



**BRASIL PLURAL SECURITIES LLC  
and BRASIL PLURAL INVESTMENT ADVISOR LLC  
COMPENSATION AND CONFLICTS DISCLOSURE**

[www.brasilpluralsecurities.com](http://www.brasilpluralsecurities.com)

This disclosure provides information about the business practices, compensation and conflicts of interest related to the collective brokerage and advisory business of Brasil Plural Securities LLC ("Brasil Plural Brokerage") and Brasil Plural Investment Advisors LLC ("Brasil Plural Advisory") (referred to collectively as "we," "us," or "Brasil Plural"). Additional information about Brasil Plural and its financial professionals is available on FINRA's website at <http://brokercheck.finra.org> or via the SEC's website at [www.sec.gov](http://www.sec.gov).

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**ITEM 1 INTRODUCTION**

Brasil Plural Brokerage is a broker-dealer registered with the Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA). In addition, Brasil Plural Brokerage is authorized by FINRA to sell certain insurance products. As a broker-dealer, Brasil Plural transacts business in various types of securities, including mutual funds, exchange-traded funds (ETFs), stocks, bonds, options, private and public partnerships, real estate investment trusts (REITs), private placements and other investment products, while offering such services to clients located domestically, as well as outside of the U.S. Our services also include the distribution of research to "U.S. institutional investors" and "major U.S. institutional investors" structured in compliance with SEC Rule 15a-6.

Brasil Plural Advisory is a registered investment adviser with the State of Florida that provides advisory services to individuals, including high net worth individuals, pension plans, trusts, corporations or other business entities domiciled or residing in the United States,



Latin America and other countries abroad. Clients may elect Brasil Plural Advisory to manage a portion or all of their assets on a discretionary or non-discretionary basis.

Brasil Plural maintains a network of individuals, referred to as “financial professionals”, who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of Brasil Plural’s financial professionals are investment adviser representatives (IARs) of Brasil Plural Advisory, and Registered Representatives of Brasil Plural as well as employees of non-affiliated third-party brokerage firms or investment advisers.

Brasil Plural sometimes refers to these specific financial professionals as “financial advisors” or “advisors.” Brasil Plural’s financial professionals are primarily employees although some are independent contractors. In some cases, our financial professionals may be employees of unaffiliated financial institutions, other broker dealers or foreign advisory firms, at which Brasil Plural’s services are offered. Those registered persons or independent financial professionals are dispersed throughout the U.S. and abroad and often market services under their own business name.

Although most financial professionals offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services.

**When you are discussing services with a financial professional, you should ask what capacity the financial professional is acting or will be acting – as a broker-dealer registered representative and/or an IAR – when providing services to you.**

This disclosure discusses important information regarding financial professionals who act as registered representatives of Brasil Plural’s broker-dealer. For more information about Brasil Plural and the services financial professionals provide when they act as IARs, please see Brasil Plural Advisors’ Form ADV disclosure brochures available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or contact that investment adviser for a copy of its Form ADV. For additional information on which type of investment account is right for you, please see Brasil Plural’s Form CRS (Customer Relationship Summary) that can be found at [www.brasilpluralsecurities.com/disclosures](http://www.brasilpluralsecurities.com/disclosures).

Like all financial services providers, Brasil Plural, and its financial professionals have **conflicts of interest**. Brasil Plural and its financial professionals are compensated directly by customers and indirectly from the investments made by customers. When customers pay us, we typically get paid a commission or sales load (at the time) of the transaction and in some cases a deferred sales charge. This type of compensation structure is typically referred to as an “upfront” commissions. If we are paid an upfront commission, it means that we are paid more the more transactions a customer executes. When we are paid



indirectly from the investments made by customers, we receive ongoing compensation, typically called a “trail” payment, for as long as a customer holds that investment. In addition, we receive compensation from the sponsors of some of the investment products that customers purchase through us. The amount we receive varies depending on the particular type of investment a customer makes. The compensation described in this disclosure represents the maximum gain or profit we receive on an investment, before subtraction of our expenses.

Please also note that not all of the conflicts described in this disclosure apply to a particular financial professional, his /her services, or all the products we sell. The types and amounts of compensation we receive change over time. You should ask your financial professional if you have any questions about compensation, costs, fees, or conflicts of interest.

