

## 1. INTRODUCTION

**Continental Investors Services, Inc. (CIS)** is dually registered: with the Securities and Exchange Commission and FINRA as a **Broker-Dealer** and with the State of Washington as an **Investment Advisor**.

Member [SIPC](#) Member [FINRA](#)

Brokerage and investment advisory services and fees differ and it is important for you (the retail investor) to understand these differences.

Free and simple tools are available to research firms and investment professionals at

<https://brokercheck.finra.org/> or <https://Investor.gov/CRS>

which also provide educational materials about Broker-Dealers, Investment Advisors and investing.

### Types of Relationships and Services:

**Our accounts and services for retail investors fall into the two categories below.**

*Please note that not all of our Investment Professionals are dually licensed to provide both brokerage services and advisory services. Some are only licensed to provide brokerage services.*

#### Broker-Dealer Services

#### Brokerage Account Services

#### Investment Advisor Services

#### Advisory Account Services

## 2. WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

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| <ul style="list-style-type: none"><li>• If you open a brokerage account, you will pay us a <b>transaction-based fee</b> (generally referred to as a commission, mark-up or mark-down) every time you buy or sell an investment.</li><li>• You may select investments or we may recommend investments for your account, but the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours. We are not required to regularly monitor your account.</li><li>• We can offer you additional services to assist you in developing and executing your investment strategy and monitoring the performance of your account but you might pay more. We will deliver account statements to you at least each quarter on paper (or electronically if you choose.)</li><li>• We offer a limited selection of investments including stocks (equities), bonds, mutual funds, ETFs and closed-end funds, brokered CDs or Treasury Bonds. We do not offer options, derivatives or proprietary products.</li><li>• Other firms could offer a wider range of choices, some of which might have lower or higher cost and/or minimums/requirements. While our firm doesn't have minimum requirements, a specific investment may.</li></ul> | <ul style="list-style-type: none"><li>• If you open an advisory account, you may pay an on-going <b>asset-based fee</b> for our services. We will offer you advice on a regular basis. We will discuss your investment goals, design with you a strategy to achieve your investment goals and regularly monitor your account. We will contact you (by phone or e-mail) periodically to discuss your portfolio.</li><li>• An investment advisory account is a <b>"discretionary"</b> account that allows us to buy and sell investments in your account without asking you in advance.</li><li>• Our investment advice will cover a limited selection of investments. Other firms could offer a wider range of investment products, some of which might have lower or higher cost and/or minimums/requirements. While our firm doesn't have minimum requirements, a specific investment may.</li><li>• We do not offer <b>wrap fee programs</b>.</li></ul> |
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### CONVERSATION STARTERS. Ask your investment 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?

### 3. FEES, COSTS, CONFLICTS AND STANDARD OF CONDUCT

#### Broker-Dealer Services Brokerage Account Services

#### Investment Advisor Services Advisory Account Services

#### 3A. WHAT FEES WILL I PAY?

- Transaction-based fees. You will pay us a fee every time you buy or sell an investment. This fee, commonly referred to as a commission, is based on the specific transaction and not the value of your account.  
With stocks or exchange-traded funds, this fee is usually a separate commission. With fixed income investments, such as bonds, this fee might be part of the price you pay or receive for the investment (called a **“mark-up”** or **“mark-down”**). With mutual funds, this fee (typically called a **“load”**) is set by the mutual fund company and reduces the initial value of your investment.
- Mutual funds may charge annual management fees and 12b-1 fees, which vary depending on the fund. These fees will reduce the value of your investment over time. Also, with certain investments such as variable annuities, surrender charges and annual operating expense may apply.
- It is important that you understand how fees are assessed on an account such as this. The amount you pay will depend on the type of investment or security the transaction involves.
- As a retail customer, you must keep in mind that there is a fee or charge for each and every transaction, whether you are buying or selling. Therefore, there could be an incentive to encourage you to engage in transactions.
- From a cost perspective, you may prefer a transaction-based fee if you do not trade often or if you plan to buy and hold investments for longer periods of time
- Additional fees, such as custodial fees, transfer fees, account maintenance or closing fees and account inactivity fees will be charged by our clearing firm, Hilltop Securities, Inc. Please use this link to view the Hilltop Securities fee schedule:  
<https://www.hilltopsecurities.com/media/1289/HTIN-Customer-Information-Brochure.pdf> or consult your investment professional for further questions.
- Asset-based fees. You may pay an on-going fee at the end of each quarter based on the value of the investments in your advisory account, excluding cash. The amount paid to our firm and your investment professional generally does not vary based on the type of investments we select on your behalf. An asset-based fee reduces the value of your account and will be deducted from your account.
- Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as **“surrender charges”** to sell the investment.
- There may be transaction-based fees in our advisory accounts. We may act as principal in any advisory account or earn a commission on transactions within these accounts.
- There may be an annual account maintenance fee charged by the custodian of your account.
- Keep in mind fees are based on the value of assets in the account, excluding cash. We therefore have an incentive to increase the assets in your account in order to increase our fees. Fees will be deducted from your account on a quarterly basis, regardless of activity.
- Fees in an advisory account could exceed fees in a brokerage account if said brokerage account had little or no trading activity, but over time you may prefer an advisory account if you want continuing advice, want someone to make investment decisions for you or wish to have ongoing monitoring of your account.

