

UNDERSTANDING THE DIFFERENCES BETWEEN COMMISSIONABLE AND ADVISORY ACCOUNTS

Introduction

Cambridge financial professionals may offer a wide variety of services to meet your investment goals and objectives. These services may be divided into two categories: investment products offered through a broker-dealer (also known as a “commissionable relationship”), and financial planning and asset management offered through a Registered Investment Adviser (also known as an “advisory relationship”). It is important you carefully consider the differences between a commissionable and advisory relationship when working with your financial professional. There are differences between these accounts, including services provided, costs, and applicable laws and regulations.

Cambridge Investment Research, Inc. is a broker-dealer registered in all 50 states, the District of Columbia, and Puerto Rico, and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

Cambridge Investment Research Advisors, Inc., an affiliated company of Cambridge, is a federally Registered Investment Adviser. Your financial professional may also offer services with an Independent Registered Investment Adviser. Registered Investment Adviser firms are regulated under federal and state securities laws.

What Can You Expect With a Commissionable Account?

Financial professionals of the broker-dealer Cambridge Investment Research, Inc. facilitate the execution of transactions based on your instructions. Your financial professional is acting in the capacity of a registered representative, as defined by the Securities and Exchange Commission (SEC). A registered representative may offer advice and recommendations to you for each transaction. A registered representative is obligated to have a reasonable basis for believing that any recommendation is suitable and will meet your investment goals and objectives with an appropriate amount of risk that you have set for your account.

You cannot grant discretion to your registered representative to buy or sell securities on your behalf. The registered representative must contact you for approval prior to purchasing or selling securities for your account. You may also contact your registered representative to buy or sell securities but you must select the asset, amount, and action (buy/sell).

A commissionable account may be more appropriate if you want to maintain greater control over your investments, but still want the benefit of a registered representative’s guidance. A registered representative may recommend specific security transactions but is not obligated to provide ongoing management of your account.

Your registered representative may be compensated by receiving a commission which can be charged to your account for a buy or sell transaction. There may be ticket charges or additional fees charged by the qualified custodian for executing a transaction, which the registered representative does not receive.

What Can You Expect With an Advisory Account?

Financial professionals offering ongoing investment advice are performing as an investment advisor representative of the Registered Investment Adviser, Cambridge Investment Research Advisors, Inc., or an Independent Registered Investment Adviser. You set the overall direction for the account, then your investment advisor representative executes that strategy by recommending or selecting a portfolio of securities the investment advisor representative believes will help you meet your goals and objectives with the appropriate amount of risk. You establish the risk tolerance for your account. Cambridge Investment Research Advisors, Inc. or an Independent Registered Investment Adviser cannot enter into an advisory relationship unless a written investment advisory agreement is obtained which describes the firm's obligations to you.

Discretionary authority may be offered by your investment advisor representative; this type of service allows the investment advisor representative to execute trades on your behalf without discussing each trade prior to placing the buy or sell order. Discretion is defined as exercising the right to select which security will be purchased or sold, the amount of securities to be bought or sold, and whether the transaction is to buy or sell. In a non-discretionary advisory account, the investment advisor representative may only decide the time your trade is placed or the price of the buy or sell, after you have already discussed the asset, amount, and action (buy or sell).

An advisory account may be more appropriate if you do not want to be actively involved in the day-to-day management of your investments and prefer the ongoing management to meet your goals and objectives. An advisory account is monitored by the investment advisor representative and rebalanced as needed. An investment advisor representative is obligated by law to:

- Act in your best interest when providing advice and recommendations
- Disclose or avoid any material conflicts of interest
- Make suitable and appropriate investment recommendations or transactions based on your investment goals, objectives, and risk tolerance

Your investment advisor representative typically receives a fee based upon the arrangement set in your advisory agreement. The fee is usually deducted from your account. There also may be ticket charges or additional fees charged by the qualified custodian for executing a transaction, which are not included in the advisory fee.

There are various types of advisory accounts. It is important you carefully consider the differences between the advisory services when contracting with your investment advisor representative.

For More Information

Cambridge encourages you to carefully consider the differences between a commissionable and advisory account. The costs, services, regulations, and laws that govern these accounts are different. If you have additional questions, please contact your financial professional.



1776 Pleasant Plain Road | Fairfield, Iowa 52556 | 800-777-6080