## **ITEM 2 COMMISSIONS, FEES, AND OTHER TYPES OF SALES COMPENSATION**

### **Commissions and Sales Charges**

Brasil Plural receives upfront commissions when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge or placement fee, 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. Commissions are often based on the amount of assets invested. Brasil Plural receives the sales charge or commission and shares it with your financial professional. In some cases, a portion of the sales charge or commission is retained by the mutual fund investment’s sponsor. Commissions vary from product to product, which creates an incentive to sell a higher commission security rather than a lower commission security. The maximum and typical commissions for common investment products are outlined in Brasil Plural’s Commission and Fee Schedule available at [www.brasilpluralsecurities.com/disclosures](http://www.brasilpluralsecurities.com/disclosures), as well as listed below. For more information about other commissions that apply to a particular transaction, please refer to the applicable investment’s prospectus or other offering document.

- ***Equities and Other Exchange Traded Securities.*** The maximum commission charged by Brasil Plural in an agency capacity on an exchange- traded security transaction, such as an equity, option, ETF, exchange traded note (ETN) or closed-end fund (CEF), is **5%** of the transaction amount. The commission amount **might** decrease from **5%** as the size of the transaction amount increases according to a schedule. In addition, the financial professional can decide to discount the commission amount to a minimum of **\$50.00** per transaction. ***Mutual Funds and 529s.*** The maximum commission or sales charge permitted under applicable rules is **5%**, although the maximum is typically 2%.



- **Alternative Investments.** For alternative investment products, such as hedge funds, private equity funds, non-traded business development companies (BDCs), real estate private placements, or real estate investment trusts (REITs), the upfront sales load is as high as 5.5%.
- **Unit Investment Trusts (UITs).** The maximum upfront sales charge paid typically ranges from 1.85% to 3.95%, and can depend on the length of the term of the UIT.

### **Markups and Markdowns – Principal or Dealer Transactions**

When Brasil Plural Brokerage buys from or sells a security to you in a principal capacity, Brasil Plural buys or sells the security directly from you, rather than acting as your agent to buy or sell the security from a third party. These transactions are also known as “dealer transactions.” In these circumstances, if we sell a security at a price higher than what we paid for it, we will earn a markup. Conversely, if we buy a security from you at a price lower than what we sell it for, we will earn a markdown. Transactions in bonds and other fixed-income securities such as structured products often occur as dealer transactions.

The maximum markup/markdown on a transaction with a customer that we receive when acting in a principal capacity typically does not exceed 2.5% of the value of the security. On rare occasions, a markup/markdown may exceed 2.5% on a deeply discounted security or hard to find. In many cases, the actual markup/markdown percentage is lower based on factors such as quantity, price, type of security, rating, maturity, etc. Brasil Plural’s Commission and Fee Schedule available at [www.brasilpluralsecurities.com/disclosures](http://www.brasilpluralsecurities.com/disclosures).

### **Brokerage Practices**

From time-to-time, Brasil Plural Brokerage and Investment advisors will also buy from or sell a security directly from/to clients, this usually happens when a client is holding a fixed income security that does not meet the minimum quantity to be sold in the open market and it is sold internally to another advisory client or we can improve the price by taken the mid-market price between bid and ask price and afford a better price to the client. In an Advisory Account, we will only do this in accordance with SEC rule 206-3 and with a written consent from the client selling the security and from the client that is buying the security, in this case, there will be no mark-up or mark-down for the transaction, but there will be an executing ticket charge of \$60.00 per client.

### **Direct Fees and Charges**

If you hold an account at Brasil Plural Brokerage, Brasil Plural charges, a yearly maintenance fees and miscellaneous fees directly to your account such as transaction processing, fees, wire fees, account transfers fees. For direct fees that apply per transaction, Brasil Plural receives more fees the more transactions that result from a financial professional’s



recommendation. These direct fees and charges are set out in the Miscellaneous Account and Service Fee Schedule at [www.brasilpluralsecurities.com/disclosures](http://www.brasilpluralsecurities.com/disclosures), are not shared with financial professionals, and are not charged by Brasil Plural if you hold an account directly with a product sponsor rather than with Brasil Plural.

