

Insigneo Securities, LLC

# General Disclosure

## Introduction

This document provides you with the information regarding the scope and terms of your relationship with Insigneo Securities, LLC, including compensation practices, conflicts of interest and the scope of our services. Please visit <https://insigneo.com> where you will find this document as well as other important information, including our Privacy Policy and other important disclosures about the risks of various securities, products, and services.

## Insigneo

Insigneo Financial Group, LLC comprises a number of operating businesses engaged in the offering of brokerage and advisory products and services in various jurisdictions, principally in Latin America. Brokerage products and services are offered through Insigneo International Financial Services, LLC, headquartered in Puerto Rico, and through Insigneo Securities, LLC, headquartered in Miami. Both are members of the Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC). Investment advisory products and services are offered through Insigneo Advisory Services, LLC, an investment adviser registered with the Securities and Exchange Commission. In Uruguay, advisory services are offered through Insigneo International Asesores de Inversion Uruguay, SA, Insigneo Asesores de Inversion Latam, SRL, and Insigneo Asesores de Inversion de Uruguay, SRL, in Argentina through Insigneo Argentina, SAU, and in Chile through Insigneo Asesorias Financieras, SPA. Collectively, these eight operating businesses make up the Insigneo Financial Group. To learn more about the Broker Dealers including their conflicts of interest and compensation practices, please go to <https://insigneo.com/disclosures/> or via <http://www.finra.org>. To learn about Insigneo Advisory Services, LLC and any conflicts related to its advisory services, please see its Form ADV and brochure which can be found at Investment Advisor Public Disclosure website <https://adviserinfo.sec.gov/>

Insigneo Securities, LLC (“Insigneo” or “IS”) offers its products and services through Registered Representatives (RRs). RRs of Insigneo who are dually registered with Insigneo Advisory Services (IAS), may identify themselves as Financial Advisors. RRs not affiliated with IAS, identify themselves in different ways, such as Financial Consultant, Wealth Manager, Account Executive, etc. RRs also carry Insigneo corporate titles. These corporate titles, specifically Vice President, Senior Vice President and Executive Director, Managing Director are given to RRs by Insigneo based on fees and commissions the broker or advisor earns. The RR’s main responsibility is to service client accounts and to provide recommendations on securities transactions and securities strategies. Generally, RRs are not Insigneo employees. They are independent contractors that may lease from Insigneo, among other things, its brand name, administrative services, clearing platform, technology, regulatory support, product support, and premises.

Because RRs are independent contractors, they may have business entities or specific brand names through which they conduct securities business and identify themselves. In some instances, because they are independent contractors, RRs are able to procure services outside of those provided by Insigneo for the benefit of their clients. These services may include specific research on products, account reporting services or different technology platforms that will assist them in servicing their clients.

In other instances, RRs may have other business activities that are aside from and in addition to their securities brokerage business. These are called “Outside Business Activities” or “OBAs”. You should be aware that there may be times that your RR’s OBA may present a conflict with recommendations, solicitation of products, solicitation of accounts and other services they may be providing you. Under U.S. Securities rules and regulations, RRs must disclose and make public all OBAs, including the nature and time dedicated to the outside business. Because each scenario will be unique to you and your relationship with your RR, we encourage you to search the name of your RR in <https://brokercheck.finra.org/>. There you will gain access to all material disclosures relevant to your RR, including any OBA he or she may have.

### Your Relationship with Insigneo

When you enter into a relationship with Insigneo, you will be opening a brokerage account. This means that we may recommend securities, investment strategies and transactions to you and you will be able to execute securities transactions in your account. While we may provide you with investment advice in relation to your brokerage account, it will be incidental to the brokerage transactions we may recommend to you. As a broker/dealer, all recommendations Insigneo provides regarding your brokerage account will be made in a broker-dealer capacity and not an investment advisory capacity. Additionally, as set forth in the client documents, Insigneo does not have any responsibility to monitor your brokerage account (s) on an ongoing or periodic basis for any purpose. Insigneo may, however, from time to time and in our sole discretion, review your brokerage account (s) for the purpose of determining whether to make a recommendation to you, but any such voluntary review of your brokerage account (s) does not constitute our agreement to undertake responsibility for monitoring your brokerage accounts (s). You are reminded that you bear the responsibility to monitor your brokerage accounts (s) to ensure the activity and holdings remain consistent with your investment profile. Please contact your Registered Representative if any activity or holdings no longer meet your needs or objectives.

