

Uniform Application for Investment Adviser Registration

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	July 31, 2008
Estimated average burden hours per response.....	9.402

Name of Investment Adviser:		1 st Securities Management, Inc.				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:	
125 North Hanselman Street	Bad Axe	Michigan	48413	(989)	269-9231	

This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any government authority.

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees.....	2
2	Types of Clients.....	2
3	Types of Investments.....	3
4	Methods of Analysis, Sources of Information and Investment Strategies.....	3
5	Education and Business Standards.....	4
6	Education and Business Background.....	4
7	Other Business Activities.....	4
8	Other Financial Industry Activities or Affiliations.....	4
9	Participation or Interest in Client Transactions.....	5
10	Conditions for Managing Accounts.....	5
11	Review of Accounts.....	5
12	Investment or Brokerage Discretion.....	6
13	Additional Compensation.....	6
14	Balance Sheet.....	6
	Continuation Sheet.....	Schedule F
	Balance Sheet, if required.....	Schedule G

(Schedules A,B,C,D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Applicant: 1st Securities Management, Inc.	SEC File Number: 801-	Date:
---	--------------------------	-------

1. A. Advisory Services and Fees. (Check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | | |
|-------------------------------------|--|-----------|---|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services..... | <u>90</u> | % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services..... | _____ | % |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above..... | _____ | % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription..... | _____ | % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above..... | _____ | % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... | _____ | % |
| <input checked="" type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities.. | <u>10</u> | % |
| <input type="checkbox"/> | (8) Provides a timing service..... | _____ | % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above..... | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

- | | | | |
|-------------------------------------|--|--------------------------|-----------------------|
| <input checked="" type="checkbox"/> | (1) A percentage of assets under management | <input type="checkbox"/> | (4) Subscription fees |
| <input type="checkbox"/> | (2) Hourly charges | <input type="checkbox"/> | (5) Commissions |
| <input type="checkbox"/> | (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> | (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- When compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate and investment advisory contract before its expiration date

2. Types of clients – Applicant generally provides investment advice to: (check all that apply)

- | | | | |
|-------------------------------------|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | A. Individuals | <input type="checkbox"/> | E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> | B. Banks and thrift institutions | <input type="checkbox"/> | F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> | C. Investment companies | <input type="checkbox"/> | G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> | D. Pension and profit sharing plans | | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

3. Types of Investments. Applicant offers advice on the following: (Check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity Services | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input checked="" type="checkbox"/> (1) securities |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input checked="" type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input checked="" type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input checked="" type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> E. Certificate of deposit | K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal Securities | <input checked="" type="checkbox"/> (1) real estate |
| G. Investment company securities | <input checked="" type="checkbox"/> (2) oil and gas interests |
| <input checked="" type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (2) variable annuities | |
| <input checked="" type="checkbox"/> (3) mutual fund shares | <input type="checkbox"/> L. Other (explain on Schedule F) |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|--|---|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases |
| (4) <input type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long Term Purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short Term Purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short Sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:
1st Securities Management, Inc.

SEC File Number:
801-

Date:

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

<input type="checkbox"/> (1) broker-dealer	<input checked="" type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input checked="" type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:
1st Securities Management, Inc.

SEC File Number:
801-

Date:

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For Reviews**, include the frequency, different levels, and triggering factors. **For Reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Investment Advisory Services: Client accounts will typically be reviewed quarterly. Accounts will be reviewed by 1st Securities Management's President. Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations.

Financial Planning: Clients may arrange for a review of their plans for a separate fee. Plans will be reviewed by the President.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Investment Advisory Services: Each client will receive a quarterly report detailing the clients account performance. Financial planning clients may arrange for additional reports for a separate fee.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant: 1st Securities Management, Inc.	SEC File Number: 801-	Date:
---	--------------------------	-------

12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|---|-------------------------------------|-------------------------------------|
| (1) securities to be bought or sold?..... | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold?..... | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used?..... | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid?..... | Yes | No |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients?.....
- | | | |
|--|-------------------------------------|--------------------------|
| | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any products the applicant used during the last fiscal year to direct client transactions to a particular broker in return for any product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|--|--------------------------|-------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?..... | Yes | No |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals?..... | Yes | No |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet.....