### ITEM 3 THIRD PARTY COMPENSATION

Brasil Plural and its financial professionals receive ongoing compensation from certain investment products such as mutual funds, annuities and alternative investments. This compensation (commonly known as trails or Rule 12b-1 fees) is typically paid from the assets of the investment product under a distribution or servicing arrangement with the investment sponsor and is calculated as an annual percentage of assets invested by Brasil Plural customers. The more assets you invest in the product, the more we will be paid in these fees. Therefore, we have an incentive to encourage you to increase the size of your investment. The amount of trails received varies from product to product. This creates an incentive to recommend a product that pays a higher trail rather than a lower trail. We also have an incentive to recommend a product that pays trails (regardless of amount) rather than products that do not pay trails. For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering document for the investment.

- **Mutual Funds and 529s.** The ongoing payment depends on the class of shares but is typically between 0.25% and 1% of assets annually.
- **Annuities.** Brasil Plural receives a trail payment from an annuity issuer for the promotion, sale and servicing of a policy. The amount and timing of trail payments vary depending on the agreement between Brasil Plural and the issuer, and the type of policy purchased. The maximum trail payment for annuities is typically 1.5%, and varies depending on the type of annuity.
- **Alternative Investments.** For alternative investment products, such as private funds, trail payments may be as high as 1.25% on an annual basis. Trail payments for managed futures funds can be as high as 2% annually.

### Concessions and Mutual Fund Finder's Fee

In certain cases, Brasil Plural and financial professionals receive compensation from a mutual fund sponsor in connection with transactions for which sales charges are waived or under other circumstances and as described in a fund's offering documents. This compensation is generally referred to as a finder's fee or concession and typically ranges between 0.25% and 1% of the transaction amount. Brasil Plural also receives concessions from investment sponsors for other types of investments. These concessions vary from product to product, and are generally shared between Brasil Plural and the financial professional. Concessions

can be as high as 0.25% of the transaction amount for new issues of certificates of deposit, municipal bonds and other short-term dated bonds, up to 3% of the transaction amount for structured products, and up to 4% of the transaction amount for CEFs.

### **Bonus Payments from Investment Sponsors**

Certain insurance companies offer financial professionals bonus payments, oftentimes called persistency or retention bonuses, based on the amount of customer assets that the financial professional has placed in the insurance company's products. Although Brasil Plural does not participate in these bonus programs, Brasil Plural may from time to time accept and share these payments on a one-time basis with a financial professional who recently joined Brasil Plural and was entitled to such payments through the financial professional's former brokerage firm.

### **Non-Cash Compensation**

Brasil Plural, Brasil Plural employees, and financial professionals receive non-cash compensation from investment sponsors that is not in connection with any particular customer or investment. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer workshops or events, or marketing or advertising initiatives, including services for identifying prospective customers. Investment sponsors also pay, or reimburse Brasil Plural and/or its financial professionals, for the costs associated with education or training events that may be attended by Brasil Plural employees and financial professionals and for Brasil Plural sponsored conferences and events.

### **Third Party Compensation Retained by Brasil Plural Cash Sweep**

For accounts held at Brasil Plural by way of its designated clearing firms (Pershing, LLC and Interactive Brokers), uninvested cash balances may be automatically invested in a money market sweep fund. Brasil Plural may receive compensation for marketing support from the sponsors to these funds, ranging between 0.16% and 0.35% of the assets invested in the money market funds. These payments are in addition to other fees (e.g., recordkeeping and 12b-1 fees) received by Brasil Plural.

Customers should compare the terms, interest rates, required minimum amounts and other features of the sweep program with other types of accounts and investments for cash. This compensation creates an incentive for Brasil Plural to maintain custody and recommendations involving Pershing.



## Debit Cards

As part of its cash management services, Brasil Plural makes available **debit** cards for its customers through a partner bank. Brasil Plural **may** receive a portion of the transaction volume of the cardholder's account, **or a fixed fee per card**. Brasil Plural's portion of the transaction volume.

## ITEM 4 PRODUCT COSTS AND RELATED CONFLICTS

Financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, annuities and alternative investments. Each type of investment product carries unique risks, and many investment products charge fees and costs that are separate from and in addition to the commissions and fees that Brasil Plural and financial professionals receive. You can learn more about these risks and the fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents.

