



CIM Securities, LLC
Regulation Best Interest (“Reg BI”)
Disclosure Brochure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

CIM Securities, LLC (referred to as “CIM” or “we” or “our” or “us”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and member of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investor Protection Corporation (“SIPC”). As a broker-dealer, CIM transacts business in various types of securities, including private placements, unit investment trusts, mutual funds, exchange-traded funds (ETFs), stocks, bonds, annuities, government securities, and other investment products.

CIM maintains a network of individuals, referred to as “Investment Professionals,” who offer private placement underwritings, brokerage services, and direct application investments. All of our Investment Professionals are independent contractors of CIM. This disclosure brochure discusses important information regarding Investment Professionals who act as registered representatives of CIM in its capacity as a broker-dealer.

Like all financial services providers, CIM and our Investment Professionals have conflicts of interest. We are compensated directly by the issuers of private placements, directly by customers, or indirectly from the sponsors of some of the investment products that customers purchase through us. When an issuer pays CIM a concession (commonly referred to as a “commission”) we get paid when the offering closes. When a customer pays us, we typically get paid an upfront transaction-based fee (commonly referred to as “commission or sales load”) at the time of the transaction (purchase or sale), and in some cases a deferred sales charge. In addition, we may be paid indirectly from some of the investments made by customers, typically called a “trail” payment, for as long as a customer holds an investment. The amount we receive varies depending on the type of investment a customer makes. The compensation described in this disclosure brochure represents the maximum gain or profit we receive on an investment before subtraction of our expenses.

Please also note that not all the conflicts described in this disclosure apply to all of our Investment Professionals, his/her services or the products we sell. The types and amounts of compensation we receive may change over time and can vary by investment type, issuer, sponsor, investment amount, etc. You should ask your Investment Professional if you have any questions about compensation, costs, fees, or conflicts of interest.

Please carefully review and consider the information in each section throughout.

Services Provided

CIM has a limited menu of investment products and types of investments. CIM offers private placements to accredited, sophisticated investors, commission-based brokerage accounts, and direct investment in certain investment companies. CIM only offers non-discretionary services, which means that you make the ultimate decision regarding the purchase or sale of investments offered through CIM or its investment professionals. Our services include:

Private Placement Offerings (Underwritings)

CIM is limited to certain private placement transactions where a particular company ("issuer") has engaged CIM to offer their stock to investors who have a high degree of investing experience and who have certain financial independence. A private placement investment is exempt from registration with the SEC at the time of the offering. These products are sold with issuer-specific disclosure materials, which may include a private placement memorandum ("PPM") which contains important information regarding the company, the fees and compensation (commissions and warrants), minimum investment amounts, and other risk factors associated with this type of investment.

Brokerage Services (Buying and Selling Securities)

CIM has a contractual Clearing Agreement with [Hilltop Securities, Inc., \(Hilltop¹\)](#) to serve as our clearing firm. You would open a brokerage account with Hilltop through CIM. When you establish a brokerage account through us at our clearing firm, you can buy, sell, and hold investments within your account. The primary service we provide through Hilltop is our trading capability. We execute purchases and sales on your behalf, either recommended by your Investment Professional based on your financial goals and objectives, or as directed by you, in which we earn a commission at the time of the transaction. When you execute a trade with us, we will send you a trade confirmation at or prior to the completion of your transaction. The trade confirmation includes detailed information including security, trade date, settlement date, amount, commission incurred, and other trade-related information required under applicable law. For certain products, your trade confirmation will include other fees, costs, and conflict disclosure information, if applicable. There is no minimum investment amount for this type of brokerage account. You should remain in contact with your Investment Professional to report, at a minimum, any changes in your profile information, which includes financial situation, goals, and/or objectives, and to review your holdings periodically.

Clearing Agreement

We have entered into a Clearing Agreement with Hilltop to carry your account and provide certain back office (operational) functions. CIM and the clearing firm share responsibilities with respect to your account. The responsibilities we have and the capacity in which we act is disclosed on your Account Application(s) and Hilltop's Customer Information Brochure.

