

# Client Relationship Summary

BMO Nesbitt Burns Securities Ltd. | January 2024

## I. Introduction

BMO Nesbitt Burns Securities Limited ("NBSL") is dually registered with the Securities and Exchange Commission ("Commission") as a Broker/Dealer and an Investment Adviser. NBSL financial professionals are licensed to provide either Broker/Dealer ("brokerage") or Investment Advisory ("advisory") services, or both, to our retail investors. It's important for you to understand that our brokerage and advisory services and fees differ. You can find free and simple tools on the Commission's website, [www.investor.gov/crs](http://www.investor.gov/crs), to research firms and financial professionals, and explore educational materials about Broker/Dealers, Investment Advisers and investing.

## II. What financial services and advice can you provide me?

NBSL offers brokerage and advisory services through financial professionals located in branches throughout Canada. Our financial professionals service clients in person, on the phone and over email. We offer brokerage services through financial professionals called "Registered Representatives" ("RRs") and advisory services through financial professionals called "Investment Adviser Representatives" ("IARs"). Some financial professionals provide both services.

**Overview of brokerage services:** We offer brokerage services to retail investors including account types: individual, joint, trusts, Uniform Transfer to Minor ("UTMA"), estates, entity, and guardian/conservatorship. We do not offer brokerage retirement accounts. We recommend the purchase and sale of individual equities, bonds, exchange-traded funds, mutual funds, and money market funds. Brokerage account services include financial plans, ACH transfers, money fund sweeps, bank-linked sweeps, asset transfers, online and mobile account access, margin, and transfers on death. For a detailed description of our brokerage services see our Regulation Best Interest Disclosure Document ("Disclosure Document").

**Overview of advisory services:** We offer advisory services to retail investors including account types: individual, joint, trusts, UTMA's, estates, entity, guardian/conservatorships, and retirement accounts. Our Advisory account services include financial plans

and investment management services. For investment management services, we develop a personalized Investment Policy Statement ("IPS") with you to address your individual investment goals, time horizon, risk tolerance, asset allocation targets, guidelines, liquidity needs, and other limitations for investing in certain securities and asset classes. We then build a customized portfolio that meets the parameters outlined in your IPS. For a detailed description of our advisory services please see NBSL's Form ADV Part 2A Brochure ("Brochure") which is available at <https://adviserinfo.sec.gov/firm/summary/281337>.

### Monitoring:

- **Brokerage:** We do not provide ongoing monitoring of brokerage accounts.
- **Advisory:** We attempt to review with clients at least annually their portfolio performance and their investment objectives, unless directed otherwise by the client in their IPS. Managed portfolios will be reviewed at least annually to confirm whether your asset allocation is within the investment objective range as stated in your IPS, and adjusted accordingly.

### Investment authority:

- **Brokerage:** We do not accept discretionary authority to invest on your behalf in a brokerage account. You must authorize every transaction and you make the ultimate decisions regarding all purchase, sell, and hold recommendations.
- **Advisory:** After you sign your Managed Account Agreement, we are authorized to use discretion to implement the investment objectives set forth in your IPS and determine the security type and the relevant amounts invested in each security in your account, including adding or replacing securities in your account.

### Limited investment offerings:

- **Brokerage:** We generally recommend the purchase of affiliate and non-affiliate equities, fixed income, exchange-traded funds ("ETF"), and mutual funds.
- **Advisory:** We allocate investments among various non-affiliate asset classes. Asset classes may include equities, fixed income, exchange-traded funds, and mutual funds.

**Account minimums and other requirements:**

- **Brokerage:** We do not have account minimums for brokerage accounts.
- **Advisory:** Our account minimum for retirement accounts is \$50,000. All other account types have an account minimum of \$500,000 with a minimum annual fee of \$5,000. We may reduce the account minimum and annual fee, subject to negotiation with our clients.

**Additional information:**

Our BrokerCheck CRD report is available at [www.brokercheck.finra.org](http://www.brokercheck.finra.org), and our advisory services' Brochure is available at <https://adviserinfo.sec.gov/firm/summary/281337>.