**CONVERSATION STARTERS. Ask your investment professional:**

- Help me understand how these fees and costs might affect my investments. If I gave you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?
- How much would I expect to pay per year for an advisory account? How much for a typical brokerage account? What would make these fees more or less? What services will I receive for those fees?
- What additional costs should I expect in connection with my account?

**Note: 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.**

**Broker-Dealer Services  
Brokerage Account Services**

**Investment Advisor Services  
Advisory Account Services**

***3B. WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS AS MY BROKER-DEALER OR WHEN ACTING AS MY INVESTMENT ADVISOR? 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 Advisor, 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.***

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| <ul style="list-style-type: none"> <li>● When we provide any service to you, we must treat you fairly and comply with a number of specific obligations. Unless we agree otherwise, we are not required to monitor your portfolio or investments on an ongoing basis.</li> <li>● We are not held to a fiduciary standard.</li> <li>● Our interests could conflict with your interests. When we provide recommendations, we must eliminate these conflicts or tell you about them and in some cases reduce them.</li> </ul> | <ul style="list-style-type: none"> <li>● We are held to a fiduciary standard that covers our entire investment advisory relationship with you. For example, we are required to monitor your portfolio, investment strategy and investments on an ongoing basis.</li> <li>● Our interests could conflict with your interests. We must eliminate these conflicts or tell you about them in a way you can understand, so that you can decide whether or not to agree to them.</li> </ul> |
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***POTENTIAL CONFLICTS OF INTEREST***

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| <ul style="list-style-type: none"> <li>● We do not offer proprietary products or variable products.</li> <li>● We do not have third-party payment arrangements or revenue sharing agreements.</li> <li>● We do not have sales contests, sales quotas, bonuses or non-cash compensation that are based on the sale of specific securities or specific types of securities within a limited period of time.</li> <li>● We benefit from the services we provide to you.</li> </ul> |                                                                                                                                                                                                   |
| <ul style="list-style-type: none"> <li>● We can buy investments from you, and sell investments to you, from our own accounts (called "<b><i>acting as principal</i></b>"). We can earn a profit on these trades, so we have an incentive to encourage you to trade with us.</li> </ul>                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>● There may be transaction-based fees in certain advisory accounts.</li> <li>● We may act as agent or principal on trades in advisory accounts.</li> </ul> |

**CONVERSATION STARTERS. Ask your investment professional:**

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

<b>Broker-Dealer Services</b> <b>Brokerage Account Services</b>	<b>Investment Advisor Services</b> <b>Advisory Account Services</b>
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### ***3C. HOW DO YOUR INVESTMENT PROFESSIONALS MAKE MONEY?***

Our investment professionals are not compensated based on the amount of client assets they service, the time and complexity required to meet clients' needs or the product sold (i.e. differential compensation).

Our investment professionals make money in one of the two ways below:

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| <ul style="list-style-type: none"> <li>• In a Brokerage Account relationship our Registered Representatives (RRs) are compensated as follows:             <ul style="list-style-type: none"> <li>❖ By a commission (sales charge) on stock (equity) trades, exchange-traded funds or mutual fund trades.</li> <li>❖ On bond purchases, a commission is paid to the RR from the mark-up included in the price you pay for your purchase.</li> <li>❖ Some Mutual Funds pay 12b-1 fees to the Broker-Dealer, which are shared with the RR.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• In an Investment Advisory relationship, you may pay an on-going fee at the end of each quarter based on the value of the investments (excluding cash) in your Advisory Account.             <ul style="list-style-type: none"> <li>❖ Our Registered Representative (RR) is compensated out of this fee.</li> <li>❖ The amount paid to our firm and your investment professional generally does not vary based on the type of investments we select on your behalf.</li> </ul> </li> </ul> |
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### ***4. DO YOU OR YOUR INVESTMENT PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?***

Yes. Free and simple tools are available to research us and our investment professionals at

<https://brokercheck.finra.org> or <https://Investor.gov/CRS>

#### **CONVERSATION STARTERS. Ask your investment professional:**

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

### ***5. ADDITIONAL INFORMATION***

- For additional information about our brokers and services, visit <https://brokercheck.finra.org>, <https://Investor.gov> or <https://adviserinfo.sec.gov> our website [www.cisinvest.com](http://www.cisinvest.com) or consult your account agreement. For additional information on advisory services, please ask your investment professional for our Form ADV brochure supplement.
- To report a problem to the SEC, visit <https://Investor.gov> or call the SEC's toll-free investor assistance line at (800) 732-0330.
- To report a problem to FINRA online: <https://www.finra.org/investors/have-problem>
- If you would like a copy of our Relationship Summary, Form ADV brochure supplement or have a problem with your investments, account or investment professional, contact us at one of the methods below:
  - In writing at: CIS / PO Box 888 / Longview, WA 98632
  - By telephone at (800) 525-0181 or (360) 423-5110

#### **CONVERSATION STARTERS. Ask your investment professional:**

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