

## FORM CRS RELATIONSHIP SUMMARY

Effective June 30, 2020

City National Securities, Inc. (“we” or “CNS”) is registered with the U.S. Securities and Exchange Commission as both a broker-dealer and an investment adviser and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Our brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. To help you understand these differences, free and simple tools are available for you to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

CNS offers both Brokerage and Investment Advisory Services as described below.

#### Brokerage services

As a broker-dealer, we can recommend and effect securities transactions for you, including buying and selling securities (e.g., investment funds and fixed income products), and providing certain services including planning services and investor education. More information about our brokerage services is available in our Account Agreements & Disclosures, which is available at [CNB.com/BestInterest](http://CNB.com/BestInterest).

- **Investment authority:** We do not have discretionary investment authority, which means that we cannot buy or sell investments in your account without first obtaining your consent. We may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments.
- **Limits on investment offerings:** While we do offer investments issued, sponsored, or managed by our affiliates (“proprietary investments”), we do not limit our investment offerings to proprietary investments or to a narrow menu of investment funds or products.
- **Account monitoring:** We do not monitor your account(s) unless we separately agree or stipulate in writing that we will monitor on a periodic basis solely for the purpose of providing securities transaction recommendations.
- **Account minimums and other requirements:** We do not have account minimum requirements to open a brokerage account, but some of the investments you may purchase through us have minimum investment requirements. Additionally, we charge an annual recordkeeping fee for accounts without any trading activity for 12 months.

#### Investment advisory services

As an investment adviser, we can provide investment advice to you for a fee, including investment advice with

respect to particular investments and through our investment advisory programs. More information about our investment advisory services is available on our Form ADV Part 2A, Brochure (our “ADV Brochure”), which is available at [CNB.com/BestInterest](http://CNB.com/BestInterest).

- **Investment authority:** You may choose a brokerage arrangement in which we provide you with investment advice and you decide whether to accept or reject the advice. Alternatively, you may choose to grant us ongoing authority to select third party managers to buy and sell securities in your advisory account (consistent with your investment objectives and subject to the restrictions you place on this agreed upon authority) without asking for your consent in advance on a trade-by-trade basis (also known as discretion).
- **Limits on investment advice:** While we do offer proprietary investments, we do not limit our investment advice to proprietary investments or to a narrow menu of investments.
- **Account monitoring:** We monitor your advisory account on an ongoing basis as part of our advisory services. The frequency and limitations of this account monitoring depend on the advisory program that you select and your financial needs. CNS will contact you at least annually in writing to determine whether there have been any material changes in your financial situation, including risk tolerances, investment objectives and time horizons, and whether you wish to impose any reasonable restrictions on the management of the Account or reasonably modify existing restrictions and to revalidate your investment strategy. We do not monitor your CNS brokerage accounts as part of our advisory services.
- **Account minimums and other requirements:** You must meet certain account minimums to open an advisory account. Current account minimums for advisory programs are described in our ADV Wrap Brochure at [CNB.com/BestInterest](http://CNB.com/BestInterest).

Investment and Insurance Products offered through City National Securities, Inc.

**ARE NOT FDIC INSURED, MAY LOSE VALUE and ARE NOT BANK GUARANTEED.**

*Additional information: Please see ADV Part 2A Brochure and Account Agreements & Disclosures at [CNB.com/BestInterest](http://CNB.com/BestInterest).*

### Conversation Starters

*Ask your CNS financial professional:*

- 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 do 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?

**For our brokerage services**, we are paid each time you trade in your brokerage account. This payment is typically called a “commission” but may also be called a “sales charge” or a “mark-up.” The commission rate or amount varies, depending on the investment and the size or amount of the transaction. If we buy a security from you or sell a security to you from our own account (as “principal”), we mark the price up or down, which is a benefit to us. Because we are compensated for each transaction, **we have an incentive to encourage you to trade more frequently**, in greater amounts, and to trade with us as principal because we receive more revenue when you do so. More information about commission payments is available at [CNB.com/BestInterest](http://CNB.com/BestInterest). In addition, certain investments, such as mutual funds and Unit Investment Trusts (“UITs”), or products, such as 529 college savings plans (“529 plans”) and insurance products, bear ongoing costs which you pay indirectly because they are factored into the cost of the investment. Below is information about costs you will pay if you choose to purchase or trade certain investments and products:

#### Investments

- **Equities:** You pay a commission every time you buy or sell an equity, such as a stock of a publicly-traded company.
- **Bonds:** You pay a “mark-up” (CNS sells to you at a higher price than the prevailing market price of the security) or “mark-down” (CNS buys from you at a price lower than the prevailing market price of the security) or commission every time you buy or sell a bond, such as a corporate, government or municipal bond.
- **Options:** You pay a commission every time you buy or sell an option contract.