**Questions to ask your financial professional about 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 service? 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 those qualifications mean?**

**III. Summary of fees, costs, conflicts, and standards of conduct****What fees will I pay?**

In brokerage accounts, we earn transaction-based commissions and sales charges, while in our advisory accounts we earn a percentage of your total assets as fees. The more trades executed in your brokerage account, the more we earn. We have an incentive to recommend that you trade more often. Likewise, in an advisory account, the greater the value of the assets we manage, the more we earn in advisory fees. We have an incentive to encourage you to increase assets in your account.

- **Brokerage commissions:** The amount of commissions you will pay on transactions in your brokerage account is specific to each transaction and not the value of your account. We charge commissions for equities, ETFs, and fixed income securities as described in our equity and fixed income commission schedules. All other

commissions and sales charge details are provided in the product's prospectus. Your RR will disclose the specific commission and fees you will be charged at the time the recommendation is made. You will also have access to disclosures outlining commissions, fees and costs of specific investments, as these will vary depending on your investment selection. You will pay commissions, fees and costs whether you make or lose money on your investments. Commissions, 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.

- **Advisory fees:** We charge you an annual fee, calculated as a percentage of your managed assets, and deducted from your portfolio on a monthly or quarterly basis; which means that the more assets in your advisory account, the more you will pay in fees. Therefore, we have an incentive to encourage you to invest more, which we mitigate by charging lower percentages the more assets you give us to manage. 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. Make sure you understand what fees and costs you are paying. Our current annual fee schedule is available in our Brochure.

**What other fees and costs will I incur?**

- **Brokerage:** Additional fees as described in our Disclosure Document include transfer fees, wire and delivery fees, and late payment fees. There are also separate fees and charges imposed at the product level such as those imposed by ETFs and mutual funds as described in their prospectuses, including sales charges and break-point schedules (reduced sales charges based on size of purchase), back-end or contingent deferred sales charges, management and maintenance fees and expenses, and distribution fees. Accounts with margin loans will pay interest according to the client's margin agreement.
- **Advisory:** In addition to fees paid to NBSL for investment advisory services, clients will also pay for the fees and expenses charged by ETFs or mutual funds to their shareholders as outlined in their prospectuses. Ask your IAR for more information specific to your account and IPS. Also refer to Item 5 of our Brochure.



### Questions to ask your financial professional about our fees:

- Help me understand how these fees and costs might affect my investments.
- If I give you \$100,000 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 a Broker/Dealer or when acting as an Investment Adviser?

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 interests 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. Below are some examples to help you understand what this means.

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

In addition to the brokerage and advisory fees we receive, there are other types of compensation that create conflicts of interest. Generally, these conflicts are mitigated through disclosure, compensation structure and supervisory procedures as described in more detail in our Disclosure Document and Brochure. You should understand and ask us about these conflicts because they can affect the advice we provide you. Some examples include:

- **Dual advisory and brokerage services:** We are dually registered as a Broker/Dealer and an Investment Adviser and our financial professionals are licensed to operate in one or both capacities. Whether a brokerage commission or an advisory asset-based fee account is appropriate for you depends upon a number of factors, including the frequency your account is traded, and if you want to pay for ongoing monitoring. You should discuss your options with your financial professional.
- **Material business relationships with affiliates under common control:** We are a wholly-owned subsidiary of BMO Nesbitt Burns Inc. ("BMO NBI"), which is a wholly-owned subsidiary of Bank of Montreal ("BMO"), all owned by BMO Financial Corp. NBSL

pays BMO NBI for general corporate services. In addition, we rely on BMO, BMO Financial Corp. and its subsidiaries for various support functions including supervision, compliance and operations, whose employees are employees of BMO or its subsidiaries under BMO Financial Corp.

