

**Capitol Securities Management, Inc.**  
**Form CRS (Customer Relationship Summary)**  
**August 1, 2022**

**Introduction**

Capitol Securities Management, Inc. (“CSM”, “we”, “us”) is registered with the Securities and Exchange Commission as an Investment Adviser and a Broker-Dealer; and is a member of FINRA and the Securities Investor Protection Corporation (SIPC).

Brokerage and investment advisory services and fees differ, and it is important for you to understand the difference. The SEC offers free and simple tools 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.

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

Our firm offers brokerage and investment advisory services to retail investors. Each Financial Professional generally provides access to a range of investment products, such as stocks, bonds, exchange-traded funds (ETFs), mutual funds, annuities, and alternative investments. Please note that the range of investment options available to you may be limited depending on the licenses your Professional holds. Your Financial Professional or account program may also have specific requirements, such as account or investment minimums. We encourage you to ask your Professional whether any investment limitations or account requirements apply. We have summarized the main type of services offered, below, and their key features:

BROKERAGE (COMMISSION-BASED)	INVESTMENT ADVISORY (FEE-BASED)
As a broker-dealer, our primary service is buying and selling securities for your account at your direction. We offer recommendations to buy, sell, or hold securities but you make the ultimate decision regarding holding, purchasing and/or selling investments.	The investment advisory programs that we offer to retail investors are separately managed wrap accounts managed on an individual client basis. These services are provided on a discretionary basis (we have authority to make investment decisions based on our written agreement, without asking your permission on each transaction) or non-discretionary basis (you make the ultimate decision). The wrap programs are programs in which you pay a fee (described below). Our wrap programs include: <ul style="list-style-type: none"> <li>• Wrap Fee Programs sponsored by CSM</li> <li>• Wrap Fee Programs sponsored by Third-Party Money Managers</li> </ul> We also offer: <ul style="list-style-type: none"> <li>• Comprehensive Financial Planning (evaluations of your current financial situation, goals and objectives)</li> <li>• Consulting Services (specialized consultations on financial topics)</li> </ul>
<b>Account Monitoring:</b> We do not provide ongoing account monitoring as a service.	<b>Account Monitoring:</b> As an investment adviser we do provide ongoing monitoring, no less than annually. Specifically, our duty of care also encompasses the duty to provide advice and monitoring at a frequency that is in your best interest, taking into account the scope of our agreed relationship as further described in the Form ADV 2A linked below.
<b>Account Minimums:</b> We do not require a minimum account size to open a brokerage account.	<b>Account Minimums:</b> Our wrap programs have minimum account size requirements. Our advisory brochure contains detailed information. Generally, <ul style="list-style-type: none"> <li>• Wrap Fee Programs sponsored by CSM minimums range from \$15,000 to \$100,000</li> <li>• Wrap Fee Programs sponsored by Third-Party Money Managers minimums range from \$5,000 to \$300,000</li> </ul>

For additional information about our brokerage account services, please visit: [www.capitolsecurities.com/regulatory-disclosures](http://www.capitolsecurities.com/regulatory-disclosures) to view our Regulation BI disclosures found in the document titled “CSM Important Client Information”. For additional information about our investment advisory account services, please visit [www.capitolsecurities.com/regulatory-disclosures](http://www.capitolsecurities.com/regulatory-disclosures) to view our Form ADV 2A and ADV Part 2A\_Appendix 1 brochures.

CONVERSATION STARTER to 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?

**What fees will I pay?**

Generally, if you are a retail investor in a brokerage account you pay transaction based fees. If you are an advisory account, you will pay asset based fees. Below are some examples of these types of sales charges to help you understand what this means.

BROKERAGE (COMMISSION-BASED)	INVESTMENT ADVISORY (FEE-BASED)
<ul style="list-style-type: none"> <li>• For brokerage services, we charge a transaction-based fee (sometimes referred to as a commission) every time you buy or sell an investment. The amount you pay as a transaction-based fee varies according to the particular investment and amount invested. The more trades you make, the more transaction-based fees we earn. This creates an incentive to encourage you to trade often.</li> <li>• For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission or sales charge. For investments in bonds, this fee is typically included as part of the price you pay for the investment (called a markup or markdown).</li> <li>• For investments in certain products like mutual funds, annuities, and alternative investments, we receive transaction-based fees from the investment product sponsor in the form of asset-based sales charges (e.g., sales loads). These fees are based on the amount invested in a product and, depending on the product, may be based on how long you hold the investment. Our receipt of asset-based sales loads creates an incentive to recommend products or sponsors that include such charges.</li> </ul>	<p>In our wrap program, you will pay directly an inclusive fee that is assessed monthly or quarterly, depending on the program selected, at the rate you agreed upon with your financial professional. This fee is a percentage of the value of your account. You pay this fee even if you don't buy or sell investments. The maximum fee you will pay is 2.0%. The wrap fee includes our fees, transaction charges, and custody and clearing services.</p> <p>In our wrap program you will indirectly pay for underlying operational and marketing expenses (12b.1s) charged by the investment issuers. In instances where a third party manager is selected to manage the portfolio and buys or sells stocks, bonds, or other underlying securities, there is a bid/ask spread and transaction costs to the manager that are absorbed by the investor in the form of reduced returns.</p> <p>Because we and your financial professional are compensated based on the amount of assets in your accounts, we and your financial professional are incentivized to grow your assets. A higher level of assets results in a higher fee to us. Also, we earn proportionately more of the fee in wrap programs sponsored by CSM, which is incentive for us to recommend our programs over those offered by third-party money managers.</p> <p>During periods of lower trading activity, the advisory fee may be higher than the transaction charges you would have paid in a brokerage account.</p> <p>To determine whether an investment advisory account is appropriate for you, you should carefully analyze the projected costs of an investment advisory account versus a brokerage account based on factors such as expected size, volume, and frequency of transactions, projected holding period and the advisory services provided by your financial professional. CSM's fees for financial planning and consulting services are determined based on the nature of the services provided, the complexity of each client's circumstances, and the skills and experience of the IAR engaged by the client. All fees are agreed upon in advance and evidenced via a written agreement.</p>

