

# Bullish Bob Bagley Securities, Inc.

## Form CRS (Client Relationship Summary) June 29, 2020

### **Introduction and Welcome to Bullish Bob Bagley Securities, Inc.**

Welcome to Bullish Bob Bagley Securities, Inc! We are a broker-dealer established in 1989. Bullish Bob Bagley Securities, Inc. ("BBBSI"), is a fully-disclosed broker-dealer registered with the Financial Industry Regulatory Authority (FINRA). BBBSI is not registered a Registered Investment Adviser (RIA) with the Securities and Exchange Commission (SEC). BBBSI is also a member of the Securities Investor Protection Corporation (SIPC). We clear through and custody client assets at Interactive Brokers, LLC ("IB", "clearing firm").

At the time of this writing (Summer 2020), there are approximately 3,414 broker-dealer firms registered with FINRA<sup>1</sup> and approximately 40% of those (1,365 firms) clear through another broker-dealer.<sup>2</sup> [1.)-SIPC 2019 Annual Report, page 10, Table 2; 2.) - An officer of FINRA is our source.]

If you'd like to learn more about the different types of firms and financial professionals, please see the SEC's investment education website ([www.investor.gov](http://www.investor.gov)), which provides educational materials about broker-dealers (BDs), Investment Advisers (IAs and RIAs) and investing.

#### **Conversation starters:**

"How will you choose investments to recommend to me?"

"What is your relevant experience, including your licenses and education?"

### **What are the services that we provide?**

BBBSI offers brokerage services to retail investors. This includes buying and selling securities and making recommendations to retail investors to buy, sell, or hold securities that are in the best interests of you, the client. We will take into account your investing experience, product experience (stocks, exchange-traded funds, bonds, mutual funds, etc.), risk tolerance, investment objectives and goals for your account(s), your financial goals, investment time horizons, and liquidity needs (all stated on our New Account Addendum Form). **When we provide you with a recommendation, we act in your best interest and do not put our interest ahead of yours.** Our recommendations are made in a broker-dealer capacity.

BBBSI services all of the various types of brokerage accounts, as well as retirement accounts such as Individual Retirement Accounts (IRAs), Roth IRAs, and Simplified Employee Pension (SEP) IRAs. We offer the same account types that our clearing firm supports, and we do not impose account minimums (although our clearing firm has minimums for margin accounts). We recommend the most appropriate account type for each client, and also present any valid alternatives based on our nearly 75 years of combined experience.

We can also support Savings Incentive Match Plans for Employees (SIMPLE) IRAs, and we custody those through a different firm because our clearing firm does not service these. We are listed as broker-dealer of record on these accounts.

We do not guarantee to provide ongoing account monitoring, but our financial professionals do voluntarily review accounts periodically for the purposes of making buy, sell, or hold recommendations. As a client, you have an obligation to log into your account (via computer, tablet, or mobile device) to know what is happening with your account values, and you have the ability to set alerts.

We advise company-level retirement plans, such as 401(k) plans, and provide help with selecting the recordkeeper (custodian), third-party administrator (TPA), and mutual fund lineup. We use an unbundled approach. As part of these functions, we are also available for on-site assistance.

We do not directly trade municipal bonds, since our clearing firm does not clear trades for this type of bond. We can utilize mutual funds, exchange-traded funds (ETFs), or closed-end funds that contain municipal bonds. We also currently do not trade options (put and call contracts). We currently are not members of the Municipal Securities Rulemaking Board (MSRB) and therefore do not advise 529 Plans as these are considered a municipal product.

### **How do we generate revenue?**

Because we are a *broker-dealer*, we primarily generate revenue by charging clients commissions on trades (transactions). Unlike the RIA firms (also known as fee-based or advisory firms), we do not charge a fee as a percentage of the assets held in your portfolio, that is typically charged each quarter by those firms. This means that if you did not have any trades in a quarter, you did not pay any commissions nor did you incur any quarterly management fees.