Insigneo is approved to conduct the following business activities:

- Broker or dealer retailing corporate equity securities over the counter on an agency or riskless principal basis.
- Broker or dealer retailing corporate debt securities.
- Best efforts underwriting participant in a selling group.
- Mutual fund retailer on an application basis or through a clearing firm.
- U.S. government securities dealer or broker.
- Municipal securities broker or dealer (including sales of 529 plans). Broker or dealer selling variable life insurance or annuities.
- Solicitor of time deposits in a financial institution (through the clearing firm). Put and call broker or dealer or option writer.
- Non-exchange member arranging for transactions in listed securities by exchange member. Trading securities for own account.
- Private placements of securities.
- Broker or dealer involved in a networking, kiosk, or similar arrangement with an insurance company or agency. Broker or dealer retailing foreign debt.
- Currency forward transactions.

When we make a recommendation to purchase, sell, hold your security(ies) or open an account, we will do so only if we believe it is in your best interest to enter into such transaction, strategy, or account. We will determine if a recommendation is in your best interest by considering, among other factors, the following:

- Your Investment Objectives.
- Your Risk Tolerance.

- Your Financial Profile.
- How the investment product is related to your overall investment goals.
- How the recommendation is consistent with your stated investment strategy.
- Fees charged for the product/transaction.
- Possible conflicts of interest that may be present.

You should be aware that while we will take reasonable care in developing and making recommendations for you, securities involve risk, and you may lose money. As such, we cannot 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 to you for a discussion of risks associated with the product and associated fees. We can provide those documents to you, help you to find relevant material in them, and clarify any questions you may have once you have reviewed them.

As we mentioned previously, Insigneo is affiliated with a U.S. Registered Investment Advisor and if it is in your best interest, we may solicit that you establish a relationship through our affiliated investment advisor. Please be aware that both your brokerage and your advisory relationship may be managed by the same RR because these are separate accounts established through separate legal entities, you will be required to complete account opening agreements for each. In addition, your RR will be compensated differently for each. Generally, in a brokerage account such as the one offered by Insigneo; your RR will be compensated on a transactional basis. This means that your RR will generate revenue (commission or sales credits) every time you execute a transaction. Whereas in an advisory account, such as the one you may open with IAS, your RR will generally be compensated by calculating a fee based on the assets under management in the account. You should be aware of this so that you can assess and determine which account provides you with better products, services and is more cost effective for you. Please read below for more information on compensation practices involving your RR and your brokerage account. For more information on the compensation practices regarding your RR as it relates to your advisory accounts, please see Form ADV and related brochures for your investment advisors in the link provided above.

In the instance that you have a brokerage account and an advisory account, when we make a recommendation, we will expressly tell you orally which account we are discussing so that you can make an appropriate decision as to our recommendation.

In the next sections, you will be able to read more information about our obligations, compensation practices and potential conflict of interests. Please read them carefully. Should you have any comments or questions, please contact your Registered Representative.

### **Compensation Practices**

Insigneo and its registered representatives charge fees for the services we provide. Typically, the fees when we act as your agent, are reflected as a commission and disclosed in the transaction confirmation you receive when you buy or sell a security through us. In certain cases, as with a bond or debenture (or in some rare cases with an equity security), the Firm and the registered representative you work with may collectively charge up to 5% as a markup or mark down. Again, you will be able to find the exact charge in the transaction confirmation you receive when you buy or sell a security. As a matter of internal policy, particularly with bonds and debentures, the Firm rarely exceeds a 3% charge and the mark up or mark down you are charged is disclosed on your confirmation. Below we are providing you with the range of fees and commission you can expect to pay when you open an account with Insigneo and transact in securities with us.

