

## Item 1. Introduction

**Banorte Securities International, Ltd (BSI)** is registered with the Securities and Exchange Commission (SEC) as a broker-dealer, **Banorte Asset Management, Inc (BAM)** is registered with the SEC as an investment advisor. BSI and BAM, (together “we,” “our,” and “us”), are both affiliates and ultimately subsidiaries of Grupo Financiero Banorte S.A.B. de C.V. BSI’s brokerage services and BAM’s investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available for you to research firms and financial professionals at [Investor.gov/CRS](https://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?

*We offer both brokerage services and investment advisory services to retail investors.*

#### **BSI’s Broker-Dealer Services:**

As a broker/dealer, our principal service is offering retail investors the ability to buy and sell securities in exchange for a commission. We do provide transaction recommendations to retail investors. We offer retail investors the following service options:

“Full-service” brokerage services (available to both U.S. “domestic” customers and “international” customers who are not “U.S. persons”) – We offer recommendations to you concerning the purchase and sale of securities registered with the SEC through its Registered Representatives.

Products are custodied with Pershing LLC division of Bank of New York, BSI’s third-party brokerage clearing firm. In addition, BSI’s brokerage accounts offer the option to hold cash in either money market funds or a bank account insured by the Federal Deposit Insurance Corporation (a “cash sweep vehicle”). All recommendations will be made in a broker dealer capacity unless otherwise verbally stated at the time of the recommendation.

- **Account Monitoring:** While BSI remains available to assist you, after effecting a securities transaction for you (Including those BSI recommends to you), BSI does not monitor your account.
- **Investment Authority:** BSI does not exercise discretionary investment authority, which means BSI cannot buy or sell investments in your account without first obtaining your consent. BSI may recommend investments to you, but you are ultimately responsible for making the decision whether to purchase or sell investments.
- **Limited Investment Offerings:** We seek to provide you with a broad range of investment products, but we do not make available all investment products on the market. Selected types of financial products are approved for our financial professionals to recommend, including principally a menu of third-party products, (such as mutual funds, exchange traded fund and structured products), as well as equities and designated types of bonds and other fixed income securities. We offer selected Banorte fixed income “proprietary” products (i.e., products issued, sponsored, or managed by affiliates) only in limited circumstances.
- **Account Minimums and Other Requirements:** Generally, the account minimum to establish a brokerage account at BSI is \$10,000.

#### **BAM’s Investment Advisory Services:**

BAM’s principal investment advisory services are providing separate account advice and management in exchange for a fee that is a percentage of the value of the securities in the account (“Assets Under Management” or “AUM fee”). BAM offers investment advisory programs to retail investors through its Investment Advisor Representatives (IARs). IARs are financial professionals registered with BAM. We manage our advisory accounts on both a discretionary and non-discretionary basis. Collectively, the non-discretionary and discretionary advisory accounts are referred to as “BAM Traditional.” For non-discretionary services and recommendation for broker-dealers to use, the retail investor makes the ultimate decision regarding the purchase or sale of investments. Under “BAM Traditional,” we offer the BAM Fee-Based Transactional Program, which is a wrap fee program set forth to establish Non-Discretionary Services to allow you access for execution of transactions for your portfolio. See our Wrap Fee Program Brochure, which explains the service, its operation, fees, conflicts-of-interests, and other material facts. Additionally, under “BAM Traditional,” we offer Discretionary Model Portfolios, which is a wrap fee program set forth to offer you turnkey investment solutions according to your stated investment needs and objectives, time horizon, investment limitations and risk tolerance. Both these programs are offered through our IARs. More information on BAM’s investment advisory services is available in its [Form ADV Firm Brochure](https://www.banortesecurities.com/downloads/?lang=en), which is available at <https://www.banortesecurities.com/downloads/?lang=en>.

BAM also offers investment advisory services through its on-line digital investment platform known as “BAM Digital.”