In addition to the sales related charges described above certain investment options, like mutual funds, may have additional costs and fees associated with the investment. These costs and fees will usually be detailed in the prospectus or similar offering materials. In addition, you may pay certain fees and expenses associated with the servicing of your account for things like custody, wire transfers, use of margin, and account maintenance. These expenses will most often be charged by the clearing firm or other third-party and in some cases we may receive a portion of these fees.

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.

For additional information about our fees and charges related to our brokerage accounts, *please visit:* [www.capitolsecurities.com/regulatory-disclosures](http://www.capitolsecurities.com/regulatory-disclosures) to view our Regulation BI disclosures found in the document titled “CSM Important Client Information”. For additional information about our fees and charges related to our investment advisory account services, please visit [www.capitolsecurities.com/regulatory-disclosures](http://www.capitolsecurities.com/regulatory-disclosures) view our Form ADV 2A and ADV Part 2A\_Appendix 1 brochures. CSM also maintains a fee schedule with additional information which is available at: [www.capitolsecurities.com/client-account-fees-and-charges](http://www.capitolsecurities.com/client-account-fees-and-charges).

CONVERSATION STARTER to 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 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 and investment advice we provide you.

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

- (Brokerage and Advisory Wrap Programs) Revenue sharing- CSM, through its custodian, Raymond James, has established certain programs through which cash reserves “sweep” daily to and from the client’s investment account to cover purchases or to allow excess cash balances to immediately begin earning interest, subject to certain minimum balances. CSM receives revenue on these balances. This creates a conflict because we are incentivized to encourage you to increase your retail account cash sweep balances.
- (Brokerage and Advisory Wrap Programs) We recommend that you open accounts with Raymond James Associates (“RJA”), a qualified custodian. We earn marketing and recruiting assistance from RJA, in addition to other services and benefits.
- (Advisory Wrap Programs) If your financial professional pays for transactions charges in your wrap account, he/she has a disincentive to place transactions in your wrap program account.

*This summary does not identify all of our conflicts of interest, or all material facts about the conflicts of interest listed. For additional information about these and other conflicts of interest for brokerage accounts, please visit: [www.capitolsecurities.com/regulatory-disclosures](http://www.capitolsecurities.com/regulatory-disclosures) to view our Regulation BI disclosure. For additional information about these and other conflicts for our investment advisory accounts, please visit [www.capitolsecurities.com/regulatory-disclosures](http://www.capitolsecurities.com/regulatory-disclosures) to view our Form ADV 2A brochure.*

CONVERSATION STARTER to ask your financial professional:

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

**How do your financial professionals make money?**

Our financial professionals are compensated as a percentage of the revenue generated from the sources listed below:

- Commissions, markups and markdowns earned in brokerage accounts, which vary by product.
- Ongoing fees from mutual fund and certain other product issuers

- Advisory fees which are assessed monthly or quarterly at the rate you agreed upon with your financial professional.
- Fees related to other products and services provided to you.

The percentage of revenue that a financial professional receives will generally increase as total revenue earned from your brokerage accounts increases. Therefore, financial professionals are incentivized to increase revenue, which generally involves a greater number of transactions as a broker or more assets under management as an investment adviser. We compensate our financial professionals as employees or independent contractors. Employed financial professionals receive a higher payout percentage when their revenues hit certain target levels. Therefore, employed financial professionals are incentivized to increase revenues on your accounts.

When a financial professional joins us, they may also receive compensation in connection with joining our firm. This may include an upfront payment and additional compensation based on the growth in total assets they manage. This creates incentives for financial professionals to encourage you to move your assets to CSM.

### **Do you or your financial professionals have legal or disciplinary history?**

Yes. Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

CONVERSATION STARTER to ask your financial professional:

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

### **Additional Information**

We are providing this summary, as required by SEC rules, as part of discussions that may encompass a variety of accounts and account types. Please consider this a summary, and the more detailed information we will provide you, as part of these discussions.

***For additional information about our services, please visit: [www.capitolsecurities.com/regulatory-disclosures/](http://www.capitolsecurities.com/regulatory-disclosures/) to view our Regulation BI disclosure guide and [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) to view important information about our firm, our representatives and/or our Form ADV and Form ADV Part 2A brochures.***

***If you would like additional up to date information or would like a copy of this Client Relationship Summary, please call our Compliance Department at 804-612-9700.***

CONVERSATION STARTER to 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?*