Set out below is the typical range of expenses of the various investment products we sell. In most cases, these expenses are in addition to the commissions and fees that Brasil Plural receives for its brokerage services.

- **ETFs.** The expense ratios range from 0.05% to 1.0%, with an average expense ratio of around 0.44%.
- **Mutual Funds.** Expense ratios can vary based on the type of mutual fund purchased. The average expense ratio for actively managed funds is 0.5% to **2.0%**, for passive index mutual funds the average is **0.2% to 1%**.
- **Annuities.** The typical range of annual expenses associated with annuities is 0.60% to 5.00% dependent upon the combination of options selected by the investor including type of annuity (variable annuities have a mortality and expense fee whereas fixed index annuities do not), optional riders elected (living and/or death benefits) and investment options where applicable (subaccounts or models for variable annuities).
- **Alternative Investments.** The typical range of annual expenses, excluding any commissions or dealer manager fees, is 0.80% to 6.00% which may include management fees, acquisition fees, disposition fees, performance participation fees, organization and offering fees, acquired fund fees and expenses, or interest payments on borrowed funds.
- **UITs.** Typical annual operating expenses for UITs range from 0.20% to 4.00%. Equity UITs usually comprise the low end of the range while UITs whose trust consist of a basket of CEFs typically comprise the high end of the range.





## **Share Class and Fund Selection**

Brasil Plural offers various share classes of mutual funds and 529s. As an example, certain mutual fund share classes, often referred to as Class A shares, charge an upfront sales charge and an ongoing trail. For other mutual fund share classes, often titled Class C shares, there is no upfront sale charge paid, however, there is an ongoing trail payment and a contingent deferred sales charge to the investor if there is a redemption within a certain period of time after purchase. Depending on the length of the holding period for the mutual fund or 529, and other factors, one share class may be less expensive to the investor than another, and Brasil Plural and the financial professional may earn more or less in compensation for one share class than another. Because of their characteristics and sales load structure, mutual funds generally are longer term investments. Frequent purchases and sales of mutual funds can result in significant sales charges unless the transactions are limited to exchanges among mutual funds offered by a sponsor that permits exchanges without additional sales charges. Brasil Plural maintains policies and procedures that are designed to detect and prevent excessive mutual fund switching, but you should monitor your account and discuss with your financial professional any frequent mutual fund purchases and sales.

Some share classes or funds we offer do not charge or pay to us an upfront sales charge, and pay us ongoing trails of 0.25% or less annually ("no-load funds"). Brasil Plural makes no-load funds available only to certain customers or through certain of our programs. We may be compensated in other ways by sponsors of no-load funds, such as through revenue sharing payments. Because of the limited compensation from no-load funds, we have an incentive to limit the availability of no-load funds we offer and to recommend you invest in funds that impose sales charges and trails.

Brasil Plural also offers various mutual funds and ETFs, some of which have similar or identical investment strategies but differing fee structures. For example, a mutual fund that is designed to track an index of securities, such as the S&P 500 Index, may have higher or different types of fees than an ETF that is designed to track the same index. Whether a fund or ETF is more expensive than another fund or ETF with a similar or identical investment strategy may depend on factors such as length of holding, size of the initial investment and other factors. Brasil Plural and a financial professional may earn more compensation for one fund or ETF than another, giving Brasil Plural and the financial professional an incentive to recommend the product that pays more compensation to us.

## **ITEM 5 CUSTOMER REFERRALS, OTHER COMPENSATION, AND OTHER CONFLICTS**

### **Payment for Referrals**





Brasil Plural offers programs where Brasil Plural pays professionals, such as attorneys or accountants, and others for referrals. In one such program, Brasil Plural pays such professionals for referrals exclusively to its advisory business, and customers must acknowledge the referral payment to the professional. In another program, the professionals become registered as representatives of Brasil Plural and share in brokerage commissions and advisory fees in connection with the referral.

Brasil Plural and financial professionals may enter into lead generation, marketing and/or referral arrangements with third parties and other financial intermediaries, including for the purpose of introducing new customers to those third parties. The fees paid for these services can be structured in various ways, including an ongoing flat fee, incentive fees, commissions, management fees, success fees, promote fees and interest fees which are shared with Brasil Plural and its financial professionals.