Product Category	Commission, Fees or Markup
Fixed Income	Up to 3% Mark Up
Structured Notes	Ranges from 0% -3.75% depending on tenure and other characteristics of the note.
Mutual Funds	Certain mutual fund share classes may pay trailer fees (as further described below). These trails are above and over the sales credit the RR may earn at the time of sale.
Equities	Up to 5% or Minimum \$50.00 Commission
Options	Up to 5% or Minimum \$100.00 Commission
Brokerage Account Maintenance Fee	\$375
RR Service and Maintenance Fee	From \$375 up to \$1000
Service Charge (indicated on each transaction confirmation for administrative fees)	\$0-\$25

Please note that because each transaction, product and security is unique we are only able to provide you now with a range of fees and expenses.

As we have mentioned, brokerage accounts, such as the ones you would open with Insigneo, have costs and expenses. In a brokerage account, you would ordinarily pay commissions, markups/markdowns or mutual fund sales credits for transactions as stated in the previous sections. RRs share in the larger portion of commissions you pay for securities trades and loads you pay in the case of mutual fund purchases. RRs do not share in Insigneo's brokerage account annual maintenance fee. However, your RR may add an additional amount to the brokerage account maintenance fee charged by Insigneo in order to cover the costs associated with maintaining your account. The annual maintenance fee will be charged in advance for half a year. In the event you transfer your account in that period, the maintenance fee will not be returned.

In some cases, Insigneo may have given RRs incentives to join Insigneo, such as a forgivable loan or office space reimbursement, contingent upon the representative achieving or maintaining a certain number of assets under management and custodied with one of Insigneo's custodians. This may pose a conflict between you and your registered representative or adviser who may be interested in purchasing or keeping more securities at Insigneo in order to have a loan forgiven or obtain other incentives.

### Insigneo Conflicts Disclosure

In this section you will find conflicts that may arise in connection with services and products that Insigneo and its affiliates provide to you. It should be read in conjunction with other disclosures made to you, including, upon your account opening with us, on our website, and with your periodic statements.

**Mutual Funds**

In addition to the sales charge (load) you pay when you buy a mutual fund (if it is a load fund), Insigneo receives retrocession payments. Retrocessions are payments to firms like Insigneo for distributing and marketing financial products for issuers or financial services providers. Generally, in the case of mutual funds (or a similar structure) these fees (sometimes called “trailers”) are paid on an ongoing basis from assets for shareholder services, distribution, and marketing expenses. Insigneo, in some cases, also receives separate and additional retrocession compensation which are fees that asset managers pay to distributors for their marketing efforts in raising interest in a particular product. Insigneo registered representatives receive a portion of retrocession fees (“trailers”) received by Insigneo, while all additional retrocession fees received are maintained exclusively by us. Insigneo’s receipt of retrocessions is based upon an agreement between the parties whereby Insigneo has agreed to distribute funds as well as provide other services in connection with those agreements. As we stated previously, while we will make recommendations to open an account, purchase, sell or hold your security(ies) only if we believe it is in your best interest to enter into such transaction or strategy, the outlined compensation structure should be viewed as a conflict of interest between you and Insigneo. Please note, Insigneo has implemented measures to mitigate these conflicts, which includes prohibiting its financial advisors from receiving any portion of additional retrocession payments received by the Firm.

Information regarding retrocessions and “trailers” can be found in the offering document for the investment, and a list of all funds with which Insigneo has a distribution agreement, can be found on our website, [Click Here- Retrocession Agreements](#). Insigneo maintains the following mutual fund distribution arrangements which provide Insigneo with **additional** retrocession payments, [Click Here- Additional Retrocession Agreements](#). In addition, these funds families may sponsor an Insigneo event, [Click Here-Mutual Fund Sponsors](#). Please note that these lists may change from time to time and further details can be obtained upon request.

**Money Market Funds and Money Market Fund Cash Sweeps**

Issuers of money market funds that you may purchase also pay Insigneo retrocession fees (commonly referred to as “trailers”). These fees are paid by money market funds, including cash sweep programs, on an ongoing basis from its assets for shareholder services, distribution, and marketing expenses. Some money market funds may pay a higher fee to the Firm than others. These fees are not shared with Insigneo registered representatives. Insigneo offers a limited number of money market funds for operational efficiency and to maximize the return Insigneo gets on these fees. Customers currently earn no interest on free cash balances and consequently none is shared with Insigneo.

