

Brokerage Practices and Conflicts of Interest Disclosures



Maxim Group LLC

June 30, 2020

On June 4, 2019, the Securities and Exchange Commission ("SEC") promulgated SEC Regulation Best Interest. This document supplements information set forth in Maxim Group LLC's Form CRS.

INTRODUCTION

Maxim Group LLC (the "Firm") is registered with the SEC as a broker-dealer ("BD"). Client-facing investment professional employees of the Firm are registered representatives ("Registered Representatives"). Registered Representatives are registered with the SEC and the Financial Industry Regulatory Authority, Inc. The Firm is a full service BD and has the ability to provide investment advice and to buy and sell securities for clients.

The Firm and its Registered Representatives only act in a broker-dealer capacity. However, certain Registered Representatives of the Firm are also investment advisory representatives who work with an SEC-registered investment advisor, Maxim Financial Advisors LLC, which is a related entity of the Firm. There are advantages and disadvantages to opening and maintaining a brokerage account versus opening and maintaining an investment advisory account. You should speak to your Registered Representative about which type of account is right for you.

Our Registered Representatives can offer access to a variety of securities that include stocks, bonds, exchange-traded funds ("ETFs"), mutual funds, variable annuities and alternative investments. However, while our Registered Representatives are required to act in your best interest, individual investment strategies or philosophies of our Registered Representatives may differ. We encourage you to speak to your Registered Representative to ensure that you understand and are comfortable that your Registered Representative's strategy or philosophy is right for you.

While we will take reasonable care in developing and making recommendations to you that we believe to be in your best interest, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you to find them. Certain investments that are available through the Firm may not be deemed suitable to recommend to certain clients based on clients' investment profile and risk tolerance.

COMPENSATION AND FEES

The Firm earns money in a variety of ways. Securities transactions can be effected or executed by BDs in two main ways. When acting as an agent, or broker, a BD executes on an agency basis. The Firm will charge a commission for purchase and sales transactions made on an agency basis in your account. The amount of commissions may vary, and these amounts can be obtained by your Registered Representative and will be set forth in confirmation statements delivered to you when you make transactions. When a transaction is made on an agency basis, a security is purchased for you from another BD and placed into your account or sold from you to another BD and taken from your account. When acting as a principal, or dealer, a BD executes on a principal basis. When a transaction is made on a principal basis, the Firm buys or sells the security directly from you. If we sell a security to you at a price that is higher than what we paid for it, we earn a mark-up; if we buy a security from you at a price lower than the price at which we sell it, we earn a mark-down. Transactions in bonds and other fixed income securities are often made on a principal basis. The Firm will also charge a per transaction service fee for all trades.

The Firm may also act in an investment banking capacity with respect to a securities offering placed or underwritten by the Firm, and in these cases it will receive compensation in the form of a placement fee or underwriting discount with respect to securities sold to clients. These fees reduce the value of clients' investments. These fees are set forth in the prospectus, offering memorandum or other disclosure documents (as applicable) you receive in connection with the investment.

For some investments, the Firm is compensated through deferred sales charges. For these investments, we will receive continuing payments (sometimes referred to as "trail" payments) for the duration that the investment is held. These investments may include mutual funds, annuities or alternative investments. These fees are paid by the investment sponsor to us based on amounts that our clients invest in the investment sponsor's product. To the extent an investment sponsor pays higher fees based on greater amounts of investment in its product, we have an incentive to encourage investors to make bigger investments in such products.

The firm may receive compensation from issuers of insurance contracts that are available to brokerage customers.

We may receive fees with respect to margin and securities lending agreements that you may enter into. We may also receive fees based on a percentage of cash balances maintained in your account.

With respect to the various types of investments that may be recommended by Registered Representatives, there are varying fees, costs and commissions. The range of commissions or sales loads and trail fees is described below.

Equities and Exchange Traded Securities: This list includes exchange-traded securities such as equities, options, ETFs, exchange-traded notes and closed-end funds. The maximum commission on these securities is 4.75% except that a flat commission of up to \$75 may be assessed for smaller denomination trades.