- **New issue offerings:** You pay the initial offering price as disclosed in the prospectus, or offering document. The offering price includes selling concessions paid to underwriters and distributors.
- **Mutual funds:** You may pay an up-front sales charge or load when you buy shares in many mutual funds as well as fees that are charged on an ongoing basis for as long as you hold the investment. Certain mutual funds also deduct other ongoing fees and expenses, such as 12b-1 fees, management fees, or servicing fees, from fund assets. When you purchase proprietary investments, there is no up-front sales charge, but there are ongoing fees and expenses as described above.
- **Closed-end funds and interval funds:** You pay a sales charge when you buy shares in a closed-end fund or interval fund’s initial offering, or a commission if you buy and sell shares in a closed-end fund in a secondary trading market. Closed-end funds and interval funds also deduct other ongoing fees and expenses, such as management fees, from fund assets.
- **Exchange traded products (“ETPs”):** You pay a commission every time you buy or sell shares of an ETP, such as exchange traded funds (ETFs) and exchange traded notes (ETNs). ETPs also deduct other fees and expenses, such as management fees, from ETP assets and are included in the funds expense ratio.
- **Brokered certificates of deposits (“CDs”):** You pay a “mark-up” (CNS sells to you at a higher price than the prevailing market price of the security) or “mark-down” (CNS buys it from you at a lower price than the prevailing market price of the security) or commission every time you buy or sell a brokered CD. CNS has more than one channel to purchase CDs, some of which may earn higher fees for the firm.
- **Structured products:** Structured product fees and costs are usually embedded in the price of the investment, so that immediately after issuance, the investment is worth less than the issue price of the investment (by the amount of the fees and costs). Investors can use the difference between the issue price and the estimated value to determine the approximate total fees and costs associated with the investment.
- **Private placement funds, including hedge funds, fund of funds and private equity funds:** You may pay a placement fee in addition to ongoing fees, a portion of which may be shared with CNS.

*More information about investment fees and costs is available at [CNB.com/BestInterest](http://CNB.com/BestInterest).*

## Investment products

- **529 plans:** You pay an up-front sales load when you purchase a 529 plan and also pay other fees at the time of purchase. 529 plans also deduct other ongoing fees and expenses, including account maintenance fees and management fees for underlying investments. More information about 529 plan fees and costs is available by contacting your CNS representative.
- **Insurance products:** CNS may offer a referral program with its affiliate Royal Bank of Canada (RBC) for the purchase of insurance products such as an annuity or life insurance product. CNS may receive partial payment of the commission paid. When you purchase an insurance product, you indirectly pay a commission, which is factored into the cost of the insurance, and is paid by the issuing insurance company to us. More information about these insurance commissions, and other fees and expenses built into the cost of the insurance, is available at [CNB.com/BestInterest](https://www.cnb.com/BestInterest).
- **Description of other fees and costs:** In addition to the foregoing investment fees, you also pay, and we receive, certain fees associated with your brokerage account, including custodial fees as well as fees for certain services that you select, such as wire transfers or a termination or transfer fee when you instruct us to close your brokerage or transfer your account to another broker-dealer.

**For our investment advisory services,** you pay a program fee (the “Program Fee”) for the program you select. Program Fees are “asset-based,” meaning that it is calculated as a percentage of the assets invested in your advisory account according to the fee schedule in your advisory agreement with us. This means that the more assets you invest in your account, the more you pay in fees, and therefore **we have an incentive to encourage you to increase your advisory account assets.** In addition, depending on the advisory program, we may receive more revenue when our financial professionals provide advisory services as opposed to brokerage services, which creates an incentive for us to recommend an advisory account. Also, if a third-party manager is used in your portfolio, you pay additional management fees for their management. More information about these advisory fees is available in our ADV Brochure at [CNB.com/BestInterest](https://www.cnb.com/BestInterest).

CNS has retained its affiliate, City National Rochdale, LLC, a wholly owned subsidiary of City National Bank and an SEC registered investment adviser as sub-advisor (“Sub-Advisor”) to provide advisory services to program clients. The Sub-Advisor may invest the accounts in proprietary investments, such as affiliated mutual funds. The Sub-Advisor pays CNS compensation relating to the account’s investments, including shareholder servicing fees.

