

## Form CRS Relationship Summary

February 14, 2023

**R.F. Lafferty & Co., Inc.** (referred to as “we”, “us” or “RFL”) is registered with the US Securities and Exchange Commission (SEC) as a broker-dealer and investment adviser. Additionally, we are a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). We have financial professionals who offer both brokerage and advisory services.

**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://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 financial professionals offer brokerage services, investment advisory services, or both, depending on their licenses. 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 will be limited depending on the licenses your financial professional holds. We offer both proprietary and non-proprietary products. Your specific type of account program may have eligibility requirements. Ask your financial professional if any investment limitations or account requirements apply. When your financial professional offers an investment recommendation or advice your financial professional will inform you whether the recommendation or advice is part of a brokerage or advisory service if your financial professional is qualified to offer both types of services. There are important differences between brokerage and investment advisory accounts, including their costs to you and the nature and extent of the services provided. Some of the key differences between brokerage and investment advisory services are described below:

#### **BROKERAGE (Commission-Based)**

RFL’s, primary service, as a broker dealer, is buying and selling securities for your account. The brokerage programs we offer include:

- **Non-Discretionary-** Accounts in this program are nondiscretionary with an assigned Financial Professional who can offer recommendations to buy or sell securities but you must approve each transaction prior to execution.
- **Discretionary-** In a discretionary account, you authorize your financial professional to make investment decisions without first contacting you for your consent to the transaction.

**Account Monitoring:** We do not agree to provide account monitoring services for your brokerage accounts. Your financial professional may voluntarily review holdings in your brokerage accounts from time to time and may or may not make recommendations to you based on these reviews. These voluntary account reviews are not an account monitoring service.

**Account Minimums:** Other than limited exceptions related to particular client-types, we generally do not require a minimum account size to open a brokerage account. Some securities do have investment minimums.

**Limited Investment Offerings:** We offer and make recommendations on non-proprietary products. We do not offer or make recommendations on all products of any particular type; for example, we do not offer or make recommendations on all mutual funds, or make available all share classes of the offered mutual funds.

#### **INVESTMENT ADVISORY (Fee-Based)**

RFL’s advisory services include asset management services which involve providing clients with continuous and on-going supervision over client accounts. Depending on which program you select, our asset allocation services are either “nondiscretionary” 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 (nondiscretionary), or we will make the ultimate investment decisions without your consent (discretionary). Asset management services may be provided directly by RFL include separately managed account programs, advisory services offered by thirdparty investment advisory firms, financial planning/consulting services, and retirement plan consulting. We do not offer wrap fee programs. You will typically grant us or a third-party investment advisory firm discretion to buy and sell investments in your account without consulting you in advance of a transaction. You may limit such discretion by imposing reasonable restrictions on investment in certain securities or groups of securities We do not have a minimum investment amount to open an advisory account, but some individual programs may have eligibility requirements.

We will typically monitor advisory accounts on an ongoing basis. However, in limited scope financial planning relationships, we will not provide ongoing monitoring unless separately agreed in writing

More information about our brokerage services can be found in our [Brokerage Supplemental Disclosure Summary](#). Detailed information about our advisory services can be found in our: [Form ADV Part 1](#), [Form ADV Part 2A](#), and [Form ADV Part 3 Relationship Summary](#).

**Conversation Starters.** 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?

There are important differences between brokerage services and advisory services, including their costs to you. Below we describe the fees you could be charged depending on your investment choices.

### **BROKERAGE (Commission-Based)**

In a brokerage account, you will incur transaction charges when you buy or sell securities, including: commissions; markups and markdowns (analogous to commissions in a principal are “asset-upfront or ongoing fees that you pay to a mutual percentage of product issuer, a portion of which is paid to us in according to the your transaction; and handling and processing us. This means securities transaction. the more you will pay in fees, and **product to another which incentive to encourage you to financial professional to assets.**

**recommend products that have higher transaction charges. You** clients typically pay the advisory fee each quarter in **more trades** please see your advisory agreement for the **to encourage you to** account. For RFL,

Depending upon your account and relationship, you may also incur periodic account maintenance or IRA custodial fees, as the as processing, service, and account fees upon certain events professional is occurrences. You will incur interest charges if you may be subject margin or draw down on a securities-based loan advisory program accounts. selected.

Certain investments, such as mutual funds, have embedded fees that are generally paid by you to the companies that sponsor, manage, and/or promote the investment.

In an advisory account the fees you pay depend on the service being provided as well as the program that you select. These fees are “asset based” meaning that the fee is calculated as a transaction; the assets invested in your advisory account fund or other fee schedule in your advisory agreement with connection with that the more assets you invest in your account, fees on each therefore **we have an Transaction charges differ from one increase your advisory account creates an incentive for your**

**will incur greater total transaction charges when there are** Our **in your account, which creates an incentive for us** advance, but **trade more often.** payment frequency that applies to your

financial planning and retirement plan fees and other advisory well fees may also be paid as a fixed or hourly fee based upon or services provided. The fee you pay your financial borrow on generally negotiated with him or her directly, and in any of your to different requirements, depending on the

**For additional information on RFL advisory fees,** please see the RFL [Form ADV, Part 2A](#) Brochure and your investment advisory, financial planning or retirement planning agreement. Detailed information on our brokerage fees can be found in our [Brokerage Supplemental Disclosure Summary](#).

