

Form CRS (Client Relationship Summary)

Alpaca Securities LLC

Introduction

Alpaca Securities LLC is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

We are a broker-dealer and provide brokerage accounts and services rather than advisory accounts and services. Brokerage and investment advisory services and fees differ and it is important for you to understand the differences.

Is a brokerage account right for me?

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

Relationships and Services

What investment services and advice can you provide me?

- You are responsible for selecting investments for your account and your investment strategy. We do not make recommendations of any kind.
- We **do not** offer you additional services to assist you in developing and executing your self selected investment strategy and/or monitoring the performance of your account.
- We only provide electronic access to your account to trade and view information about your account.
- We will deliver account statements to you each quarter in electronic form only.
- We offer a limited selection of investments. Other firms could offer a wider range of choices.

Fees, Costs, Conflicts, and Standards of Conduct

What fees will I pay?

- Any fee you pay is based on the specific transaction and not the value of your account.
- With stocks or exchange-traded funds, we do not charge a commission.
- Some investments (such as exchange-traded funds) impose additional fees that will reduce the value of your investment over time. ▪ We charge you additional fees, such as margin interest fees, stock borrow fees, and wire fees per our published fee schedule.

Fees and costs affect the value of your account over time. Ask your financial professional to provide personalized information on the fees and costs you will pay.

How does your firm make money and what conflicts of interest do you have?

When you buy or sell securities we receive Payment For Order Flow (PFOF) from part or all of your transactions. This PFOF is used, in all or in part, to offset the cost of providing services to you. Additionally, we make money on stock borrow fees and earn interest on cash deposits and margin loans. Our interests can conflict with your interests. We benefit from transactions executed on your behalf. When we provide services, we must eliminate these conflicts or tell you about them and in some cases reduce them.

We must abide by certain laws and regulations in our interactions with you.

We must act in your best interest and not place our interests ahead of yours when we provide brokerage services. When we provide any service to you, we must treat you fairly and comply with a number of specific obligations. Unless we agree otherwise, we are not required to monitor your portfolio or investments on an ongoing basis.

Disciplinary History

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

As of 6/30/2020 Alpaca Securities LLC has no disciplinary history. Please visit BrokerCheck for the most up to date information.

Where can I locate more information?

Visit Investor.gov/CRS for a free and simple search tool to research Alpaca Securities LLC and our financial professionals.

SEC Required Disclosure - Effective June 30, 2020

Additional Information

We encourage you to seek additional information

- For additional information about our company and services, visit Investor.gov, BrokerCheck, our web site (alpaca.markets), and your account agreement.
- To report a problem to the SEC, visit Investor.gov or call the SEC's toll-free investor line at 800.732.0330.
- To report a problem to FINRA, call 240.386.HELP (4357) or visit <https://www.finra.org/investors/have-problem/file-complaint/complaint-center>.
- If you have a problem with your account, contact us in writing at support@alpaca.markets.

Key Questions and Conversation Starters

We encourage you to ask the following key questions about investment services and accounts:

1. Given my financial situation, why should I choose a brokerage account?

If you are interested in opening an account where you do not receive recommendations or advice about whether to buy or sell investments or investment strategies or account monitoring, and you make all of your own investment decisions, then a self-directed brokerage like ours could be the right fit for you. Additionally, to take full advantage of our technology, you must be able to write your own code in one of our supported languages. However, for simple buy and sell transactions Alpaca also offers a manual widget to place trades, which does not require any coding knowledge.

2. Do the math for me. How much would I pay per year for a typical brokerage account? What would make those fees more or less? What services will I receive for those fees?

If you open a brokerage account through Alpaca Securities LLC and want to invest in securities, you will not pay commissions on your trades. There are additional fees for using margin lending, which is charged on the daily balance at an annualized prevailing interest rate, which may change from time to time, and is currently set at 3.75%. If you want to sell securities short, you will be charge the prevailing "borrow" rate on a full lot on a daily basis.

3. What additional costs should I expect in connection with my account?

If you choose to use additional services, such as wire transfers or ACATS, those services are charged at the then prevailing rate. If you incur returned ACH fees, those are charged to you.

4. Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments?

Alpaca Securities makes money by routing client orders to executing venues which provide Alpaca with Payment For Order Flow (PFOF). Alpaca also earns money on margin lending (i.e., interest on borrowed funds). Furthermore, Alpaca earns money on customer free credits (i.e., available cash in customers' accounts).

5. What are the most common conflicts of interest in your brokerage accounts? Explain how you will address those conflicts when providing services to my account.

As of 6/30/2020, Alpaca Securities routes orders to one executing venue. For this reason there is no conflict of interest with regard to routing trades to a venue that pays more Payment For Order Flow.

6. How will you choose investments to recommend for my account?

Alpaca Securities and any of the licensed professionals who work at the firm will never recommend any investments for your account. These brokerage accounts are self-directed by the client.

7. How often will you monitor my account's performance and offer investment advice?

Alpaca Securities does not offer investment advice since all accounts are self directed. As such, we do not monitor accounts for performance.

8. Do you or your firm have a disciplinary history? For what type of conduct?

As of 6/30/2020, Alpaca Securities does not have any disciplinary history. Up to date disciplinary history may be found in Alpaca Securities' BrokerCheck Report. Licensed investment professionals who work for Alpaca Securities do not provide advice and

only help answer questions electronically via email. Information on the disciplinary history of Alpaca's licensed professionals may be found at [Investor.gov/CRS](https://investor.gov/CRS) and on FINRA's BrokerCheck website at <https://brokercheck.finra.org/>.

9. What is your relevant experience, including your licenses, education, and other qualifications? Please explain what the abbreviations in your licenses are and what they mean.

Alpaca Securities and its employees do not offer financial advice. However, since Alpaca Securities operates in a regulated environment, its investment professionals maintain licenses with the Financial Industry Regulatory Authority (FINRA). In general, investment professionals must have a Series 7 license to discuss account activity with clients and a Series 24 to perform supervisory duties.

10. Who is the primary contact person for my account? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?

Since Alpaca is a fully automated investing platform that operates through its API and app, all questions and concerns should be emailed to support@alpaca.markets. The nature of the question or concern will determine which Alpaca team member will address the issue. If your issue does not appear to be answered in a satisfactory manner, email compliance@alpaca.markets.

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