



Regulation Best Interest Disclosure [March 2023]

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

NBC Securities, Inc. (herein referred to as “NBCS”, “Us”, “Our”, “We”) is an Alabama corporation which provides an array of financial and investment services, including insurance products. NBCS is registered as a broker-dealer, member FINRA and SIPC, and is a registered investment advisor. As a broker-dealer, NBCS transacts business in various types of securities such as stocks, bonds, mutual funds, exchange-traded funds (ETFs), life insurance, annuities, and other various investment products.

NBCS maintains a network of individuals, referred to as “Financial Professionals”, who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of our Financial Professionals are investment adviser representatives (IARs) or sometimes referred to as “financial advisors” or “advisors”. NBCS’ Financial Professionals are either employees or independent contractors.

Most of our Financial Professionals offer both brokerage and investment advisory services, while some only offer brokerage services and others only offer investment advisory services. When you are discussing services with a Financial Professional, you should ask what capacity the Financial Professional is acting or will be acting – as a broker-dealer registered representative and/or an Investment Advisor Representative (“IAR”) – when providing services to you. This disclosure discusses important information regarding Financial Professionals who act as registered representatives of NBCS’ broker-dealer. For additional details regarding financial professionals who act as Investment Advisor Representatives, please refer to the firm’s [ADV Disclosure Brochure](#).

Like all financial services providers, NBCS and its Financial Professionals have conflicts of interest. NBCS and its Financial Professionals are compensated directly by customers and indirectly from the investments made by customers. When customers pay us, we typically get paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. If we are paid an upfront commission, it means that we are paid more the more transactions a customer makes. When we are paid indirectly from the investments made by customers, we receive ongoing compensation, typically called a “trail” payment, for as long as a customer holds an investment. In addition, we receive compensation from the sponsors of some of the investment products that customers purchase through us. The amount we receive varies depending on the particular type of investment a customer makes. The compensation described in this disclosure represents the maximum gain or profit we receive on an investment, before subtraction of our expenses.

Please also note that not all of the conflicts described in this disclosure apply to a particular Financial Professional, his/her services or all the products we sell. The types and amounts of compensation we receive change over time. You should ask your Financial Professional if you have any questions about compensation, costs, fees, or conflicts of interest.

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

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Brokerage services

We are an introducing broker-dealer, meaning we have a contract with a clearing firm, RBC Capital Markets Corp ("RBC"), who handles the execution and settlement of trade orders it receives from us and our clients. The clearing firm also holds your securities for safekeeping (known as having "custody" of your securities). When you establish a brokerage account through us at our clearing firm, you have the ability to buy, sell and hold investments within your account. The primary service we provide through RBC, is our trading capability. We execute purchases and sales on your behalf, and as directed by you, in which we earn a profit. The capacity in which we act is disclosed on your trade confirmation. NBCS and RBC share responsibilities with respect to your account. For more information, refer to your brokerage account client agreement.

BROKERAGE ACCOUNT TYPES

We offer a variety of different brokerage account types including:

- *individual and joint accounts,*
- *estate and trust accounts,*
- *partnership accounts,*
- *custodial accounts and 529 plan accounts*
- *individual retirement accounts, and*
- *other types of retirement accounts*

You should refer to the Clearing Agent's account agreement(s) for more information concerning available account types or speak with your Financial Professional.

INCIDENTAL BROKERAGE SERVICES, RECOMMENDATIONS & ACCOUNT MONITORING

Within your brokerage account, we also provide other incidental services such as 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 unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our Financial Professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation 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 prefer on-going monitoring of your account or investments, you should speak with a Financial Professional about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with 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, performance 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

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trade or hold any particular securities in your brokerage 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.

ACCOUNT MINIMUMS & ACTIVITY REQUIREMENTS

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account. You should also understand that our Financial Professionals may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated Financial Professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your Financial Professional.

MARGIN BROKERAGE ACCOUNTS

We offer you the ability to purchase securities on credit, also known as "margin". When customers purchase securities on margin, we extend a line of credit to the customer and charge interest on the margin balance. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes. We have a financial incentive to encourage you to borrow on margin because we earn compensation in the form of interest, transaction charges and other fees on investments made with borrowed amounts. This financial incentive creates a conflict of interest as NBCS and our Financial Professionals benefit from your decision to borrow and incur the various fees and interest described above. Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage 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.

CASH SWEEP FEATURES

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically "swept" into a "Cash Sweep Vehicle," until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you.

NBCS receives compensation in the form of interest sharing from our clearing broker for certain products including the RBC BDP Cash Sweep. This creates an incentive for NBCS to recommend you hold uninvested cash in the RBC BDP Cash Sweep rather than investing in other products which may yield more return to you.