## **Margin**

Brasil Plural offers customers the ability to purchase securities on credit, also known as margin purchases. When a customer purchases securities on margin, Brasil Plural's custodian (Pershing and Interactive Brokers) extends a line of credit to the customer and charges interest on the margin balance which in turn is shared with Brasil Plural. Brasil Plural has a financial incentive to encourage margin borrowing because Brasil Plural earns compensation in the form of interest, transaction charges and other fees on investments made with borrowed amounts; therefore, maintains an incentive to recommend margin accounts. That financial incentive creates a conflict of interest insofar as Brasil Plural and financial professionals benefit from your decision to borrow and incur the various fees and interest described above. If contemplating use of margin, please consult the Pershing's and Interactive Brokers' Margin Agreement and related disclosures for additional details.

## **Error Correction**

If a customer holds an account at Brasil Plural and a trade error caused by Brasil Plural occurs in the account, Brasil Plural will cancel the trade from the customer account and remove the monetary loss to the customer from the account. If a trade correction is required as a result of a customer negligence (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), Brasil Plural 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 Brasil Plural.

## **Rollovers**

If a customer decides 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 Brasil Plural, because we will be paid on those assets, for example, through commissions, fees and/or third party payments. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. 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. For more information about rollovers, see [www.brasilpluralsecurities.com/disclosures](http://www.brasilpluralsecurities.com/disclosures) under IRA Rollover Information.

## **Limitations on Investment Recommendations**

Brasil Plural and financial professionals typically offer and recommend investment products only from investment sponsors with which Brasil Plural has entered into selling and distribution agreements. Other firms may offer products and services not available through Brasil Plural, or the same or similar investment products and services at lower cost. In addition, Brasil Plural 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. You should ask your financial professional if the product or sponsor recommendation is part of Brasil Plural's approved products list prior to implementing any recommendation.

The scope of products and services offered by certain financial professionals may also be more limited than what is available through other financial professionals. A financial professional's ability to offer individual products and services depends on his/her licensing, training or branch office policy restrictions. For example, a financial professional maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A financial professional maintaining a Series 7, Series 63 and Life Insurance Agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a financial professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. To provide investment advisory services, a financial professional is often required to be registered as an IAR with the state in which he/she has a place of business.



You should ask your financial professional about the securities or services he/she is licensed or qualified to sell, and his/her ability to service investments that you transfer to Brasil Plural from another firm. You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at <http://brokercheck.finra.org>.

### **Compensation of Certain Brasil Plural Employees**

Certain Brasil Plural employees provide sales support resources to financial professionals who offer various types of brokerage and advisory products, programs, platforms and services. The compensation that Brasil Plural pays to these employees varies based on a number of factors, including assets in the program and compensation earned by Brasil Plural from the sales of these products and services. These sales employees have an incentive to promote certain Brasil Plural programs and platforms to financial professionals over others or those available through third parties.

### **Investment Advisory Account – Directed Brokerage**

When a client retains Brasil Plural Advisory to manage his/her account on a discretionary or non-discretionary basis, the client grants Brasil Plural Advisory the authority to select the broker-dealer(s) that will be used to place and execute the transactions in the advisory accounts. It is the policy and practice of Brasil Plural Advisory to strive for the best price and qualitative execution that are competitive in relation to the value of the transaction (best execution). In selecting a broker-dealer or other intermediary, Brasil Plural Advisory will consider such factors that in good faith and judgment it deems reasonable under the circumstances.

Use of Brasil Plural (Affiliate FINRA Member Broker-Dealer). Brasil Plural Advisory routinely directs brokerage to Brasil Plural Brokerage. Not all advisers require their clients to direct brokerage to a particular broker-dealer. By directing brokerage, the client may be unable to achieve most favorable execution and this practice can cost clients more money.

Brasil Plural Brokerage assesses Brasil Plural Advisory accounts a flat "execution commission"/"brokerage commission" related to cost of executing advisory transactions on behalf of Brasil Plural Advisory customers. Brasil Plural does not share the aforementioned flat execution commissions with IARs. Such commissions and fees are maintained solely by Brasil Plural Brokerage, which also indirectly benefits the owners of Brasil Plural Advisory since both entities are under common ownership. Brasil Plural Brokerage's execution fees/commissions are in addition to any clearing related fees assessed by the clearing firm such as ticket charges for transactions and separate from advisory fees charged by Brasil Plural Advisory. Brasil Plural maintains negotiated fee schedule with Pershing and Interactive



Brokers, which in certain instances includes a markup on related clearing firm fees. Based upon this structure, Brasil Plural Brokerage and (in turn its common owners with Brasil Plural Advisory) will receive additional economic benefit (revenues) from the negotiated fee schedules or additional services based on the transaction volume attributable to the advisory accounts.

