that the more assets you invest in your account, the more you will pay in fees, and therefore **we have an incentive to encourage you to increase your advisory account assets**. Financial planning and consulting services are offered at an hourly rate. This means that the more time spent performing these services, the more money you will pay in fees, and therefore **we have an incentive to recommend these services**.

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**FEES, COSTS,
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The above incentives create an inherent conflict of interest which we address through disclosure in this document, review of transactions on a daily basis, review and approval of advisory contracts prior to the start of work, including ensuring appropriateness of the types of services to be provided and a prohibition on recommendations that are not in the best interest of the retail customer. Fees are negotiable. For additional information on maximum fees please refer to <https://midwesternsecurities.com/formcrs-regulationbestinterest/>. Fees you may be charged could be less, but never more.

A wrap advisory fee includes most transaction costs and fees paid to a broker-dealer or bank that has custody of your assets, and therefore is typically higher than a typical asset-based advisory fee that does not include transaction costs and fees. Our customers typically pay the advisory fee each quarter IN ARREARS ON THE PERIOD ENDING BALANCE, but please see your advisory agreement for the payment frequency that applies to your account. As payments are made in arrears there are no refunds. When assets are withdrawn, prior to the end of the period, you will be charged a prorated fee based upon the number of days during the period the assets were under our management.

You may also pay miscellaneous fees that your account's custodian may charge, including wire fees, transfer fees, bank charges and other fees, as well as fees and expenses that are included in the expense ratios of certain investments, including in mutual funds and ETFs.

For additional information, please refer to <https://midwesternsecurities.com/formcrs-regulationbestinterest/>. 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.



**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 AS MY BROKER-DEALER OR WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we must 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 and investment advice that we provide you. Here are some examples to help you understand what this means.

Examples of ways we make money and conflicts of interest

Third-Party Payments: We receive payments from third party product sponsors and managers (or their affiliates) when we recommend or sell certain products. As such, we have an incentive to recommend (or to invest your assets in) products of third-parties that pay us over products of third parties that do not pay us, or pay us less. Advisors, when possible, will not receive 12b-1 fees in fee based accounts, from mutual fund investments recommended to customers per MSTC's internal policies. To avoid the inherent risk for a potential conflict of interest, 12b-1 fees will be rebated back to the customer as is possible.

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ASK YOUR FINANCIAL PROFESSIONAL:

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

FEES, COSTS, CONFLICTS, & STANDARDS OF CONDUCT



For additional information, please refer to <https://midwesternsecurities.com/formcrs-regulationbestinterest/>.

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<https://brokercheck.finra.org/firm/summary/101080>

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Financial professionals are compensated through a salary and/or percentage of the commission or fees generated through their activities and paid by the employing bank or credit union based upon the employment agreement with the bank or credit union. As such, the bank or credit union determines the details of the employment agreement and MSTC reviews the compensation arrangements to eliminate product related conflicts of interest. Where a financial professional is registered with us and not associated with a bank or credit union, their compensation is paid directly by the Firm. Further details of the compensation types received and conflicts pertaining thereto are outlined elsewhere in this document.

DISCIPLINARY HISTORY



DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

MSTC does not have any legal or disciplinary history. Certain brokers and/or advisors do.

For more information please visit the following links or [Investor.gov/CRS](https://investor.gov/CRS) for free and simple search tools to research us and our financial professionals.

<https://adviserinfo.sec.gov/firm/summary/101080>

<https://brokercheck.finra.org/firm/summary/101080>



ASK YOUR FINANCIAL PROFESSIONAL:

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

CONVERSATION STARTERS

ADDITIONAL INFORMATION



For more information on our firm and services, please visit investor.gov/CRS, FINRA's BrokerCheck website at <https://brokercheck.finra.org/>, the SEC's Investment Adviser Public Disclosure website at <https://adviserinfo.sec.gov/>, or our website at <https://midwesternsecurities.com/>. You may also contact MSTC's Chief Compliance Officer at 800-732-8601 with specific questions, concerns, or complaints, to request up-to-date information, or to request a copy of the Firm's current Customer Relationship Summary.



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?

CONVERSATION STARTERS