**Customer Cash Liquidity Disclosure**

Investments in money market funds currently yield approximately 300 basis points for customers of Insigneo Securities. This well exceeds what an FDIC insured bank account yields. Your investment professional receives 5 basis points per quarter from Insigneo Securities for new money he or she attracts into money market funds. This includes when you transfer FDIC insured funds held at a bank into a money market fund held at Insigneo Securities. In this current market, money market funds held in your brokerage account yield a greater return for your portfolio than an FDIC insured bank account held away from Insigneo Securities at a bank. For conservative and moderate portfolios Insigneo Securities has previously recommended up to 20 and 10 percent in money market funds, respectively. Insigneo Securities itself earns more money (approximately 50 basis points on average) when you invest in a money market account than when you keep your cash at a bank. Please refer above for additional information concerning money market mutual funds.

**Annuities**

Insigneo and its representatives receive upfront sales charges for the sale of annuity contracts (and 12b-1 fees if the annuity

is invested in mutual funds). The amount of the sales charges and 12b-1 fees will vary depending on the type of contract you purchase, and the time period involved. While we will make recommendations to open an account, purchase, sell or hold your security(ies) only if we believe it is in your best interest to enter into such transaction or strategy, the outlined compensation structure should be viewed as a conflict of interest between you and Insigneo since the sales charge and 12b-1 fees are shared with the registered representative. Please refer to the annuity contract, prospectus or offering document for complete information regarding fees and other relevant information regarding this product.

#### **Structured Note Product Disclosure - Retrocession and Conflicts Disclosure**

Insigneo has entered into various distribution agreements with certain global financial institutions that issue structured notes. As part of these distribution agreements, Insigneo has agreed to add such issuers to its product offering (subject to the Firm's internal review processes and controls). While Insigneo RRs consider whether an investment in a structured product is in your best interest when recommending or providing advice in connection with such security, the outlined compensation arrangement should be viewed as a conflict of interest between you and Insigneo, since Insigneo receives retrocessions (fees) when acting as agent and distributing third-party products to clients in relation to these products. A list of the issuers that have entered into a distribution agreement that pay retrocessions to Insigneo in varying percentages based upon the distribution of their notes can be found on our website with this disclosure document. [Click Here-Structured Products Issuers](#)

Overall compensation percentages vary by issuer and product. In certain cases, referenced issuers provide certain structured notes at a discount to the distributing broker-dealer such as Insigneo. In turn, Insigneo sells the structured notes at par and retains the difference as compensation as part of its distribution arrangement. The amount of the discount can be as high as 3.75% and this amount (the retrocession) is shared between Insigneo and the registered representative.

#### **American Express Card - Conflicts Disclosure**

Insigneo receives payments from American Express related to all Firm customer's credit card transactions. In addition, registered representatives receive payments from American Express when they successfully recommend that a client subscribe to a card. The receipt of this compensation is pursuant to an agreement between Insigneo and American Express, whereby the Firm has agreed to offer card services as a component of Insigneo's brokerage services. Based upon the arrangement and compensation structure, this should be viewed as a potential conflict of interest between you and Insigneo. Please note, customers are under no obligation to elect the use of American Express card services to maintain a brokerage relationship with Insigneo. If a client elects or desires to have a credit card component as part of its customer account with Insigneo, such services are only offered by Insigneo through its relationship with American Express. Insigneo does not have any other credit card service options available to its customers at this time.

#### **Pershing LLC**

Pershing LLC ("Pershing") serves as custodian for the customer assets introduced to them by Insigneo Securities. Pershing has agreed to pay Insigneo a retrocession for net new assets introduced to Pershing LLC by Insigneo. Insigneo Securities LLC has an agreement with Pershing for Spot FX transactions. The maximum charge is 2% of the overall FX rate.

#### **StoneX Financial Inc.**

StoneX Financial Inc. ("StoneX") serves as a custodian for the customer assets introduced to Insigneo Securities. Insigneo has a small number of accounts in their custody.