- **Financial professionals' compensation for other services and referrals:** Our financial professionals are either registered with NBSL as RRs to perform brokerage services or IARs to perform advisory services, or dually registered as both. Our financial professionals are also employees of BMO NBI and receive separate compensation for their brokerage and/or advisory services provided to BMO NBI clients. In addition, many financial professionals are also licensed Canadian insurance agents and will receive commissions for selling Canadian insurance-related investments to BMO NBI clients. They have an incentive to recommend other BMO Financial Group products and services for which NBSL clients may qualify that will result in additional compensation for our financial professionals paid by BMO NBI.
- **Differential revenue among products and providers:** We earn different levels of revenue among different products and providers of those products. We may have an incentive, therefore, to recommend one product or provider's product over another.
- **Receipt of third-party revenue sharing:** Other non-affiliated funds, or their sponsors, pay other compensation to us and our affiliates such as 12b-1 fees, which are a portion of the fees you pay the fund company. We have an incentive, therefore, to recommend funds paying 12b-1 fees.
- **Services from recommended brokers:** NBSL will select brokers on the basis of their ability to provide best execution, including the security selection, trade price, and prompt, reliable execution. NBSL will direct all trades on a "best execution" basis to the extent permitted by law. The majority of our trades are placed through National Financial Services ("NFS"). NBSL reviews NFS' policies and best execution through our due diligence process. From time to time, NBSL may process trades away from NFS and will utilize BMO NBI if we believe it is in the best interest of our clients. More information is provided in our Disclosure Document and Brochure.



### Questions to ask your financial professional about conflicts:

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

### How do your financial professionals earn money?

Our financial professionals earn a salary according to a grid that changes with their productivity and other variables from transactions, fees from fee-based and managed assets, mutual fund trailers and bank product commissions. Commissions earned on brokerage transactions vary depending on the asset class and the principal amount invested in that transaction (i.e., equities and fixed income). Accordingly, with respect to brokerage accounts and transactions, the more they sell, the more they earn and have incentive to sell you more and/or recommend that you contribute more. With respect to advisory accounts, contributions to fee based accounts are factors in their sales goal so they have an incentive to encourage you to increase the assets in your account. They also earn referral fees through BMO NBI for recommending you to, and initiating relationships with, BMO NBI and other BMO Financial Group subsidiaries. For more on referrals, see our Disclosure Document and Brochure.

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

**Firm information:** Yes. On September 13, 2018, the Firm settled with FINRA without admitting or denying that it violated Sections 15(c) and 17(a) of the Securities Exchange Act of 1934 ("Exchange Act"), Exchange Act Rules 15c3-1, 17a-3 and 17a-5 promulgated thereunder, and FINRA Rules 4511 and 2010 by incorrectly calculating its net capital, causing it to not maintain its required level of net capital between May 2015 and May 2016, which also caused the Firm to file inaccurate Financial Operational Combined Uniform Single ("FOCUS") reports and maintained inaccurate books and records. NBSL consented to the described sanction

to the entry of findings and was censured and fined \$75,000. Information on this is available on our Form ADV Item 11 of Part 1A or Item 9 of our Brochure as well as on our Form BD available at [www.brokercheck.finra.org](http://www.brokercheck.finra.org).

**Financial professional information:** Yes. Some of our financial professionals have disciplinary history, which is reported for financial professionals on FINRA's and the SEC's websites. You may find detailed information about an individual's disciplinary history at [www.brokercheck.finra.org](http://www.brokercheck.finra.org) and <https://adviserinfo.sec.gov/firm/summary/281337> and [investor.gov/CRS](http://investor.gov/CRS) for free and simple search tools to research your financial professionals.



### Question to ask your financial professional about standards of conduct:

- As a financial professional, do you have any disciplinary history? For what type of conduct?

### V. Additional information about brokerage and advisory services and to request a copy of the Relationship Summary

**Contact Information:** You can obtain a copy of the Relationship Summary as well as obtain additional information about our advisory and brokerage services by calling your NBSL financial professional or the NBSL Office of Supervisory Jurisdiction at 855-328-1136.

**Who is my primary contact person? Is he or she a representative of an Financial Adviser or a Broker/Dealer?** Your financial professional is your primary contact person and is a representative of the Investment Adviser or the Broker/Dealer, or both.

### Who can I talk to if I have concerns about how this person is treating me?

You may ask your financial professional for their manager's contact information or you may write to NBSL at [nbsl.osj@BMO.com](mailto:nbsl.osj@BMO.com), or Nesbitt Burns Securities Ltd., 100 King Street West, 41 Floor, Toronto, Ontario M5X 1H3.