	Yes	No
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
FORM ADV**

Continuation Sheet for Form ADV Part II

Applicant: 1st Securities Management, Inc.	SEC File Number: 801-	Date:
---	------------------------------	-------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:		IRS Empl. Ident. No.: 38-2863315
Item of Form (identify)	Answer	
Part II, 1 D.	<p>1st Securities Management, Inc. (hereinafter "1SM") offers the following services to advisory clients:</p> <p>INVESTMENT MANAGEMENT SERVICES</p> <p>1SM manages investment portfolios for individuals, pension and profit sharing plans, trusts, estates, and corporations. 1SM will work with clients to determine the client's investment objectives and risk profiles and will design a written investment policy statement. 1SM uses investment and portfolio allocations based on statistical models and statistical research to evaluate alternative portfolio designs. 1SM evaluates the client's existing investments with respect to the client's investment policy statement. 1SM works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. 1SM will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold regular review meetings with the client regarding the account as necessary.</p> <p>1SM will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. 1SM will allocate the client's assets among various instruments taking into consideration the overall management style selected by the client. 1SM primarily recommends portfolios consisting of mutual funds offered by Dimensional Fund Advisors (DFA). DFA sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. Consequently the DFA fund fees are generally lower than fees and expenses charged by other types of funds. Client portfolios may also, although rarely, include some individual equity securities. 1SM manages mutual fund and equity portfolios on a discretionary and nondiscretionary basis.</p> <p>1SM may also recommend fixed income securities to advisory clients. 1SM will request discretionary authority from advisory clients to manage fixed income assets. Discretionary authority may be necessary to enable 1SM to purchase such assets in a timely manner when they are available at quoted prices. Clients will be charged on annual fee.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
FORM ADV**

Continuation Sheet for Form ADV Part II

Applicant: 1st Securities Management, Inc.	SEC File Number: 801-	Date:
---	------------------------------	-------

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:	IRS Empl. Ident. No.: 38-2863315
---	--

Item of Form (identify)	Answer
----------------------------	--------

Part II, 1 D. (cont.)

INVESTMENT MANAGEMENT SERVICES (cont.)

The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

ASSETS UNDER MANAGEMENT	ANNUAL FEE
\$0 - \$250,000	2.00%
\$250,001 - \$500,000	1.60%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$2,000,000	1.05%
\$2,000,000+	0.95%

PENSION PLAN SERVICES

1SM also provides advisory services to 401k plans through third party administration services.

1SM will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. 1SM will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

1SM will recommend changes in the plan's investment vehicles as may be appropriate from time to time. 1SM generally will review the plan's investment vehicles and investment policy as necessary.

The annual fee for plan services will be charged as a percentage of assets within the plan.

FINANCIAL PLANNING

1SM also provides a comprehensive investment plan for clients. The type of plan and level of detail will vary depending on the client's objectives. In general, the financial plan may address any or all of the following areas: personal goals, tax and cash flow, death and disability concerns, retirement planning, investments, and other major life event financial planning.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
FORM ADV**

Continuation Sheet for Form ADV Part II

Applicant: 1st Securities Management, Inc.	SEC File Number: 801-	Date:
---	------------------------------	-------

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:	IRS Empl. Ident. No.: 38-2863315
---	--

Item of Form (identify)	Answer
Part II, 4 A(5)	<p>GENERAL INFORMATION ON SERVICES AND FEES</p> <p>Fees are charged quarterly, in advance, directly from customer accounts. One-quarter of the annual fee times the value of the client’s portfolio on the 1st day of each quarter will determine the fees charged. There will also be an annual maintenance fee of \$120. New client accounts are charged on the 1st of the month following inception of the account, based on the prorated number of days in the current quarter in which the account will be under management. Fees are negotiable, based on a client’s specific situation and need. Clients may reasonably terminate an investment advisory contract with thirty (30) days written notice. Refunds will be prorated back to clients for quarters that have been prepaid, on a basis of total calendar days in a quarter and total calendar days remaining at termination. Clients may terminate their accounts without penalty, for full refund, within 5 days of signing the advisory contract.</p> <p>Individual accounts for members of the same family, defined as spouses and dependent children are assessed fees based on the total account balance of all family accounts. All related businesses of family are included in this formula.</p> <p>SECURITIES ANALYSIS METHODS</p> <p>1SM’s main sources of information include the CPA Investment Network, Dimensional Fund Advisors (DFA) and readily available statistical data and research. The CPA Investment Network and 1SM prepares 1SM’s statistical analysis and uses statistical analysis provided by DFA and CPA Investment Network to create investment recommendations, including model portfolios, and to provide individualized advice to clients.</p> <p>1SM’s investment advice is based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. Our investment approach is firmly rooted in the belief that markets are efficient and that investor’s returns are determined principally by asset allocation and not by market timing or stock selection. Our focus is on truly diversified portfolios, through the use of passively managed, asset class mutual funds that are available only to institutional investors and clients of a network of selected advisors.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
FORM ADV**

Continuation Sheet for Form ADV Part II

Applicant: 1st Securities Management, Inc.	SEC File Number: 801-	Date:
---	------------------------------	-------