**Compensation from Sponsors**

Additional compensation is received by Insigneo and its registered representatives from sponsors, typically mutual fund or offshore fund distributors or related issuers, in the form of business entertainment, educational meetings and offsite seminars. The sponsors will pay a fee or reimburse Insigneo in order for them to be able to market their products at an Insigneo sponsored event. These events provide marketing, education and due diligence presentations to the registered representatives on each sponsor's product. Contributors to the Insigneo Wealth Summit can be found on the Insigneo website. [Click Here- Summit Sponsors](#)

**Margin and Non-Purpose Loan Interest and Bank Deposit Interest on FDIC Cash Sweeps**

Interest you pay to lenders collateralized by your securities portfolio is shared with Insigneo. In certain cases, the interest is in turn shared by Insigneo with individual registered representatives. This may pose a conflict of interest because a representative of Insigneo may be seen to be incented to encourage you to borrow money since the representative and Insigneo share in the interest you pay to the lender. Also, the interest you may earn on collateral posted to borrow securities is shared between Pershing and Insigneo and not shared with your registered representative. If you have a sweep to an FDIC insured account, a portion of the interest you earn on that sweep is shared with Insigneo.

**Software**

Certain registered representatives of Insigneo are provided software directly from fund companies. Representatives use the software to help better advise their clients. Software is made available once a certain threshold of assets at the fund company is met so this can be seen as a conflict if a representative chooses a fund only to get the software. Insigneo representatives will indicate to you directly if this potential conflict exists.

**Firms Related to Insigneo**

From time to time, employees or registered representatives of Insigneo Securities, LLC or registered investment adviser of IAS may recommend securities issued by companies affiliated with Insigneo. This includes the Insigneo Multi Asset Portfolio program ("IMAPS"). More specific disclosures are in the offering documents for investments recommended and managed by Insigneo and its affiliates.

Importantly, you should know that Insigneo Capital, S.A. and Alpha Capital S.A. are indirectly owned by the indirect owner and control person of Insigneo Securities and IAS. Securities that you may purchase from Insigneo or IAS that are issued by Insigneo Capital, S.A. (or an entity formed and controlled by it) generate fees for both Insigneo Capital, S.A., Alpha Capital S.A., Insigneo, and IAS. Thus, these fees inure, in part, to the benefit of the common control person. Similarly, an associated person of Insigneo and IAS are affiliated in the management of the Insigneo Focused Growth Fund. Insigneo Securities LLC has decided to waive its 20-basis point distribution fee (that it otherwise would have collected upon sales of the fund) and pass that fee on to the broker for the next \$35 million raised for the fund. More specific disclosures related to the Insigneo Focused Growth Fund are available in the offering documents.

**Insigneo Senior Loan Fund**

The Insigneo Limited Partnership interests will be offered via an affiliated party of the Investment Manager who is acting as a placement agent, namely Insigneo Securities, LLC and/or Insigneo Advisory Services LLC. Insigneo Securities, LLC and/or Insigneo Advisory Services, LLC will receive direct compensation and/or a referral fee from the Investment Manager in an amount equal to an annual and ongoing 0.15% with respect to the net asset value of successful placements of the Insigneo

Fund's securities to their clients (which such amounts will not increase the management fee). As such, a conflict exists because these placement agents are under common control with the Investment Manager.

**Referral Fees for Investments in Loans and for Life Insurance Referrals**

Although not under common control, Hencorp Capital from time-to-time issues loans which may be offered for sale by representatives of Insigneo. Hencorp Capital used to be affiliated with a predecessor company of Insigneo and IAS. Representatives and Insigneo share in referral fees paid by Hencorp. Other companies listed below pay a referral fee to representatives when the representative refers to a party interested in purchasing life insurance to them.

- Brandon Brokerage
- RDK Advisors

In the case of a life insurance referral fee, Insigneo and the registered representative share in a portion of the premium paid to the life insurance policy issuer.

**Conflicts Between Asset Classes**

Although it may be self-evident, you are reminded that different products that you may purchase or sell may yield different remuneration to Insigneo and its representatives, initially and over time. Even within the same product, different fees may be charged. For example, a share class of a mutual fund may charge a load and another class of the same fund may not. Similarly, a share class of a fund may pay trailers and another class may not. Please be sure to review the mutual funds prospectus or offering circular as these documents will contain information on the fees and costs for each share class.