

## **We Act In Your Best Interest When We Make Recommendations To You**

When we make a recommendation to you to open up an account; buy, sell or hold any investment; or to pursue an investment strategy or trading strategy (each, a “recommendation”), we will do so in your best interest and not put our interest ahead of yours. As part of this promise, we want to make sure you understand our business practices that relate to our investment advice and services when acting as your broker-dealer.

Oberweis Securities, Inc. (“OSI” or “us” or “we”) is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation (for more information visit [www.finra.org](http://www.finra.org); also [brokercheck.finra.org](http://brokercheck.finra.org)). This document describes how we interact with you when we make a recommendation when acting as a broker-dealer. We refer to this summary as our “Relationship Guide.”

## **Type and Scope of Services**

### ***General overview***

OSI is a general securities broker-dealer offering a diversified and comprehensive array of securities products and services that can assist our retail investors in meeting their individual objectives, goals and risk tolerance. OSI offers its services through various types of accounts for retail investors such as individual, joint, trust, custodial and retirement accounts. Retail investors will have access to buying and selling listed stocks, OTC stocks, options, mutual funds and exchange-traded funds (“ETFs”), bonds and certificates of deposits. In addition, OSI offers recommendations to retail investors through our Financial Consultants. Recommendations may be made about types of accounts, specific investments, investment strategies or trading strategies for your particular situation.

### ***Do any limitations apply to what OSI representatives can recommend?***

There are no material limitations on the types of accounts, securities, investment strategies or trading strategies that may be recommended to you provided recommendations are consistent with your financial situation, circumstances and needs, investment objectives, goals and risk tolerance and in your best interest. Recommendations apply only at the time we make them and we do not update recommendations that we have made to you. When recommendations are made, it is your decision to follow them or to decline them.

### ***Are there account minimums, and will you monitor my account?***

OSI has a \$50,000 account minimum requirement to open or maintain an account held through OSI. We do not provide account monitoring services and do not monitor your investments.

## **Capacity When We Make Recommendations**

### ***How will I know if that changes?***

When we make a recommendation to you, we are acting as a broker-dealer and our Financial Consultants and other representatives are acting as associated persons of the broker-dealer. Apart from the services for your brokerage account, certain Financial Consultants and other representatives of OSI are dually registered as investment adviser representatives of OSI’s affiliate, Oberweis Asset Management, Inc (“OAM”), an SEC-registered investment adviser. You will know a Financial Consultant or representative is acting as an investment adviser representative because it is a distinct service that you select, and you will receive a special written disclosure. In addition, you will enter into a separate agreement with OAM to receive that service.

## **Principal Fees and Costs**

### ***What fees does OSI charge, and are there other product costs?***

#### **OSI Fees**

OSI Financial Consultants utilize their own commission fee schedule. You will be charged a transaction-based commission on trades when OSI acts in an agency capacity in effecting such transactions, and the commission is generally based on the size of the order, the type and value of the security, the type of transaction and the market where the trade is executed. Markups and markdowns will apply to transactions in fixed income investments when OSI acts in a principal capacity in effecting such transactions. OSI receives the markup or markdown when it trades with you as principal rather than in an agency capacity. Specific information regarding trades is provided to you in trade confirmations pursuant to regulatory obligations after execution of the trades.

## **Product and Account Costs**

Fees for mutual fund transactions, such as sales loads/charges and what they are based on, e.g., the mutual fund family, class type and amount invested and ongoing mutual fund operating costs (such as investment advisory fees for managing the fund's holdings and marketing and distribution expenses, e.g., 12b-1 fees) imposed by mutual funds are described in the fund prospectus. Similarly, ETFs charge an asset-based ongoing annual fee which can vary over time and is also described in the fund prospectus. A mutual fund or ETF's prospectus is delivered to you after the transaction and in accordance with the delivery method you have selected, such as by mail or electronically.

In addition, you are solely responsible for paying all fees and charges by National Financial Services LLC ("NFS"), OSI's clearing firm, which serves as custodian for OSI's retail investors' accounts held at NFS. Such account-based fees and costs are described further in a Schedule of Fees provided to you at account opening.

## **Material Facts About Conflicts of Interest**

*What are the material facts about conflicts of interest that exist when OSI Financial Consultants provide recommendations?*

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

- The recommendation of a mutual fund that pays OSI sales loads and 12b-1 fees constitutes a conflict of interest in that it gives OSI an incentive to recommend such mutual funds. Also, when OSI retail investors invest in The Oberweis Funds (the "Funds"), a no-load mutual fund managed by OAM, OAM receives fees for advisory and management services provided to the Funds based on the amount of assets in the Funds. In addition, OSI, as principal distributor of the Funds, receives a 12b-1 distribution and shareholder servicing fee, at the annual rate of .25% of the asset value of the Funds' Investor Class Shares. As a result, OSI has an incentive to recommend that you invest in the Funds.
- Further, because OSI receives markups and markdowns applied to purchase and sale transactions, respectively, in fixed income investments when OSI acts in a principal capacity, OSI has an incentive to encourage you to trade such products often.
- Similarly, you will be charged more commissions when there are more trades in your account, and therefore OSI has an incentive to encourage you to trade often.
- In addition, OSI Financial Consultants receive commission-based compensation on a transactional basis including sales loads and 12b-1 fees for mutual fund sales. Our Financial Consultants are also responsible for seeking new clients, establishing new accounts and reporting to clients and receive compensation for their services. In addition, our Financial Consultants solicit investment management business for OAM and receive solicitors' fees from OAM for the referral of advisory clients, which are based on a percentage of advisory fees received by OAM from such referrals. OAM also pays OSI a percentage of the advisory fees received from advisory clients referred by OSI Financial Consultants.

## **Material Risks With Recommendations**

*What risks should I understand before I invest?*

- Our recommendations are based on various factors that change with time, so they are effective only at the time of the recommendation. While we will take reasonable care in developing and making recommendations to you, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals or that a recommended investment strategy or trading strategy made by us will perform as anticipated.
- Investing involves the risk of losing your initial investment. Certain asset classes such as small-cap stocks are considered generally riskier than others. Fixed income vehicles such as bonds are subject to increased loss of principal during periods of rising interest rates and are subject to various other risks, including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Certain methods of investing such as using margin also increase risks. Diversification strategies do not ensure a profit and do not protect against losses in declining markets.
- For specific risks for mutual funds and ETFs, you should review the particular prospectus, which will be delivered to you in accordance with the delivery method you have selected, such as by mail or electronically.