Brokerage Account Type(s)

We offer a variety of different brokerage account types including:

- Individual and joint accounts;
- Estate and trust accounts;
- Corporate accounts;
- LLC and Limited Partnership accounts;
- Individual retirement accounts; and
- Custodial or UTMA/UGMA minor accounts;

Cash Sweep Program

Our brokerage services include a cash sweep program feature through Hilltop. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically "swept" into a "Cash Sweep Vehicle," until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds, or such other sweep arrangements made available to you. For more information about Hilltop's current Cash Sweep Program please see their [Cash Sweep Disclosures section in the Customer Information Brochure](#).

¹ Hilltop Securities Inc., a Hilltop Holdings Company. Member [NYSE](#), [FINRA](#), [SIPC](#).

Account Minimum/Account Activity

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account may be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained. You should also understand that your Investment Professional may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated Investment Professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your Investment Professional.

Brokerage Account Service Fees

It is important to consider that while a brokerage account relationship can be a cost-effective way of investing, it is not for everyone given the fees and costs involved. You will pay Hilltop fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement, the Customer Information Brochure, and other notifications. These fees do not apply to all account types and may be waived under certain conditions. You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you.

Direct Application Investments

Your investment professional may recommend a mutual fund or variable insurance product for you to invest in. These products are sold with a "prospectus" that contains important information regarding the investment, the fees, any minimum amounts, and the associated risks. When you purchase these types of investments, your investment professional will guide you through the direct application process to directly invest in the issuer of the investment. Your statements confirming purchases, withdrawals, gain/loss information, along with other trade-related information required under applicable law, will come directly from the investment company you have invested with. CIM will remain the broker-dealer on your account with the investment company. You should remain in contact with your Investment Professional to report, at a minimum, any changes in your profile information, which includes financial situation, goals, and/or objectives, and to review your holdings periodically.

Private Placement, Brokerage, and Direct Application Account Services & Monitoring

When you open an account with CIM, whether it is a private placement account, a brokerage account, or a direct application account, we may provide recommendations to buy, sell, or hold assets. When we make any securities recommendation, investment strategy recommendation, or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), or other recommendations, the recommendation is made in our capacity as a broker-dealer. When we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our Investment Professionals make a recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, information you have provided us; including your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information. You may accept or reject any recommendation we make. It is also your responsibility to monitor the investments in your account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your account.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account or other investments. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, issuer updates, but we are not under a specific obligation to do so.

Understanding Risk

While we will take reasonable care in developing and making recommendations to you, investing in securities involves risk, and you may lose money, including your entire investment. Further, there is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you to find them and with certain investments we are obligated to provide the PPM, term sheet, or prospectus. You should also consider that some investments involve more risk than other investments. Higher-risk investments have the potential for higher returns but also for significant losses. The lower your "risk tolerance," meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more we encourage you to avoid higher-risk investments, as these investments pose the potential for significant losses.

To help address these risks, we align investor risk tolerances with investment needs to offer you investment objectives from which to choose. You should select the investment objective and risk tolerance best aligned with your account goals and needs. Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum. Risk tolerance also varies. You should consider these differences before selecting the investment objective and risk tolerance associated with your account(s). For more information concerning our available investment objective options, consult with your Investment Professional.

Commissions, Fees and Other Types of Sales Compensation

Issuers or investment companies will pay CIM directly a commission on your investment. They will not pay more than what is stated in the PPM, term sheet, or prospectus. A commission, which is sometimes referred to as a sales load, sales charge, mark up, placement fee, or concession, is typically paid at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. Issuers may also issue warrants to your Investment Professional. Warrants are an option to buy shares of the issuer, in the future at a specific price, within a certain timeframe. For brokerage accounts, CIM receives upfront *transaction-based fees*, also known as commissions, when it executes transactions that result in the purchase or sale of a security. Commissions are often based on the amount of assets invested. We receive the commission or sales charge and share it with your Investment Professional. In some cases, a portion of the sales charge or commission is retained by the investment's product sponsor². The maximum commission for common investment products is listed below as a convenience, but it is important you review each product's PPM, prospectus, or CIM's brokerage commission schedule and Hilltop's Customer Information Brochure to fully understand fees associated.

