



CATHAY Securities, Inc
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New York, NY 10005

Form CRS- (Client Relationship Summary)
March 15, 2024

Item 1: Introduction

Cathay Securities Inc. (CSI, the Firm) is registered with the United States Securities and Exchange Commission (SEC) as broker-dealer, is a member of Financial Industry Regulatory Authority (FINRA) and member of Securities Investor Protection (SIPC). The Firm provides brokerage services, buying and selling securities for retail clients. CSI is not a registered investment adviser; however, CSI owns Next GEN Advisors, LLC who can provide investment advisory services. **Brokerage services and investment advisory services and fees differ. It is important to understand these differences.** In addition, CSI provides Investment Banking services. This document gives you a summary of the type of services and fees we charge. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

Item 2: Relationship and Services

What Investment Services and Advice Can You Provide Me?

Description of Brokerage Services:

CSI and its financial professionals offer brokerage services, helping you to buy and sell securities on your behalf, including stocks, bonds, exchange-traded funds (ETFs), options, mutual funds, and index funds. These services are provided on a fully disclosed basis. Our financial professionals offer comprehensive brokerage services on both a fiduciary and non-fiduciary basis. Recommendations made by our financial professionals are typically part of our brokerage services and are incidental to our primary business as a broker-dealer. It is your responsibility to evaluate and decide whether to act on any recommendations provided by your financial professional. At your request, our financial professionals may also provide investment advice, including buying and selling securities. In this advisory capacity, the financial professional will act as a fiduciary, obligated to act in your best interest and prioritize your needs. Again, the decision to follow any recommendations rests with you.

Conversation starters. Ask your financial professional:

- ✓ "Given my financial situation, should I choose a brokerage 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 these qualifications mean?"

Monitoring: CSI does not offer account monitoring services for brokerage accounts. While your financial professional might review your account holdings on an occasional, voluntary basis, and potentially offer recommendations, these reviews do not constitute a formal account monitoring service.

Limited Investment Offerings: Our firm provides recommendations on a range of non-proprietary products. However, it's important to understand that we do not cover all products within any specific category. For instance, not all mutual funds or their share classes may be available for recommendation.

Account Minimums: CSI typically does not set a minimum account size requirement for opening a brokerage account, with a few exceptions based on specific client types. Please note, certain securities may have their own investment minimums.

Additional Information: For a comprehensive overview of our services, we encourage you to read through the firm's Regulation Best Interest Disclosure. You can access it via the following link: [REG BI Disclosure August 2023 v2.pdf \(cathaysecurities.com\)](#).

Please note, neither CSI nor our financial professionals have discretionary power over the assets in your account. For more details: www.BrokerCheck.com.

Item 3: Fees, Costs, Conflict and Standard of Conduct

What Fees Will I Pay?

As a customer of CSI, you are subject to transaction-based fees & costs each time you trade stocks, bonds, ETFs, mutual funds, options and other securities products on our platform. Please note, CSI doesn't make markets in equities, we do not charge mark-ups, mark-downs. Client may pay commissions on stocks, ETFs, options and fixed income products. Clients will pay option contract fees. CSI offers new issues through our investment banking services; in these arrangements, the issuer will pay the firm underwriter fees. If you purchase shares in a new issue offered by CSI, you may pay fees and costs in addition to the investment banking fees. Clients will pay Margin Interest which will be charged to your account when the clearing firm lends you funds to trade on margin. Clients are subject to exchange and regulatory fees, in addition to the fees and/or commissions charged by CSI. Clients are subject to "Other" fees such as, Subscription Services for clients who elect to access market data or other services. Clients will pay account transfer fees when processing a transfer to another firm. Fees are based on the trading you conduct and services you choose. Fees may differ based on account type. The list of fees and costs above is not exhaustive. A more detailed schedule of fees can be found on our REG BI Disclosure [REG BI Disclosure August 2023 v2.pdf \(cathaysecurities.com\)](#).

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.

Conversation Starter. Ask your financial professional

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

"When we provide you with a recommendation, 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 we provide you. Here are some examples to help you understand what this means."

- We may receive interest on uninvested cash deposited in your accounts, we benefit from you holding cash in your account.
- We may earn commissions on trades; we benefit when you actively trade your portfolio.
- We may receive order flow payments from our clearing firm for your transactions; we benefit when you make more transactions in your account(s).
- We may earn interest on the stocks you purchase on margin; we benefit from you maintaining a debit balance.
- You may also incur administrative charges and platform fees; we benefit when you maintain an account with CSI.
- We may receive cash and non-cash economic benefits from product sponsors.

The more active you are, the more fees our firm may charge you and therefore, our firm may have an incentive to encourage you to engage in more transactions. We have an incentive to promote the products/platforms that have the most potential for services/compensation over those that share less or none. We mitigate these conflicts of interest through the implementation of controls and supervision of our representative's recommendations, oversight of employees and reasonable selection of service providers and other means. For more information, please review the firm's REG BI Disclosure [REG BI Disclosure August 2023 v2.pdf](#) (cathaysecurities.com).

Conversation Starter. Ask your financial professional:

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

"How do your financial professionals make money?"

Financial professionals receive a percentage of the revenue generated from your transactions. Revenue includes commissions, which may increase if the financial professional produces over certain thresholds, therefore, your financial professional(s) have an incentive to encourage you to buy and sell securities more frequently. In addition, financial professionals also have an incentive to encourage you to move your account from CSI to increase his or her own compensation. Some financial professionals may receive salaries, forgivable loans and or/compensation for investment banking referrals or other business. Furthermore, financial professionals may receive cash and non-cash compensation from third-party product providers. You are encouraged to learn more about us by asking your financial professional.

Item 4: Disciplinary History

Do You or Your Financial Professionals Have Legal or Disciplinary History?

Conversation Starter. Ask your financial professional-

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

Yes. Visit brokercheck.finra.org or investor.gov/CRS for a free and simple search tool to research our Firm and/or our financial professionals.

Item 5: Additional Information

Where is Additional Information Available?

If you would like additional up-to-date information or request a current copy of Form CRS, please call our office at (212)285-2261 or email us: csi@cathaysecinc.com

Conversation Starter. Ask your financial professional-

- ✓ Who is my primary contact person?
- ✓ Is he or she a representative of an investment advisor or a broker-dealer?
- ✓ Who can I talk to if I have concerns about how this person is treating me?