

# VENECREDIT SECURITIES, INC.

Member SIPC / FINRA

## Client Relationship Summary (Form CRS)

May 11, 2023

### Introduction

Venecredit Securities, Inc. (“VSI”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). VSI is also approved by the Florida Office of Financial Regulation (“FLOFR”) to conduct business in the State of Florida as a broker dealer and as a registered investment adviser. VSI is incorporated in the State of Florida and is a wholly-owned company of VBT Holdings, Ltd.

The services offered by broker-dealers and investment advisers and the way they are compensated for those services are different so it is important that retail investors understand those differences. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisers, and investing.

#### **Terms to know**

- A **broker-dealer** is a firm that acts as an intermediary between buyers and sellers of securities. It usually charges a commission on each transaction it executes. The securities it buys and sells may be bought or sold into or out of its own account.
- An **investment adviser** is a person or an entity that charges a fee for providing investment advice, preparing a financial plan, or conducting securities analysis.

### What Investment services and advice can you provide me?

As a broker-dealer, we provide retail investors with the ability to purchase and sell securities that are traded in markets primarily located within the United States, but also internationally. In that regard, we recommend to retail and institutional investors the purchase or sale of various types of investments, primarily individual stocks, exchange-traded funds (“ETFs”) and corporate bonds. When you become a customer of VSI, we have a duty to act in your best interests when we recommend investment transactions to you. Our recommendations are based on your specific investment profile (including your investment objectives, risk tolerances, financial wherewithal, investment time horizon, etc.). As a broker-dealer, we do not monitor the brokerage accounts of our customers. As a result, you will make the decision when to buy, sell or hold investments in your account. We also permit you to have electronic access to your account so that you can, if you choose, execute transactions at your own initiative without a recommendation from us.

As a registered investment adviser, we provide investment advisory services to retail investors. We provide retail investors with a variety of model investment portfolios with different investment objectives and risk tolerances in which they can invest. These model portfolios invest in stocks, ETFs, mutual funds and/or corporate bonds. When you become an investment advisory client, we will assist you in identifying a model portfolio that is consistent with your investment profile. Once you have selected a model portfolio, we may use our discretion in deciding the specific investments to buy or sell in your account, consistent with the goals and objectives of that model portfolio. We only exercise discretion when you grant that authority to us in writing. Unlike our brokerage accounts, we provide on-going monitoring of holdings in your advisory account.

#### **Conversation Starters. Questions you might wish to ask when considering our services:**

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

### What fees will I pay?

Brokerage and advisory fees differ and are explained in detail below. 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.

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Broker-dealers generally charge a commission on each transaction they execute for their customers. In certain transactions (for example, transactions involving corporate bonds), this commission can be charged as a “markup” or “markdown” that is added to or subtracted from the price charged on the transaction. The amount of the commission (or markup/markdown) charged depends on the dollar amount and complexity of the transaction. For example, larger amounts and/or more complex transactions will generally be charged higher commissions than smaller amounts and/or less complex transactions. In general, retail investors who maintain brokerage accounts through VSI will pay a commission (or markup/markdown) of approximately 1% of the dollar amount of the transaction, although that charge could be higher or lower depending on the transaction. Commissions on transactions initiated by our customers are generally .6% of the amount of the transaction, with a minimum charge of \$60.

We require a minimum investment of \$100,000 to open a brokerage account. Because a commission (or markup/markdown) is charged on every transaction, you will pay more when there are more trades in your account. We may, therefore, have an incentive to encourage you to trade often. You may negotiate the amount of the commission (or markup/markdown) to be charged on each transaction in your account. Commissions (and markups/markdowns) are disclosed on transaction confirmations you will receive in conjunction with each transaction effected in your account so you should carefully review those documents to understand the charges you are paying.

If you maintain a brokerage account with VSI, you will be charged a flat administrative fee of \$400 each quarter (in addition to the commissions or markups/markdowns charged on each transaction). In addition, you may be charged a variety of administrative and operational fees by our clearing firm, Pershing, and VSI will receive a portion of some of those fees. All fees are listed on the commission schedule you will receive at the time you open an account with VSI. Those fees are also posted on our website, [www.venecreditsecurities.com](http://www.venecreditsecurities.com), under the heading INFO on the top menu bar, “Commissions and Fees.”

If you purchase mutual funds or ETFs in your brokerage account, the issuers of those investments will charge a management fee for their management of the underlying investment portfolios. Those fees will be deducted from your returns on those investments. VSI does not receive any portion of those fees. Certain mutual funds also charge “12b-1 fees” for the marketing and distribution of their fund shares. VSI is paid a portion of those fees.

