



Keefe, Bruyette & Woods (“KBW”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”).<sup>2</sup>

Brokerage and advisory services and fees differ. It is important that you understand the differences, which are summarized below. We encourage you to seek additional information. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

To help you get more information about our services, you will find “Conversation Starters” in each section below that you should ask our financial professionals, in addition to any other questions you wish to ask.

## ▶ What investment services and advice can you provide me?

- We primarily provide brokerage services to institutional investors, including banks, other financial institutions, and collective investment vehicles (such as hedge funds and private equity firms).
- From time to time, we also work directly with retail investors, including our associates, former associates, and other individual investors.<sup>3</sup>
- When we work with you as a retail investor, we buy and sell stocks, options, bonds, and a limited selection of other securities at your direction. We also sell mutual fund shares and other securities that you direct us to liquidate.
- We provide research reports on securities and general market information, but we do not typically provide investment recommendations.
- Unless we state otherwise in writing, we do not monitor your brokerage account for you, and we do not make investment decisions for you.
- We do not have any account minimums to open a brokerage account (but certain investments may be subject to minimums).
- We do not limit our offerings to products that pay us third-party compensation, and we do not offer proprietary products.
- While we do not offer every security or type of investment product in the marketplace, we specialize in offering equity securities.
- Our affiliate, Stifel, Nicolaus & Company, Incorporated (“Stifel”), will provide clearing, custodial, and related services to your brokerage account.

<sup>1</sup>This disclosure is provided to comply with the SEC’s Form CRS and Regulation Best Interest disclosure requirements as effective on June 30, 2020. It does not create or modify any agreement, relationship, or obligation between you and KBW or your Financial Advisor. Please consult your KBW agreements for all terms and conditions controlling your account and relationship with us.

<sup>2</sup>As used in this document, Keefe, Bruyette & Woods, Inc. is referred to as “KBW,” “we,” “our,” or “us.”

<sup>3</sup>“Retail investor” is a natural person, or the legal representative of a natural person, who receives or seeks to receive services primarily for personal, family, or household purposes. You are not a retail investor if you use our services primarily for purposes other than personal, family, or household purposes.



## CONVERSATION STARTERS

- Given my financial situation – Should I choose a brokerage service? 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?

- In brokerage, you will pay KBW a “commission” or other “transaction-based” fees for each transaction that is executed.
- When we sell a security to you out of our inventory or buy a security from you to place it into our inventory, we are acting in a “principal” capacity, which may be a benefit to us.
- Because we are compensated for transactions, we have an incentive to encourage you to trade more frequently and in greater amounts, and to trade with us as principal because we may receive more revenue when you do so.
- Our clearing firm, Stifel, also charges additional fees, such as custodial, account maintenance, transfer, and administrative service fees.
- For a list of Stifel fees and to understand the specific fees you may pay, please refer to [www.stifel.com/feeschedule](http://www.stifel.com/feeschedule).

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, please see [www.stifel.com/relationshipguide](http://www.stifel.com/relationshipguide), [www.stifel.com/disclosures/investment-advisory-services/program-disclosures](http://www.stifel.com/disclosures/investment-advisory-services/program-disclosures), and [www.stifel.com/disclosures](http://www.stifel.com/disclosures).



## 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?

For more detailed information about the products and services we offer, please see [www.stifel.com/relationshipguide](http://www.stifel.com/relationshipguide), [www.stifel.com/disclosures/investment-advisory-services/program-disclosures](http://www.stifel.com/disclosures/investment-advisory-services/program-disclosures), and [www.stifel.com/disclosures](http://www.stifel.com/disclosures).

► What are your legal obligations to me when providing recommendations? How else does your firm make money, and what conflicts of interest do you have?

**When we provide you with a recommendation**, 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 we provide you. Here are some examples to help you understand what this means.

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

**Principal Trading:** We can buy investments from you, and sell investments to you, from our own accounts. Because we can receive other benefits in principal transactions, we have an incentive to trade with you on a principal basis and to recommend securities that we hold in our own account.

**Compensation for Underwriting and ETF Indexes:** We underwrite certain securities offerings and receive underwriting fees and other benefits when we do so. We also create equity indexes, which we license to exchange traded funds (“ETFs”), and receive index licensing fees. This compensation creates an incentive for us to encourage you to invest in securities that we underwrite and ETFs that use our indexes.

**Bank Sweep Program:** As a client, you have access to cash sweep programs maintained by our affiliate, Stifel. Our affiliates earn additional compensation from cash deposited under the cash sweep programs with either our affiliated banks or third-party banks that pay for the use of the cash deposits. This creates an incentive for us, as an affiliate, to recommend investments that result in cash being invested through the cash sweep programs. For additional information, please see [www.stifel.com/disclosures/sweep-choices/sweep-choices-disclosure](http://www.stifel.com/disclosures/sweep-choices/sweep-choices-disclosure).

**Buying Investments on Margin:** If your account has been approved for margin privileges, you may choose to borrow money from the clearing firm, Stifel, to pay for a portion of the price of securities that you purchase. The clearing firm charges you interest on the amount of money you borrow from them, and loans permit you to purchase additional investments, increasing our commissions and transaction-based compensation. This creates an incentive for us to encourage you to trade on margin.

 **CONVERSATION STARTERS:**

- How might your conflicts of interest affect me, and how will you address them?
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► How do your financial professionals make money?

We pay our Sales Persons a base salary and a discretionary bonus. Commissions and other revenue that the Sales Person generates for us is a primary factor in determining the Sales Person’s salary and bonus, which creates an incentive for our Sales Person to encourage you to buy and sell securities that generate higher revenue over those that generate lower revenue in order to increase his or her compensation from us. We also consider other factors, such as compliance with our rules and the overall performance of KBW and its affiliates. Our Sales Persons can also be eligible for equity awards from our parent company, Stifel Financial Corp.

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

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

 **CONVERSATION STARTERS:**

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

In addition to the information provided here, KBW encourages you to seek out additional information. For additional information regarding our financial professionals and services, please visit [Investor.gov/CRS](http://Investor.gov/CRS), [brokercheck.finra.org](http://brokercheck.finra.org), KBW’s website ([KBW.com](http://KBW.com)), Stifel’s website ([stifel.com](http://stifel.com)), and your account agreement.

For additional information about our brokerage services, please see [www.stifel.com/disclosures](http://www.stifel.com/disclosures).

If you have a problem with your KBW account(s), investments, or financial professional, or if you would like an up-to-date copy of this relationship summary, you can contact KBW Compliance toll-free at (800) 966-1559.

 **CONVERSATION STARTERS:**

- 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?
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