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:		IRS Empl. Ident. No.: 38-2863315
Item of Form (identify)	Answer	
Part II, 5.	EDUCATION AND BUSINESS STANDARDS 1SM requires that all advisors have, at minimum, a degree from a four-year university and at least two years of general business experience. All advisors must have the required securities licenses for their jurisdiction and will be current on all continuing professional education. The two years of experience may be waived for a holder of any of the following designations: CPA, CFP, ChFC, or JD.	
Part II, 6.	EDUCATION AND BUSINESS BACKGROUND President Terrence L. McMullen was born in 1953 in Bad Axe, Michigan. He graduated from Bad Axe High School in 1971 and graduated from Ferris State College in 1975 with a Bachelor of Science in Business-Accountancy. He received certification as "Certified Public Accountant" licensed to practice in Michigan in 1977. Mr. McMullen started a public accounting practice in 1978 serving small businesses and individuals in the Bad Axe area.	
Part II, 7 C.	OTHER BUSINESS ACTIVITIES President Terrence McMullen is a practicing CPA in Bad Axe, Michigan. Mr. McMullen spends 30-50 hours a week on those activities and considers them his primary business.	
Part II, 8 C (3&7).	OTHER FINANCIAL INDUSTRY AFFILIATIONS 1SM has an arrangement with CPA Investment Network (Gronich Financial Services) to provide back-office support and presentation materials. CPA Investment Network will aid 1SM in filing, reporting, compliance, training, material preparation, trade execution, and examination issues. CPA Investment Network receives a fee as a percentage of the total amount billed by 1SM to clients. ACCOUNTING FIRM 1SM is owned by the owners of Terrence McMullen, PC., a CPA firm. 1SM and this CPA firm are housed in the same office building but do not share client files without expressed written consent from the client(s).	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
FORM ADV**

Continuation Sheet for Form ADV Part II

Applicant: 1st Securities Management, Inc.	SEC File Number: 801-	Date:
---	------------------------------	-------

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:	IRS Empl. Ident. No.: 38-2863315
---	--

Item of Form (identify)	Answer
Part II, 9 E.	<p>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</p> <p>1SM or individuals associated with 1SM may buy or sell securities identical to those recommended to clients for their personal accounts.</p> <p>It is the expressed policy of 1SM that no person employed by 1SM may purchase or sell any security prior to a transaction(s) being implemented for an advisory account and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.</p> <p>1SM or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.</p> <p>As these situations may represent a conflict of interest, 1SM has established the following restrictions in order to ensure its fiduciary responsibilities:</p> <ol style="list-style-type: none"> 1) A director, officer, or employee of 1SM shall not buy or sell securities for their personal portfolios where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of 1SM shall prefer his or her own interest to that of an advisory client. 2) 1SM maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer of 1SM. 3) 1SM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. 4) Any individual not in observance of the above may be subject to termination.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
FORM ADV**

Continuation Sheet for Form ADV Part II

Applicant: 1st Securities Management, Inc.	SEC File Number: 801-	Date:
---	------------------------------	-------

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:		IRS Empl. Ident. No.: 38-2863315
Item of Form (identify)	Answer	
Part II, 10.	<p>CONDITIONS FOR MANAGED ACCOUNTS</p> <p>1SM imposes a minimum balance of \$100,000 per family of accounts. 1SM may make exceptions to this minimum in certain circumstances where it sees fit. An additional annual maintenance fee of \$25 per quarter may be implemented for accounts with balances of less than \$100,000.</p>	
Part II, 12 A(1-4) & B.	<p>INVESTMENT OR BROKERAGE DISCRETION</p> <p>1SM and CPA Investment Network will maintain limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. 1SM will not buy securities other than passively-managed asset class mutual funds, passively managed EFTs, and fixed income investments as explained to clients before purchase. All buying and selling of securities will be explained to clients in detail before an advisory relationship has commenced at 1SM. 1SM will not purchase individual stocks unless directed by the client.</p> <p>1SM will require clients to open a brokerage account with Ameritrade, to act as custodians for client funds and securities. Ameritrade was chosen due to their ability to trade DFA funds and their relatively low transaction fees. 1SM will never charge a premium or commission on transactions, beyond the actual cost imposed by Ameritrade. Every attempt will be made to get group discounts on transactions when possible.</p> <p>1SM will recommend Ameritrade Advisor Services (AAS) as the broker and custodian of all client accounts. AAS was chosen based on its ability to trade DFA's family of funds, as well as provide the lowest transaction costs among the custodians with access to DFA. No AAS products or research are used by 1SM. AAS simply handles custody of client accounts as well as execution of trades. 1SM receives no products or services directing client accounts to AAS. No compensation is given between AAS and 1SM.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

Form ADV (Paper Version)
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

STATE-REGISTERED INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for state registration and all amendments to registration.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the legally designated officers and their successors, of the state in which you maintain your *principal office and place of business* and any other state in which you are applying for registration or amending your registration, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are applying for registration, or amending your registration.

2. State-Registered Investment Adviser Affidavit

If you are subject to state regulation, by signing this Form ADV, you represent that, you are in compliance with the registration requirements of the state in which you maintain your *principal place of business* and are in compliance with the bonding, capital, and recordkeeping requirements of that state.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act. I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: _____ Date: _____
Printed Name: Terrence L. McMullen Title: President
Adviser CRD Number: 135757