If you maintain an investment advisory account with VSI, you will pay an investment advisory fee based on the value of the investment assets we manage for you, which is calculated and charged quarterly. The annual fee for most accounts is 1.5%, but we may reduce that percentage when the amount of investment assets we manage for you increases. The *Letter of Agreement* you will sign when opening your account reflects the fees you will be charged. You may negotiate the amount of the advisory fee to be charged on your account. We require a minimum investment of \$100,000 to open an investment advisory account.

Similar to our brokerage accounts, should we invest your advisory account in ETFs or mutual funds, you will also pay management fees to the issuers of those investments. Those fees will be deducted from your returns on those investments and VSI does not receive any portion of those fees. You will not pay 12b-1 fees on mutual funds purchased in your investment advisory account.

As with brokerage accounts, your investment advisory account may be charged various administrative and operational fees by Pershing, a portion of which will be shared with VSI. All fees are listed on a schedule you will receive at the time you open an account with VSI. Those fees are also posted on our website, [www.venecreditsecurities.com](http://www.venecreditsecurities.com), under the heading INFO on the top menu bar, “Commissions and Fees.”

You will find more information about our investment advisory services and how we are compensated for those services by reviewing our Form ADV, Part 2A brochure on our website, at <https://venecreditsecurities.com/wp-content/uploads/2023/05/2023-BROCHURE-VSI.pdf>. You may also obtain a copy of our Form ADV, Part 2A brochure from the Investment Adviser Public Disclosure website, <https://adviserinfo.sec.gov/>.

Whether you maintain a brokerage account or an investment advisory account, 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.

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**Conversation Starters. Ask your financial professional the following question:**

- 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?

## What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

### Conflict of Interest

Encouraging you to effect transactions in your brokerage account

Effect transactions with you from our own proprietary account

Transactions in employee personal and family accounts

Increasing assets in advisory accounts to increase advisory fees

### How We Mitigate the Conflict of Interest

Our employees are paid a fixed salary and receive no compensation tied to the commissions charged to your account. We regularly review trading activity in customer accounts to confirm that it appears consistent with each customer's investment profile.

We may occasionally buy investments from you or sell investments to you from our own proprietary account. We will only do so in brokerage accounts when we believe it will result in a better price to you. We regularly monitor the trading activity in our proprietary account to confirm that our customers only benefit from the transactions we effect with them from that account.

While our employees may effect transactions for their personal and family account in the same investments we may buy or sell in your account, we have procedures in place to ensure that personal and family transactions of our employees do not conflict with transactions for the accounts of our customers or otherwise conflict with transactions for the accounts of our customers or otherwise disadvantage our customers.

The more assets you have in your advisory account, the more you will pay in investment advisory fees. As noted above, our employees are paid a fixed salary and receive no compensation based on the advisory fees you pay. We regularly review the accounts of our investment advisory clients to confirm that the activity in those accounts appears consistent with each client's investment profile.

We do not sell proprietary products or receive compensation from third-parties to sell their products.

**Conversation Starters. Ask your financial professional the following question:**

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

## How do your financial professionals make money?

As reflected above, all of our employees, including the financial professionals responsible for the investment decisions regarding your account, are paid a fixed salary. None of our employees receive compensation that is tied in any way to the commissions or investment advisory fees paid by our customers or clients.

We pay a referral fee to our parent company, VBT Holdings, Ltd., in an amount equal to 35% of the gross revenue we generate from accounts of customers or clients who are referred to us by VBT Holdings, Ltd. or one of its subsidiaries. Our associates located in Venezuela are independent contractors of VBT Holdings, Ltd. Their compensation is not tied to commissions or advisory fees received by VSI.

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

No. Neither the individuals responsible for making investment decisions for your account nor any other persons associated with VSI have any legal or disciplinary disclosures. For more information regarding VSI and our financial professionals, please visit <https://brokercheck.finra.org>. As noted previously, additional free and simple tools and educational materials are available at: [www.investor.gov/CRS](http://www.investor.gov/CRS).

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**Conversation Starters. Ask your financial professional the following question:**

- 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 an investment adviser or a broker dealer?
- Who can I talk to if I have concerns about how this person is treating me?

## **Additional Information**

You can find additional information about VSI and receive a copy of our **relationship summary** and a copy of our Form ADV, Part IIA at our website [www.venecreditsecurities.com](http://www.venecreditsecurities.com). You can also call us in the United States 8:30-17:30 Monday-Friday at (305) 372-2446 or in Venezuela at (212) 771-7185. You can also contact us after normal business hours at (786) 547-0893.

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