- **Equities and Other Exchange Traded Securities:** The brokerage account fee schedule or the typical commission for common investment products through Hilltop is \$.035 cents per share, with a minimum of \$15. The maximum commission charge permitted under applicable rules is 5% of the transaction amount. In addition, your Investment Professional can decide to discount the commission amount to a minimum of \$15 per transaction.
- **Mutual Funds and 529s:** The maximum commission or sales charge permitted under applicable rules is 5%.
- **Annuities:** The maximum upfront commission paid for new annuity sales is typically 5%, but may vary depending on the time purchased, and type of annuity, such as fixed, fixed index, traditional and variable annuities.
- **Private Placements:** The typical sales charge paid on private placements may range between 5% and 9%.
- **Unit Investment Trusts (UITs):** The maximum upfront sales charge paid typically ranges from 1% to 2% and can depend on the length of the term of the UIT.

Direct Application Compensation³

CIM and our Investment Professionals receive compensation from investment product sponsors (investment companies) or issuers on the investments you make in securities such as direct mutual funds, 529 college savings plans, and annuities. Some

² "Product Sponsor" means an insurance, variable annuity or Investment Company that provide investment products.

³ "Direct Application or Subscription-way" is a common procedure whereby the check used to purchase securities is made payable to the issuer (or other third party) and is forwarded by CIM to the issuer or the issuer's agent.

of this compensation is commonly known as “trail compensation” in which CIM and our Investment Professionals receive ongoing compensation from certain investment products under a distribution or servicing agreement with the product sponsor. For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering paperwork for the specific investment you are planning to invest in.

Investment Professional Compensation

Investment Professionals are compensated on a percentage of revenue generated from sales of products and services to clients, including private placement, brokerage account activity, and direct application activity. This compensation varies by the product or service associated with a recommendation as the commissions vary depending upon your investment product. In addition to upfront *transaction-based* compensation, some products feature on-going residual or “trail” payments. We compensate our Investment Professionals pursuant to an independent contractor agreement and not as employees. Described below are common compensation arrangements and other benefits that independent contractors of CIM may receive:

Cash Compensation

CIM typically pays an Investment Professional a percentage of the revenue he/she generates from the sale of products and services. The percentage received can vary depending on his or her agreements with us and the investment products or services recommended. The percentage CIM pays its Investment Professionals may be more or less than what he or she would receive at another brokerage firm. The payments may vary based on the amount of assets serviced or revenue generated by the Investment Professional, such that the greater the production, the greater the commission payout, to the Investment Professional. The majority of the compensation CIM receives is passed along to your Investment Professional.

Fees Charged to Investment Professionals

CIM charges Investment Professionals various fees under its independent contractor agreement, including but not limited to, trade execution, administrative services, technology, and licensing. Depending on the situation, these fees make it more or less profitable for the Investment Professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on the Investment Professional’s overall business production or the amount of assets serviced by the Investment Professional. Transaction fees charged to your Investment Professional can also vary depending on the specific security that they recommend.

Investment Professional's Outside Business Activities

Investment Professionals are permitted to engage in certain pre-approved outside business activities other than the provision of brokerage services through CIM, and in certain cases, an Investment Professional receives more compensation, benefits and non-cash compensation through the outside business than they receive from us. Some Investment Professionals are accountants, real estate agents, insurance agents, tax preparers, or lawyers, and some Investment Professionals refer customers to other service providers and receive referral fees. If you engage with an Investment Professional for services separate from services offered by CIM, you may wish to discuss with him or her any questions you have about the compensation he or she receives from the engagement. **Additional information** about your Investment Professional’s outside business activities is available on FINRA’s website at <http://brokercheck.finra.org>.