Commissions, Fees and Other Types of Sales Compensation

NBCS receives upfront **transaction-based fees**, also known as commissions, when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge, markup or placement fee, is typically paid at the time of the sale and can reduce the amount of assets available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested. We receive the sales charge or commission and share it with your Financial Professional. In some cases,

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a portion of the sales charge or commission is retained by the investment's sponsor. Commissions vary from product to product, which creates an incentive to sell a higher commission security rather than a lower commission security. 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:

❖ **Equities and Other Exchange Traded Securities**

The maximum commission charged by NBCS, in an agency capacity, on an exchange traded security transaction, such as an equity, option, ETF, exchange traded note (ETN) or closed-end fund (CEF), is **5.0%** of the transaction amount. The maximum commission percentage may exceed 5.0% for transactions under \$500.00. The commission amount decreases as the size of the transaction amount increases according to a schedule. In addition, your Financial Professional can decide to discount the commission amount to a minimum of **\$24.95** per transaction.

❖ **Mutual Funds and 529s**

The maximum commission or sales charge permitted under applicable rules is **5.5%**.

❖ **Annuities**

The maximum upfront commission paid for new sales of annuities is typically **7.0%**, but may vary depending on the time purchased, and type of annuity, such as fixed, fixed index, traditional and variable annuities.

❖ **Alternative Investments.**

Alternative investments include hedge funds, private equity funds, non-traded business development companies (BDCs), real estate private placements, or real estate investment trusts (REITs). These products are not generally recommended by NBC Securities' Investment Professionals.

❖ **Unit Investment Trusts (UITs).**

We, along with your Financial Professionals, are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. The types of fees received by us are described below and are disclosed via the prospectus issued by the UIT provider. The maximum upfront sales charge paid typically ranges from **1.0% to 2.5%** and can depend on the length of the term of the UIT.

ACCOUNT & SERVICE FEES

You will pay fees for various operational 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. You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you.

COMPENSATION FOR FINANCIAL PROFESSIONALS

Financial Professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity. This compensation varies by the

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product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or "trail" payments. Thus Financial Professionals are incentivized to recommend products that have higher fees as well as those with on-going payments. As previously mentioned, NBCS may compensate Financial Professionals pursuant to an independent contractor agreement or an employee agreement.

Described below are the compensation and other benefits that Financial Professionals receive from NBCS:

❖ **Cash Compensation**

NBCS typically pays a Financial Professional a percentage of the revenue he/she generates from the sale of products and services. The percentage received can vary depending on his or her agreements with us and the investment product or service recommended and can be more or less than what he/she would receive at another brokerage firm. The payments can include a bonus that is based on the amount of assets serviced or revenue generated by the Financial Professional. When compensation is based on the level of production or assets, the Financial Professional has a financial incentive to meet those production or asset levels.

❖ **Other Benefits**

Financial Professionals are eligible to receive other benefits based on the revenue he/she generates from sales of products and services. These benefits present a conflict of interest because the Financial Professional has an incentive to remain a registered representative of NBCS in order to maintain these benefits. These benefits include eligibility for practice management support and enhanced service support levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other non-cash compensation. If NBCS makes a loan to a new or existing Financial Professional, there is also a conflict of interest because NBCS' interest in collecting on the loan affects its ability to objectively supervise the Financial Professional.

❖ **Fees Charged to Financial Professionals**

NBCS charges Financial Professionals various fees under its independent contractor agreement for, among other things, trade execution, administrative services, insurance, certain outside business activity related supervision, technology and licensing. Depending on the situation, these fees make it more or less profitable for the Financial Professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on the Financial Professional's overall business production or the amount of assets serviced by the Financial Professional, which gives the Financial Professional an incentive to recommend that you invest more in your account or engage in more frequent transactions. Transaction fees charged to your Financial Professional can also vary depending on the specific security that the Financial Professional recommends.

❖ **Recruitment Compensation and Operational Assistance**

Financial Professionals may receive recruitment compensation from us in connection with their onboarding transition. In many cases, this transition assistance includes payments from NBCS that are



commonly intended to assist a Financial Professional with costs associated with the transition; however, NBCS does not verify that any payments made are actually used for transition costs. These payments can be in the form of repayable or forgivable loans, and are subject to favorable interest rate terms, as compared to other lenders. In the case of forgivable loans, the loans are generally subject to repayment if the Financial Professional leaves NBCS before a certain period of time or other conditions are not met. The amount of recruitment compensation is often significant in relation to the overall revenue earned or compensation received by the Financial Professional at his or her prior firm. Such payments are generally based on the size of the Financial Professional's business established at his/her prior firm. The receipt of this compensation creates a conflict of interest in that the Financial Professional has a financial incentive to recommend that a customer open and maintain an account with NBCS for advisory, brokerage and/or custody services, and to recommend switching investment products or services where a customer's current investment options are not available through NBCS in order to receive the this type of benefit or payment.