“BAM Digital” offers model investment portfolios through our third-party money managers. To access the online advisory platform, you must also establish a brokerage/custody arrangement with Interactive Brokers, LLC, which serves as the “Wrap Fee” program custodian. The funds in your account are held under your name at Interactive Brokers LLC. BAM and BCP Advisors LLC dba BCP Global, the Sub-Adviser, have established a relationship in order to render online advisory services to you via a specified platform and related pricing. More information on “BAM Digital’s” online advisory platform is available at <https://bam.globalinvest.us>.

- **Account Monitoring:** Under “BAM Traditional,” BAM’s IAR monitor accounts where an AUM fee is charged. Each IAR is responsible for

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monitoring the activity in the BAM client accounts as part of BAM's standard services, on a periodic basis, to evaluate account performance and to ensure that the holdings continue to be appropriate for the client. IARs are available for consultation as needed and will contact the client periodically to update the client's financial profile. Under "BAM Digital," BAM personnel monitor the third-party managers platform for due diligence and administration of clients' accounts.

- **Investment Authority:** Under our Model Portfolios program, we provide discretionary investment advisory services and use our investment discretion to select investments for your account. The investment authority you grant us continues so long as you maintain your investment advisory account with us. Under our BAM Fee-Based Transactional Program, we provide Non-Discretionary Services to allow you access for execution of transactions for your portfolio. You make the ultimate decision regarding the purchase/sale of investments.
- **Limited Investment Advice:** We seek to offer an array of investment advisory programs that are appropriate for investors with a broad range of investment needs. However, we offer investment advisory services only within our Model Portfolios program.
- **Account Minimums and Other Requirements:** Account minimums for "BAM Traditional" advisory programs vary, but generally start at \$300,000. All investment advisory programs offered through "BAM Traditional" are custodied with Pershing LLC. For such account relationships, our affiliated broker-dealer, BSI, acts as "introducing broker" and assists you in opening your account through Pershing LLC. Account minimums for investment advisory programs offered through "BAM Digital" require a minimum of \$10,000. All our investment advisory programs offered through "BAM Digital" are custodied with Interactive Brokers LLC.

**Note:** In some cases, a financial professional may inform you that he or she is not able, due to his or her licensing or other restrictions, to offer you a desired product or service that is available through us, in which case the financial professional will introduce you to a financial professional who will be able to offer you additional products or services. Also, Banorte does not offer all types of securities. For example, Banorte does not offer variable annuities or variable insurance.

### Additional Information

For the BSI Services Guide and BAM's Brochures go to <https://www.banortesecurities.com/downloads/?lang=en>

### Questions You May Want to Ask

1. 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?
2. How will you choose investments to recommend to me?
3. What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

## Item 3. Fees, Costs, Conflicts and Standard of Conduct

### A. What Fees Will I Pay?

#### **Fees applicable to BSI's Broker-Dealer services:**

Description of Principal Fees and Costs. For BSI's broker-dealer services, you will pay BSI on a transactional basis each time you invest or buy or sell a security. This payment is typically called a "commission," but it may also be called a "Sales Charge," or a "Markup" or "Markdown." This kind of payment presents a conflict of interest for BSI because you would be charged more commissions when there are more trades in your account, and the firm may therefore have an incentive to encourage you to trade often. The commission rate or amount varies depending on the investment and the size or amount of the transaction. In addition, investments that are interests in investment funds, such as mutual funds bear ongoing fees and expenses, such as 12b-1 fees, management fees, or service fees, from fund assets, which you pay indirectly because they are factored into the cost of the investment.

- **Description of Other Fees and Costs:** In addition to the foregoing investment fees, there are fees directly and indirectly incurred which are associated with maintaining your brokerage account or account custodian, as well as fees for certain services that you select, such as custodian fees, account maintenance fees, paper fees, wire transfer fees, account transfer fees, security deposit fees.