Mutual Funds and 529s: Applicable rules allow a maximum sales load of 8.5%, but the maximum does not usually exceed 5.75%. These charges are determined by the particular product sponsor and described in the product prospectus. Trail charges depend upon the share class of a particular fund but typically range from 0.25% and 1% of assets annually.

Alternative Investments: Sales load may be up to 8% of the investment amount. Trail fees may be up to 2%. Please review applicable offering documents for the charges applicable to a particular investment.

Unit Investment Trusts (UITs): The typical upfront sales charge ranges from 1.85% to 3.95%, but this charge is determined by the investment sponsor, and you should review all applicable offering materials with respect to specific charges.

Fixed Income: Charges do not typically exceed 2.75% of the value of the investment, although certain structured products may entail charges of up to 4%.

Annuities: The maximum upfront payment on an annuity is typically 5.5%, but the amount of this charge may depend on a number of factors. The typical trail payment does not exceed 1.5%.

You should review any prospectus, offering memorandum or other disclosure documents that relate to investment products in which you invest.

A list of other fees that can be charged are:

Service Fee: Not to exceed \$30

Inactive Account Fee: Not to exceed \$75/Year/Account

Wired Funds: Not to exceed \$50

Automatic Clearing House (ACH) Periodic Set-up Fee: Not to exceed \$30

Automatic Clearing House (ACH) Non-Periodic Transaction: Not to exceed \$20

Extensions Under Reg "T": Not to exceed \$25

Uncollected Checks: Not to exceed \$50 plus Interest

ACAT Out: Not to exceed \$100

DTC Transfer: Not to exceed \$25/Security

DWAC Transfer: Fees vary by transfer agent (details upon request)

Restricted Security Transactions: Not to exceed \$125/Item

Accommodation Transfers: Not to exceed \$125

Termination of Retirement Account: Not to exceed \$100/Account

Annual Fee for Retirement Account: Not to exceed \$75

Overnight Deliveries: Not to exceed \$40

Load/No-Load Mutual Fund Exchanges: Not to exceed \$50

No-Load Fund Purchase & Redemption: Not to exceed \$50

Load Fund Redemption: Not to exceed \$50

Delivery of U.S. Treasury Securities: Not to exceed \$30/Item

Reorg Items: Not to exceed \$75/Item

Foreign Securities Executions and Settlements: Fees vary by country (details upon request)

Foreign Securities Book Entry Charge: Not to exceed \$20/Position/Month

Foreign Holding Transfer Fee: Not to exceed \$100/Item

Receive and Deliver Fee: Not to exceed \$100

Hard copy account statement fee: Not to exceed \$3/ mailing

Special Items (investments in limited partnerships and private placements): Not to exceed \$150

Document Review for Special Items: Not to exceed \$300

Copies of Confirmations/Statements: Not to exceed \$7.50/Item

Copies of Client Checks: Not to exceed \$25/Check

Safekeeping: Not to exceed \$20/Item/Month

Portfolio Evaluation Service: Not to exceed \$50/Year

Dividend Reinvestment Fee: Not to exceed \$5

Employee Stock Option Exercise: Not to Exceed \$100

Bond Redemption: Not to exceed \$15

Class Action Processing Service: 30% of all settlement funds recovered

CONFLICTS OF INTEREST

It is important that the Firm discloses certain conflicts of interest that exist in our business dealings with you. These conflicts of interest may incentivize the Firm or your Registered Representative – consciously or unconsciously – to make recommendations that are not disinterested. We intend by this disclosure to provide you with the material facts regarding such conflicts of interest so that you are fully informed in your decision-making.

When deciding what type of account you should open, there are conflicts of interest that may arise in the choice of the type of account you open. While there are advantages and disadvantages to opening different types of accounts, you should discuss with your Registered Representative all of the options and associated costs and benefits.