Investment management fees may be wholly or partially rebated to the account on a monthly or quarterly basis as outlined in the applicable Investment Advisory Program Terms and Conditions Agreement or Asset Allocation Program Terms and Conditions Agreement. Additionally, 12b-1 fees (if applicable) are rebated to accounts on a monthly or quarterly basis. CNS will provide advance notification of any changes to the affiliated funds management fee rebate schedule.

Certain investment products, such as closed-end funds, UITs, ETPs or private placements may incur management and operating expenses that are not covered by the Program Fee. Additional information about these fees is available at [CNB.com/BestInterest](https://www.cnb.com/BestInterest), or the applicable prospectus for the security.

- **Description of other fees and costs:** In addition to the fees described above, we assess certain fees associated with your advisory account, such as account termination fees, and account transfer or liquidation fees, depending on the advisory program. For additional information, please see ADV Brochure and Account Agreements & Disclosure at [CNB.com/BestInterest](https://www.cnb.com/BestInterest).

***With respect to both brokerage and advisory services, you pay fees and costs whether you make or lose money on your investments. Fees and costs 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 CNS financial professional:*

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much goes to fees and costs, and how much is invested for me?

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### **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?**

If you are a retail customer, 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 to you. Here are some examples to help you understand what this means:

## Examples of ways we make money and conflicts of interest

- **Proprietary products:** We earn higher fees, compensation, and other benefits when you invest in a product that we (or one of our affiliates) advise, manage, sponsor or underwrite, such as a mutual fund or structured product. As such, we have an incentive to recommend (or to invest your assets in) these products over third-party products.
- **Third-party payments:** We receive payments from third-party product sponsors and managers (or their affiliates) when we recommend or sell certain products. As such, we have an incentive to recommend (or to invest your assets in) products of third-parties that pay us over products of third-parties that do not pay us or pay us less.
- **Revenue sharing:** Certain fund managers and sponsors (or their affiliates) share the revenue they earn when you invest in certain of their investment products (primarily mutual funds) with us. As such, we have an incentive to recommend (or to invest your assets in) products of sponsors and fund managers that share their revenue with us over other products of sponsors or fund managers that do not share their revenue or who share less.
- **Principal trading:** We may buy from or sell securities to you from our own inventory. Because we earn compensation (such as commission equivalents, mark-ups, mark-downs and spreads) and can receive other benefits in principal transactions, we have an incentive to trade with you on a principal basis and to recommend securities that we hold in inventory.

*Additional information: Please see our ADV Brochure and Account Agreements & Disclosure at [CNB.com/BestInterest](http://CNB.com/BestInterest).*

### Conversation Starter

*Ask your CNS financial professional:*

How might your conflicts of interest affect me and how do you address them?

## HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

A CNS financial professional is compensated based upon the financial professional's total production level at CNS, which generally takes into account all of the advisory fees, commissions and similar compensation paid to CNS by the clients for which the financial professional is responsible. Accordingly, as the amount of commissions and fees paid by a client increases, the compensation paid by CNS to the client's financial professional

increases. Please see our ADV Brochure and Account Agreements & Disclosure at [CNB.com/BestInterest](http://CNB.com/BestInterest).

We also count the receipt of commissions and investment advisory fees towards certain qualifying compensation for our financial professionals, including an annual bonus opportunity. This qualifying compensation presents a conflict because it creates an incentive for the financial professional to encourage you to trade in your brokerage account and to increase your assets in your advisory account in order to receive more commissions and advisory fees, respectively, and therefore increase the potential annual bonus.

## DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes, the firm has legal or disciplinary histories and certain of our financial professionals have legal or disciplinary histories. Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

### Conversation Starter

*Ask your CNS financial professional:*

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

## ADDITIONAL INFORMATION

For additional information about our brokerage services, please visit [CNB.com/personal/investing/brokerage-services.html](http://CNB.com/personal/investing/brokerage-services.html). For additional information about our investment advisory services, please visit [CNB.com/personal/investing/investment-management.html](http://CNB.com/personal/investing/investment-management.html). You may request up-to-date information and request a copy of this Form CRS Customer Relationship Summary by calling us at 1-800-280-1464 or by contacting us in writing at City National Securities, 555 South Flower Street, 11th Floor, Los Angeles, CA 90071.

### Conversation Starter

*Ask your CNS financial professional:*

Who is my primary contact person? Are they 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?