

# **FARKAS CAPITAL**

## **Customer Relationship Summary**

**August 15, 2023**

### **Introduction**

Farkas Capital LLC (the “Firm”) is a broker dealer registered with the Securities and Exchange Commission (SEC) and is a member of Financial Industry Regulatory Authority, Inc. (FINRA) and Securities Investor Protection Corporation (SIPC). The Firm is not a registered investment adviser and does not provide investment advice to its customers.

Brokerage and Investment Advisory services and fees differ, and it is important for you to understand these differences. The Firm only provides broker dealer services.

Free and simple tools are available for you to use at [investor.gov/CRS](http://investor.gov/CRS) a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisers, and investing.

### **What investment services are you able to provide?**

The Firm facilitates primary transactions in Private Placements and public equities. Transactions in equities are limited primarily to securities lending services for clients’ fully-paid securities. The firm does not provide any other brokerage services. The firm does not provide any investment advisory services to customers.

Private Placements are investments in unregistered securities sold by issuers unaffiliated with the Firm. Issuers may set varying minimum thresholds on investments size. In certain cases, offerings may only be sold to qualified or institutional investors, while in other cases, offerings may be sold to retail customers who qualify only as accredited investors.

The Firm offers clients the ability to lend out fully-paid stock that they hold in an account at the clearing firm for which they will receive a portion of the stock lending fees generated by the clearing firm. If clients choose to transact in equities, they will pay commissions. Clients will also incur custodial and transactions fees charged by the clearing firm.

The Firm does not provide recommendations or advice on investments, portfolios, or account types.

### **Conversation Starter**

Questions you might wish to ask when considering our services:

- Given my financial situation, should I choose a brokerage service? Why or why not?
- How will you choose investment to recommend?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

The Firm does not offer monitoring services or any proprietary products of any kind. The Firm only opens accounts for clients who will be lending stock through its clearing firm and all securities are held at the clearing firm. There are no account minimums or other requirements related to accounts.

### **What fees will I pay?**

***General Fee Information.* 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.**

There are typically no fees or costs associated with the securities lending activities. If you transact in securities through the Firm, you will incur pass-through fees from the clearing firm (clearing fee, commission) as well as the Firm’s commission.

***Who pays the Firm and How is the Fee computed?*** Issuers compensate the Firm for primary capital raising transactions. Compensation is generally determined as a percentage of the dollar amount of the

securities sold in the transaction(s). You should understand that the issuer may pay these fees to the Firm out of the investment proceeds made by you and other investors. Investors participating in primary offerings do not pay any additional fees to the Firm.

### **Conversation Starter**

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?

In conducting the securities lending activities, the Firm receives a pre-determined net revenue split from the clearing firm.

Other costs. Issuers may also reimburse the Firm for any expenses incurred in connection with the transaction. The Firm will disclose any fee changes prior to charging the fee.

Any interaction through the clearing firm may incur a miscellaneous fee, e.g., transaction fees, ACAT fee for transferring a position out of your account, DTC transfers and other custodial fees.

### **Recommendations as your broker-dealer**

The Firm does not provide recommendations to you as your broker-dealer.

### **Conversation Starter**

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

### **Conflicts of Interests**

Conflicts with your interest may occur in the due course of our business. You should understand and ask us about these conflicts because they can affect the services, we provide you. Here are some examples:

- Personnel Trading: Personnel of the Firm may be your contra-party to a transaction.

- It is likely that the Firm will be compensated by the buyer, seller, and/or the issuer of a transaction.
- There may be circumstances where the Firm personnel may be engaged as an officer or director or hold other similar positions at the issuer of the transaction.
- The Firm shares in the stock lending fees paid by the clearing firm.
- The Firm will receive commissions if you transact stock in your account. The firm receives part of any fees that you pay to its clearing firm.

### **How do your financial professionals make money?**

The Firm's financial professionals are compensated by a commission for originating primary offerings, determined by the percentage of money raised on primary offerings. Certain financial professionals are also owners in the Firm and their return may also be based on the firm's overall profitability.

### **Conversation Starter**

- As a financial professional, do you have any disciplinary history? For what type of conduct?
- Who is my primary contact person? Is he or she a representative of the broker-dealer? Whom can I talk to if I have concerns about how this person is treating me?

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

No. The Firm and its financial professionals do not have any legal or disciplinary history.

Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research the Firm and its financial professionals.

### **Where can I find additional information?**

You can always ask us for more information and request a copy of this relationship summary by sending us an email at [eli@farkas.capital](mailto:eli@farkas.capital) or calling 646-522-6175. Soon, you will also be able to access a copy of the Form CRS on the Firm's website.