You may be permitted to enter into a margin agreement in connection with your account, an agreement that allows you to borrow money in order to buy securities. If you purchase securities on margin, the Firm earns interest on the amounts borrowed. In addition, the use of margin increases your ability to purchase securities and generate transaction-based compensation for the Firm and your Registered Representative. Therefore, the Firm and your Registered Representative are incentivized to encourage the use of margin.

Because you pay transaction-based fees to the Firm, and your Registered Representative's compensation is derived in part from those fees, both the Firm and your Registered Representative have an incentive to effect a greater number of transactions in your account, which increases costs to you. In addition, branch managers may receive compensation that in part derives from the revenue generated by the branch. While the Firm and the branch manager supervise the activity of Registered Representatives, the fact that revenue generated by the Registered Representatives is shared with the Firm and branch managers creates conflicts of interest that may affect the Firm's ability to supervise its Registered Representatives objectively.

When you discuss your investment objectives with your Registered Representative, your Registered Representative has an incentive to recommend investment objectives that entail greater tolerance for risk and a greater amount of trading. A trading strategy that involves riskier investments and more trading will tend to be riskier and more costly.

Some Registered Representatives have agreements with the Firm entitling the Registered Representative to bonus compensation if he or she meets certain thresholds of aggregate revenue. These agreements provide the Registered Representative with an increased incentive to effect transactions in accounts that he or she services.

As described above, the Firm executes some transactions on a principal basis, and the Firm may make additional compensation through principal trading. Therefore, the Firm has an incentive to execute trades on a principal basis.

Registered Representatives may receive compensation that varies depending on the advice given. For instance, the Firm has relationships with certain third parties, which may pay compensation to the Firm based on the Firm's sale of certain products. Such relationships create incentives for the Firm to encourage sale of those products.

The Firm has an incentive to recommend that a client transfer assets from a retirement plan such as 401(k) plan to an individual retirement account ("IRA") (typically referred to as a "rollover") serviced by the Firm because the Firm would have the opportunity to earn transaction and other fees in the IRA account. Costs associated with an IRA account may exceed those of a 401(k) account, and clients should discuss with their Registered Representatives the costs and benefits relating to rollovers.

Your Registered Representative may recommend the purchase of mutual funds. Mutual funds often pay compensation based on a BD's sales of the fund to its clients, and in such cases, the Firm and Registered Representative have an incentive to recommend such mutual funds. In additions, mutual funds typically offer various share classes that determine when and how much you may pay in sales charges to the mutual fund. Because the amount of the sales charge affects the amount of commission received by the Registered Representative, there is an incentive to recommend share classes that will maximize sales charges. If your Registered Representative recommends a mutual fund or you are interested in purchasing a mutual fund, you should review all fund prospectuses and disclosures to ensure that you fully understand the costs and relative benefits to any particular mutual fund.

The Firm acts in the capacity of an investment bank for certain issuers of securities. As an investment bank, the Firm may, among other things, assist these issuers in raising capital by underwriting or acting as agent with respect to offerings of securities, and if you qualify for purchasing such securities, these securities may be recommended for purchase by your Registered Representative. The Firm receives compensation from issuers for securities that it sells through securities offerings, so it is incentivized to encourage the sale of such securities. The compensation to the Firm with respect to offerings of securities placed or underwritten by the Firm's investment banking department are described in the private placement memoranda or prospectuses distributed to investors in connection with such offerings. You should review those materials carefully and ask your Registered Representative any questions you may have.

In some instances, based upon the nature of a particular securities offering, a Registered Representative may be entitled to a sales concession (i.e., a commission) that is greater with respect to an offering for which the Firm is acting as investment banker than the Registered Representative would receive with respect to transactions effected in the secondary market. In addition, if a Registered Representative refers an investment banking client to the Firm, the Registered Representative may receive referral compensation relating to revenue generated from the referral.

The Firm and your Registered Representative are happy to discuss these matters, and any other questions you may have regarding your account, with you in further detail. If you wish to speak to a Branch Manager or other supervisor in the Wealth Management Department, you may call the Firm at (212)895-3500.