#### **Fees applicable to BAM's Investment Advisory services:**

- **Description Principal Fees and Costs:** For investment advisory services offered through "BAM Traditional" and BAM Wrap accounts, you will pay a fee (charged quarterly, at the end of each quarter, which is calculated as a percentage of the assets in your advisory account. This is referred to as an "Advisory fee." Your IAR receives a portion of the advisory fee and is permitted to negotiate a reduction in the advisory fee for your advisory account to the extent of the IAR's portion of the advisory fee. When you negotiate a lower advisory fee with your IAR, your IAR will receive a lower fee based on the amount of assets we manage for you. Given this, your IAR has a financial incentive not to negotiate the fee. The advisory fee, which is generally charged quarterly, presents a conflict because it creates an incentive for BAM to encourage you to increase the assets in your advisory account, as the more assets that are in your advisory account, the more you will pay in advisory fees. In addition, in some cases, BAM receives more compensation when its representatives provide advisory services to

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clients than when they solely provide brokerage services, as they receive a portion of the advisory fees deducted from client accounts on a regular and continuous basis (i.e., quarterly).

- For “BAM Digital” accounts, you will pay a fee (charged monthly) which is calculated as a percentage of the assets in your account. Interactive Broker, which serves as the Wrap Fee program custodian collects this fee and pays a portion of it to our third-party adviser BCP Global, who in turn pays a portion of that collected management fee to BAM. BAM may receive more compensation when BAM provides advisory services than when they provide broker-dealer services, which creates an incentive for BAM to recommend an advisory account. More information about these advisory fees is available on the [Form ADV Part 2A Firm Brochure](#), specifically Item 5 for BAM, which is available at <https://www.banortesecurities.com/downloads/?lang=en>. There are also fees and costs associated with the execution of securities transactions in your advisory account and with custodial arrangements for your advisory account.
- For both “BAM Traditional” and “BAM Digital,” the advisory fee presents a conflict because BAM has an incentive to encourage you to increase the assets in your account, as the more assets are in your account, the more you will pay in advisory fees.
- Wrap Programs: All BAM advisory programs are “wrap” programs. You will typically pay a wrap fee, which includes the advisory fee and the costs for the execution of securities transactions and other services. The wrap fee is usually higher than the advisory fees for non-wrap programs because it includes these transaction costs, which are “bundled” together with the advisory fee. A wrap fee presents a conflict because it creates an incentive for BAM and third-party money managers to minimize the trades in your advisory account to reduce the portion of the wrap fee used to cover transaction costs.

### Additional Information

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. For additional information go to <https://www.banortesecurities.com/downloads/?lang=en>

### Questions You May Want to Ask

1. 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?
- B. 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 must 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 our interests. You should understand and ask about these conflicts because they can affect the recommendations and investment advice, we provide you with. Here are some examples to help you understand what this means.

### Broker-Dealer Examples

Because BSI is paid on a transactional basis, BSI has an incentive to encourage you to effect more transactions and make additional investments to increase the number of commissions it earns. Here are additional examples of incentives created by some of the payments BSI receives.

- Proprietary Products: We offer selected Banorte fixed income “proprietary” products (i.e., products issued, sponsored, or managed by affiliates) to international customers under limited circumstances. When we sell you a proprietary product, BSI and our financial professionals do not receive additional compensation or other types of financial benefits. BSI receives the standard commission, which is, in our assessment, comparable to similar no-proprietary products.
- Third-Party Payments: When BSI sells an investment fund or product to you as a broker-dealer, BSI receives additional compensation from the issuer or their affiliates, on a recurring, ongoing basis such as “trail” commissions, 12b-1 fees, distribution fees, shareholder servicing fees, account maintenance fees, and similar fees. This compensation is paid, at least in part, as an incentive for us to sell their products. This creates an incentive for us to offer and recommend products that pay us additional compensation instead of products that do not pay such additional compensation or that offer lower amounts of additional compensation.
- Revenue-Sharing and Similar Payments: We receive various forms of “third-party payments” in the form of revenue-sharing, marketing support, cost-sharing, meeting support and similar payments or benefits from the providers of many of the mutual funds and structured products that we sell. Typically, third-party compensation is paid by the product provider from the revenues it earns from its products and based on the amount our customers invest in their products. This creates an incentive for us to promote the products of providers who provide third-party payments or provide increased levels of third-party payments.
- Principal Trading: On fixed income trades, we engage in riskless principal trading. This means that when you place an order with us to buy or sell a security, we buy (sell) the security at the same price, as principal, in order to satisfy the order to buy (sell). In this case, the trades must be executed at the “same price” (exclusive of a Markup or Markdown, commission equivalent, or other fee). On equity trades, we