In all account types, brokerage and advisory, you may also pay miscellaneous fees in addition to brokerage or advisory fees that your account’s custodian may charge, including wire fees, transfer fees, bank charges and other fees, such as trad confirmation processing as well as fees and expenses that are included in the expense ratios of certain of your investments, including in mutual funds and ETFs.

**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 a 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 about these conflicts because they can affect the recommendations and investment advice provided to you. Here are some examples to help you understand what this means.

### Examples of Ways We Make Money and Conflicts of Interest

- **Third-Party Product Sponsor Payments:** In an advisory account we receive payments from third party product sponsors and managers (or their affiliates) when we recommend or sell certain advisory programs. As such, we have an incentive to recommend (or to invest your assets in) programs of third-parties that pay us over products of third parties that do not pay us, or pay us less.
- **Third-Party Services/Compensation:** We receive cash and non-cash economic benefits from our clearing firms and product sponsors. These companies earn revenue by charging you fees, such as a management fee in a mutual fund, ETF, annuity, or interest on securities-based loans. A portion of these fees are shared with us directly or the relationship profits are likely considered when providing benefits to the firm. This compensation includes ongoing distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges you and then pays to us. We also receive various benefits from our relationship with our clearing and custodial firms, Pershing LLC and RBC Capital Markets LLC. Some examples include revenues from uninvested cash balances you authorize us to move into money market funds and FDIC insured bank deposit products. This revenue and the manner in which we select money market and other cash-equivalents presents a conflict of interest, which we mitigate through oversight of recommendations, reasonable selection of service providers and other means. **We have an incentive to promote the products/platforms that have the most potential for services/compensation over those that share less or none at all.**
- **Principal Trading:** In a brokerage account we may buy a security from you or sell a security to you from our own account. This activity occurs predominantly with fixed income securities. **This may create incentives for us to act against your best interest to either generate trading profits or avoid losses.** Principal transactions require trade by trade consent from you.
- **Investment Banking:** If you purchase investments in companies with which we maintain an investment banking relationship as advisor, agent or underwriter, we often receive additional compensation as described in the prospectus or other offering documents. This is a conflict of interest that we mitigate by reviewing disclosures about fees for completeness and accuracy among other reviews.

Detailed information on our conflicts of interest can be found in our [Form ADV](#) and [Part 2A](#) for your advisory program and for brokerage services in our [Brokerage Supplemental Disclosure Summary](#).

**Conversation Starters.** Ask your financial professional—

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

### How do your financial professionals make money?

Our financial professionals are licensed as a registered representative providing brokerage services, and investment adviser representative providing advisory services or both. In general, those who provide you with brokerage services receive a portion of the

commission or markups/markdowns from your trades. When providing advisory services, our financial professionals receive a portion of the advisory fees that you pay. Some financial professionals may receive salaries, forgivable loans and or/compensation for referral of investment banking or other business, or ownership interest in our parent company. Our financial professionals may receive different amounts of compensation based on overall levels of revenue generated and the different products they sell. You are encouraged to learn more about us by reviewing <https://www.rflafferty.com> and having a discussion with your financial professional.

In particular, in a **brokerage account**, your financial professional, may earn transaction-based compensation and have additional conflicts of interest as a result of being paid a commission for securities sold in his/her capacity as a registered representative of RFL for services provided in a brokerage account.

For **advisory accounts**, services are provided through financial professionals who are compensated based upon a percentage of the amount of client assets that are serviced and, dependent upon employment status, may also receive a base salary. Conflicts relating to compensation are discussed above (*See Examples of Ways we Make Money and Conflicts of Interest.*).

Generally, Financial professionals are compensated as a percentage of the revenue sources described below:

- Commissions, markups and markdowns earned in brokerage accounts, which vary by product.
- Ongoing fees from mutual fund purchased in brokerage accounts and certain other product issuers.
- Advisory fees which are generally assessed quarterly at the rate you agreed upon with your financial professional (based on our published fee schedule).
- Fees related to other products and services provided to you.

Some financial professionals receive a base salary and discretionary bonus dependent upon their employment status.

- The percentage of revenue that your financial professional receives will generally increase as total revenue earned from their client account(s) increases. *Therefore, financial professionals are incentivized to increase revenues on your and other clients' accounts.*

Your financial professional is legally required to act in your best interest and not put his or her interest ahead of our own. We have systems in place to mitigate the conflicts of interest that arise from the way our financial professionals are paid. More information can be found in our [Brokerage Supplemental Disclosure Summary](#).

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

**Yes**, some of our financial professionals have legal and disciplinary disclosures.

You can visit [Investor.gov/CRS](http://Investor.gov/CRS) and utilize the SEC's free and simple search tool to research us and your financial professional and find educational information about broker dealers, investments advisers and investing.

### **Conversation Starters.** Ask your financial professional—

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

## Additional Information

For additional information about our services, please see our website at <https://www.rflafferty.com> or for an up-to-date copy of this disclosure, please call (212) 293-9090 or visit RFL [Client Relationship Summary\(Form CRS\)](#).

This Form CRS is a summary, as required by SEC rules, as part of discussions that may encompass a variety of accounts and account types. Statements in this Form CRS requiring that we act in your best interest when making brokerage recommendations reflect our obligation under the SEC's Regulation Best Interest. Please consider this summary, and the more detailed information we will provide you, as part of these discussions. The information in this Form CRS is subject to the more complete terms and conditions of our brokerage or investment advisory agreements and disclosures (including Form [ADV Part 2A](#) when we act as investment adviser).

**Conversation Starters.** Ask your financial professional—

- *Who is my primary contact person? If he or she a representative of an investment adviser or broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*