❖ Arrangements with Banks and Credit Unions

Some of our Financial Professionals offer brokerage and advisory services on the premises of unaffiliated financial institutions, like banks and credit unions. NBCS typically shares compensation with the financial institution, including a portion of the brokerage commissions and fees the Financial Professional generates. In such case, the financial institution typically pays part of that amount to the Financial Professional. Such compensation can vary depending on the investment product or service recommended. The financial institution can limit the types of products that may be sold by a Financial Professional.

❖ Financial Professional's Outside Business Activities

Financial Professionals are permitted to engage in certain pre-approved business activities other than the provision of brokerage and advisory services through NBCS and in certain cases, a Financial Professional receives more compensation, benefits and non-cash compensation through the outside business than they receive from NBCS. Some Financial Professionals are accountants, real estate agents, insurance agents, tax preparers, or lawyers, and some Financial Professionals refer customers to other service providers and receive referral fees. If you engage with a Financial Professional for services separate from services offered by NBCS, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement. Additional information about your Financial Professionals outside business activities is available on FINRA's website at <http://brokercheck.finra.org>.

Third Party Compensation

NBCS and our Financial Professionals receive compensation from investment companies and other third parties in connection with investments that you make in securities. Below describes compensation we may receive from third party arrangements:

❖ Revenue Sharing Payments

NBCS receives revenue sharing payments from investment sponsors who participate in our sponsorship programs. Investment sponsors make these payments to incentivize NBCS to promote their products, and the



sponsors receive preferential treatment as a result of the payment. Those preferences include supporting NBCS' product marketing, education and training efforts for Financial Professionals so that investment sponsors can communicate with Financial Professionals and employees and promote their products. The arrangements also allow the investment sponsor's products in certain cases to benefit from lower ticket charges that are typically paid by a Financial Professional and/or customer. These payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets invested, as a percentage of annual new sales, or as a combination.

❖ Retirement Plan Products

NBCS receives marketing and educational support payments from certain retirement plan product sponsors to assist with training and educating Financial Professionals. Investment sponsors pay NBCS different amounts of revenue sharing and receive different levels of benefits for such payments. Because these fees can vary by fund and share class of a fund, NBCS has an incentive to recommend a fund or share class that pays more in revenue sharing than a fund or share class that pays a lower amount.

Referrals, Conflicts of Interest & Other Compensation

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. 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 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 Financial Professionals, our clients and third parties. We offer a broad range of investment services and products and we receive various forms of compensation from our clients, non-affiliated product providers and money managers, and other third parties as described above. Securities rules allow for us, our Financial Professionals, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our Financial Professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products 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 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 to you.

❖ Payment for Referrals

NBCS offers programs such that we will pay unaffiliated financial professionals for the purpose of introducing new customers to our firm. The fees paid for these referrals can be structured in various ways, including an ongoing flat fee or a portion of the investment advisory fee you pay to NBCS.

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❖ **Markups and markdowns for principal transactions**

NBC Securities sometimes directly buys from you or directly sells to you, investments including bonds or certain equities. These transactions are called principal trades. For principal transactions we typically impose a markup (increase) or markdown (decrease) in the price of transactions. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules.

❖ **Error Correction**

In the event a trade error takes place and is the cause of NBCS or one of our Financial Professionals, we will cancel the trade and remove the resulting monetary loss to your account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), NBCS will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to NBCS.

❖ **Third Party Payments**

We receive compensation from third parties related to investments you make in certain products, including mutual funds, ETFs and annuities. This compensation includes ongoing distribution charges, such as 12b-1 fees or commission trails, which an investment product charges you and then pays to us.

NBCS receives compensation in the form of interest sharing from our clearing broker for certain products including the RBC BDP Cash Sweep. This creates an incentive for NBCS to recommend you hold uninvested cash in the RBC BDP Cash Sweep rather than investing in other products which may yield more return to you.

❖ **Rollovers**

In the event you choose to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with us, because we will be paid on those assets. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

❖ **Limitations on Investment Recommendations**

NBCS and our Financial Professionals offer and recommend investment products only from investment sponsors with which we have entered into selling and distribution agreements with. Other firms may offer products and services not available through NBCS and/or they may offer the same or similar investment products and services at lower cost than NBCS. In addition, NBCS may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa.

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The scope of products and services offered by certain Financial Professionals may also be more limited than what is available through other Financial Professionals. A Financial Professional's ability to offer individual products and services depends on his/her licensing, training or branch office policy restrictions. For example, a Financial Professional maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A Financial Professional maintaining a Series 7, Series 63 and Life Insurance Agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a Financial Professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. You should also review the licenses held by your Financial Professional by visiting the FINRA BrokerCheck system at <http://brokercheck.finra.org>.

Other Disclosures Resources:

Title	Web address
Form CRS	Form CRS
ADV Disclosure Brochure	ADV Disclosure Brochure
Annual Disclosure Statement	Annual Disclosure Statement
RBC Cash Sweep Program	Cash Sweep Program
FINRA Broker Check	FINRA Broker Check
Business Continuity Plan	Business Continuity Plan

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