



CATHAY Securities, Inc
40 Wall Street, suite 3600,
New York, NY 10005

Form CRS- (Client Relationship Summary)
February 04, 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. Please visit www.investor.gov/CRS for free, simple tools for educational materials learning about broker-dealer, investment advisor and investing.

Item 2: Relationship and Services

What Investment Services and Advise 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. Currently, the firm has several clearing arrangements: 1. Wedbush Securities - Provides execution, clearing, and custody services. Please note, our clearing arrangement with Wedbush is concluding. 2. CSI Self-Directed Brokerage Services - Offered through our proprietary online mobile application, MYCSI MOBILE. Accounts through MY CSI are cleared through Velox Securities, which provides execution, clearing, and custody services. Additionally, 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 services? Why or why not?
- ✓ Given my financial situation, should I choose an investment advisory service?
- ✓ 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 investment to recommend to me?
- ✓ What is your relevant experience, including your licenses, education and other qualifications? what do this qualification 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.

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.

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.

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](http://REG%20BI%20Disclosure%20August%202023%20v2.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?

You will pay fees and costs whether you make a profit or lose money on your investments. Fees and commission costs will reduce any amount money you make on your investment over time. Please make sure you understand what total costs of fees and commission you're paying for your investment. In addition, depending on your investments, you will pay certain ongoing fees and costs. For example, mutual funds typically also deduct other ongoing fees and expenses, such as management fees or servicing fees, from fund assets; these fees are separate from the brokerage commissions and 12b-1 fees discussed above. For further information about all commissions and fees associated with a product, see the product's prospectus.

Conversation Starter. Ask your financial professional

- ✓ Help me understand how these fees, and commissions might affect my investments. If I give you \$10,000 to invest, how much will go to fees and commission costs and how much will be invested for me.

What are Your Legal Obligations to Me When Providing Recommendations? How 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.

The firm charges you a commission for each transaction, either buying or selling stocks, bonds, ETFs, options, mutual funds and index funds. Your financial professional will charge commissions based on the type of product and cost associated with the transaction. If you open an account through Next GEN Advisors, you will pay advisory fees as set in the FORM ADV Part 1A. You may incur a service fee to cover postage and handling back-office functions. The firm charges the same commission rate for stocks, ETFs, except options commission rate is based on number of contracts and contract price. The firm 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 through our firm, you may pay the firm or our financial professional commissions in addition to the fees received through the investment banking services. You may also incur administrative charges and platform fees. Our clearing firms (Wedbush and Velox) may charge additional fees, such as custodian fees, account maintenance fees, SEC fees, transfer fees, and account inactive fees. The more transactions you make in your account(s), the more fees our firm may charge you and therefore, our firm may have incentive to encourage you to engage in more transactions. Our Firm may receive order flow payments through our clearing arrangements for your transactions. The Firm may earn additional revenue offered through its clearing firm when customers purchase stocks on margin and or maintain credit balances.

Third-Party Services/Compensation: We may receive cash and non-cash economic benefits from our clearing firms and product sponsors. These companies earn revenue by charging you fees, such as a management fee in a mutual fund, ETF, or interest on securities-based loans. A portion of these fees are shared with us directly or the relationship profits are likely considered when providing benefits to the firm. This compensation includes ongoing distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges you and then pays to us. We may also receive various benefits from our relationship with our clearing firms, Velox Clearing and Wedbush Securities. Some examples include revenues from uninvested cash balances you authorize us to move into money market funds and FDIC insured bank deposit products. This revenue and the manner in which we select money market and other cash-equivalents presents a conflict of interest, which we mitigate through oversight of recommendations, reasonable selection of service providers and other means. We have an incentive to promote the products/platforms that have the most potential for services/compensation over those that share less or none at all.

Investment Banking: If you purchase investments in companies with which we maintain an investment banking relationship as advisor, agent or underwriter, we often receive additional compensation as described above and in the prospectus or other offering documents. This is a conflict of interest that we mitigate by reviewing disclosures about fees for completeness and accuracy among other reviews.

Conversation Starter. Ask your financial professional:

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

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 \(cathaysecurities.com\)](#).

How Does 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 other institutions to CSI and our custodian in order 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, 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 from 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 broker-dealer?
- ✓ Who can I talk to if I have concerns about how this person treating me?

Cathay Securities, Inc. SEC registered Broker-Dealer, member FINRA, SPIC. Located at 40 Wall Street Suite 3600, New York, New York 10005. (212)285-2261.