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act as your broker and charge a commission for arranging the trade, but do not profit from the spread between buying and selling prices.

### Investment Advisory Examples

Since BAM is paid based on the assets in your advisory account, the more assets there are in your account, the more you will pay in fees, so BAM has an incentive to encourage you to increase the assets in your advisory account. Here are additional examples of incentives created by certain payments BAM receives.

- **Managed Accounts:** We recommend “BAM Traditional” to clients for whom we believe asset-based wrap fees are appropriate. BSI collects the advisory fee charged on the account assets. We recommend “BAM Digital” to clients for whom we believe the additional flexibility of the platform and the third-party expertise of BCP is appropriate. Interactive, which serves as the custodian for “BAM Digital,” collects the advisory fee and pays a portion of it to BCP, who in turn pays a portion to BSI.
- **Revenue Sharing:** Some of the investment managers and other service providers for BAM’s advisory programs, such as the clearing firm, share with BSI in BSI’s capacity as a broker-dealer in connection with your advisory account assets, a part of the revenue they earn on your assets, including on assets in a cash sweep vehicle for your assets. Although none of this revenue is shared with BAM, these payments to BSI, a BAM affiliate, create an incentive for BAM to select or recommend those investment managers and service providers for your advisory account assets and to encourage you to increase the amount of assets in your account.

### Questions You May Want to Ask

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

### C. How do your financial professionals make money?

BSI pays its financial professionals a portion of the commission that BSI receives. BAM’s IARs receive a portion of the investment advisory fees that BAM receives. As noted above, the commissions BSI receives generally vary based on the investments purchased and sold, and the advisory fees BAM receives generally vary based on the investment advisory program selected, the amount of assets in the program, and the advisory fee you negotiated with your financial professional. The portion of the commissions BSI pays to the financial professional also varies among financial professionals depending on the financial professional’s performance. These compensation arrangements create conflicts of interest between you as a customer and your financial professional, specifically: 1) your financial professional’s compensation depends, in many cases entirely, on whether they sell you brokerage products or an advisory services relationship; 2) your financial professional can earn more by encouraging you to conduct more brokerage transactions, to invest more dollars and to invest in products that generate a higher level of revenue for us; 3) the more sales your financial professional can generate, the greater the percentage of transaction-based compensation, third-party payments and managed account fees he or she will be paid by us; and 4) your financial professional can have an incentive to recommend that you open an advisory account over a brokerage account relationship if there is an expectation that you will conduct a limited number of brokerage transactions.

In the case of certain investment funds, the issuer or the sponsor provides financial professionals associated with BSI other forms of compensation, including business entertainment, expense reimbursement for travel associated with educational or similar business meetings, financial assistance in covering the cost of marketing and sales events, and small gifts. The receipt of these payments presents a conflict because it creates an incentive for the financial professional to recommend those investments or funds whose issuers or sponsors offer these forms of compensation.

### Item 4. Disciplinary History

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

**Yes.** Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

### Questions You May Want to Ask

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

### Item 5. Additional Information

For additional information regarding BSI’s broker-dealer services or BAM’s investment advisory services, please visit.

<https://www.banortesecurities.com/downloads/?lang=en>. You may also request an up-to-date copy of this Form CRS Customer Relationship Summary by calling 713-980-4600 or e-mailing [compliance@banortesecurities.com](mailto:compliance@banortesecurities.com).

### Questions You May Want to Ask

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