Conflicts of Interest

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you. We are committed to taking appropriate steps to identify, mitigate, and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest:

Limitations on Services & Offerings

CIM and our Investment Professionals offer and recommend investment products only from investment sponsors which we have entered into selling and distribution agreements with. Other firms may offer products and services not available through CIM and/or they may offer the same or similar investment products and services at lower cost than us. In addition, CIM may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa. The scope of products and services offered by certain Investment Professionals may also be more limited as their ability to offer individual products and services depends on his or her licensing, training, or branch office policy restrictions. You should review the licenses held by your Investment Professional by visiting the FINRA *BrokerCheck* system at: <http://brokercheck.finra.org>.

Compensation Conflicts to Investment Professionals

Generally, the more assets you invest in the product, the more we will be paid in commissions, therefore we have an incentive to encourage you to increase your account size. Commissions vary from product to product, which creates an incentive to sell a security with a higher commission rather than a security with a lower commission. Additionally, Investment Professionals may be incentivized to recommend products that have higher commissions as well as those with on going payments (trails).

Private placements typically offer a higher commission percentage; therefore, your Investment Professional may have an incentive to encourage you to invest in these higher-risk securities and to increase your investment amount. If warrants that are issued to your Investment Professional are exercised, this would cause a dilution in your ownership percentage.

Brokerage account transaction commissions are calculated by the number of shares, therefore, your Investment Professional may have an incentive to encourage you to buy more shares.

Direct Investments products are limited to certain investment companies CIM has a selling agreement with and therefore higher (or lower costs) than other similar investments with another sponsor CIM does not have a selling agreement may exist. Furthermore, the volume of trails received varies by product type and sponsor, therefore creating an incentive to recommend a product that pays a higher trail over a lower trail.

CIM's Investment Professionals are not compensated based on a tiered level of production nor selling of certain products, therefore there is no financial incentive to meet production or asset levels.

Error Correction

In the event a trade error takes place and is the cause of CIM or one of our Investment Professionals, we will cancel the trade and remove the resulting monetary loss from your account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), CIM will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to CIM.

Rollovers

In the event you choose to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with us, because we will be paid on those assets. A customer should be aware that such fees and commissions may be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees associated. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

Conflicts Related to Our Affiliations

The term “affiliates” means any entity that is controlled by, or controls, or is under common control or ownership with CIM.

PVG Asset Management Corporation

PVG Asset Management Corporation (“PVG”) is a SEC registered Investment Adviser that is under common ownership with CIM. This affiliation creates an incentive for us and/or our Investment Professionals to be employed by PVG and/or potentially refer customers to PVG for investment advisory services. For more information about PVG, please review their [ADV Part II Firm Brochure](#) or request a free copy of their Client Relationship Summary (“Form CRS”). You can also visit their website at: <https://pvgassetmanagement.com/>.

Other Disclosures Resources:

Title	Link
CIM – Client Relationship Summary (“Form CRS”)	https://www.cimsecurities.com/
CIM – Private Placement Account Application	https://www.cimsecurities.com/
CIM – Regulation Best Interest Disclosure (“Reg BI”)	https://www.cimsecurities.com/
CIM - Website	https://www.cimsecurities.com/
PVG Asset Management – Client Relationship Summary (“Form CRS”)	https://pvgassetmanagement.com/
PVG Asset Management – Website	https://pvgassetmanagement.com/
Hilltop– New Account Form	https://hilltopsecurities.com
Hilltop – Cash Sweep Program (section in Customer Information Brochure)	https://hilltopsecurities.com

Thank you for your interest in CIM Securities, LLC. Please contact your Investment Professional with any account-related inquiries. If you have any questions about this disclosure brochure, please call CIM at (303) 874-7477 Monday through Friday between 8:00 a.m. to 4:00 p.m. MST. If you wish to send us a note, you may use the following mailing address:

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CIM Securities, LLC is a registered broker-dealer with the SEC, member FINRA / SIPC. This disclosure is intended to comply with our obligations under Regulation Best Interest (Rule 17 CFR 240.151-1 under the Securities and Exchange Act of 1934), and, in certain cases, with other regulatory disclosure requirements. For more information, visit <https://www.sec.gov/regulation-best-interest>.