### **What are the fees and costs of working with us?**

Our fee structure is streamlined such that it is simple for clients to understand how they pay for our services. BBBSI charges commissions on trades. We also may earn commissions on mutual fund trades, known as "loads," and may earn 12b-1 fees on mutual fund positions. Our commission schedule is a markup of the commission schedule that our clearing firm, IB, uses, and at present our rate is 22.5 cents per share with a minimum commission of \$45. Year-to-date through June 8, 2020, our equity commissions have averaged 1.37% across the firm. In 2018 and 2019,

respectively, our equity commissions were 1.20% and 0.92%. Historically, our client account turnover rates have been low and commissions charged have often added up to less than what our fee-based competition might charge on a quarterly basis. BBBSI does not charge commissions when no trades are executed, unlike a fee-based account that gets charged a quarterly fee regardless of activity or lack thereof.

Our clearing firm charges ancillary and ad hoc fees for various activities such as cash movements, security transfer fees, stock loan, corporate actions, and dividend processing, among others. We do not institute any additional fees that the clearing firm does not charge, nor do we mark-up any of their fees. Please contact us if you have any questions about the fees charged by the clearing firm. Our only markup is our commission schedule and margin debit interest rate schedule. This is in stark contrast to the vast majority of our competition.

You should also know that BBBSI does not charge an outgoing account transfer fee (because the clearing firm does not, either), and we are unaware of any other firms that do not charge this fee. In our experience, most firms charge between \$50 and \$150 *per account* for outgoing account transfer fees – this means that they charge you a fee to move your account away from them (and hopefully to us).

You will pay commissions on trades whether you make or lose money on your investments and trades. Commissions, fees, and costs will reduce any amount of money you make on your investments over time. It is your responsibility to make sure you understand what commissions and fees you are paying, so please ask us for any help with this.

We do not charge inactivity fees, but our clearing firm does.

**Conversation Starters:**

"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?"

"How does your commission schedule work?"

**What are your conflicts of interest?**

We charge commissions per trade, so this means we could have an incentive for you to trade more, although there are already long-standing regulations in place to guard against excessive transactions in a client's account. Our commission schedule is based on a cents-per-share formula, so a lower share price with a higher share quantity could result in the commission being a higher percentage of the principal amount (Quantity x Share Price). We make our recommendations based on what is in your best interest *overall* and not purely based on share price or commission amount. Sometimes share prices will be higher, and sometimes they will be lower. We review the cost of any recommendation *as part of our recommendation*, and we want you to know how we are getting paid.

We do not recommend or deal in proprietary products. We do not trade against you in a principal capacity. (We do not directly buy a security from you when you are a seller, nor do we sell directly to you when you buy a security. Our firm acts in an agency capacity.)

We can accept Third-Party Payments, such as from Revenue-Sharing Investments. Examples of this are normal mutual fund 12b-1 fees and variable annuity trailing commissions which are fees paid to a broker-dealer by a mutual fund or insurance company, respectively. All of these types of fees and costs will be discussed with you as part of our recommendation.

**Conversation Starter:**

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

**What is your firm's disciplinary record and are you clean?**

We have a clean record. We invite you to check out our firm disciplinary record that dates back over 30 years by going to FINRA's BrokerCheck webpage ([www.brokercheck.finra.org](http://www.brokercheck.finra.org)) and searching for our firm using our CRD number 24761. A direct link is <http://brokercheck.finra.org/firm/24761> and this is also available on the front page of our website, Bullish.org. You can research more about our financial professionals and their nearly 75 years of combined experience at <http://brokercheck.finra.org/Individual/Summary/10044> and <http://brokercheck.finra.org/Individual/Summary/2529749>. These direct links are also on our website, Bullish.org under *Our Team*.

**Conversation Starters:**

"Who is my primary contact person? Who can I talk to if I have concerns about how this person is treating me?"

**If you have any questions, or would like additional, up-to-date information or a copy of this disclosure, please call 972-BUL-LISH (285-5474) or visit Bullish.org > Contact Us.**