Brasil Plural is an introducing broker-dealer that clears through Pershing and Interactive Brokers. Brasil Plural Advisory evaluates certain factors in connection with its selection of Brasil Plural Brokerage as its primary designated broker-dealer for advisory customer accounts. Listed below are the primary considerations Brasil Plural Advisory weighs in its evaluation of its arrangement with Brasil Plural Brokerage:

- Brasil Plural Brokerage has expertise in the markets and types of securities desired;
- Brasil Plural Brokerage has the ability to execute directly in the desired markets;
- Pershing and Interactive Brokers are qualified custodians;
- The knowledge and close relationship between the Brasil Plural Brokerage traders and the advisory personnel which helps to facilitate the communication process and allows for quicker handling of execution instructions;
- Ability to service foreign clients and associated costs, including commission rates, ticket charges and other service charges in comparison to other clearing firms providing similar services;
- Efficiency and accuracy of execution, clearance and settlement provided by Pershing and Interactive Brokers;
- Responsiveness of Pershing's and Interactive Brokers' customer service team;
- Brasil Plural Brokerage's and Pershing's commitment to technology and the security of confidential information;
- Neither Brasil Plural Brokerage nor Pershing or Interactive Brokers have provided any indication or representation that they would be unable to fulfill its financial responsibilities or is at risk for financial insolvency; and
- The overall reputation and professional integrity of Pershing and Interactive Brokers.

Due to the common ownership, dual association of representatives and additional compensation your advisory representative and Brasil Plural Advisory maintains a conflict/incentive to recommend and execution transactions via Brasil Plural Brokerage.

## **ITEM 6 FINANCIAL PROFESSIONAL COMPENSATION, FEES AND RELATED CONFLICTS**



Brasil Plural generally compensates financial professionals pursuant to an independent contractor agreement, and not as employees. However, some financial professionals are employees of Brasil Plural. Described below are the compensation and other benefits that independent contractor financial professionals receive from Brasil Plural:

- **Variable Compensation**

Brasil Plural typically pays a financial professional a percentage of the revenue he/she generates from sales of individual products and services, as well as a portion of the collective percentage of revenues generated from managing advisory assets. The percentage received can vary (typically between 50% to 90%) depending on his or her agreements with Brasil Plural and the investment product or service recommended, and can be more or less than what he/she would receive at another brokerage firm. The payments can include a bonus that is based on the amount of assets serviced or revenue generated by the financial professional. When compensation is based on the level of production or assets, the financial professional has a financial incentive to meet those production or asset levels. In addition, Brasil Plural pays compensation to branch managers based on sales of products and services in the branch. In some cases, financial professionals pay a portion of their compensation to their branch manager or another financial professional for supervision and/or administrative or sales support. There is a conflict of interest because the compensation affects the branch manager's ability to provide objective supervision of the financial professional. Brasil Plural and branch managers have an obligation to supervise financial professionals and may decide to terminate a financial professional's association with Brasil Plural based on performance, a disciplinary event or other factors. The amount of revenue a financial professional generates creates a conflict of interest when considering whether to terminate a financial professional.

### **Other Benefits**

Brasil Plural charges financial professionals various fees under its independent contractor agreement for, among other things, trade execution, administrative services, insurance, certain outside business activity related supervision, technology and licensing. Depending on the situation, these fees make it more or less profitable for the financial professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on the financial professional's overall business production or the amount of assets serviced by the financial professional, which gives the financial professional an incentive to recommend that you invest more in your account or engage in more frequent transactions. Transaction fees charged to your financial professional can also vary depending on the specific security that the financial professional recommends. As an example, the transaction fees a financial professional must pay to Brasil Plural to purchase or sell a mutual



fund for your account may differ between funds, which creates an incentive for your financial professional to recommend the fund that carries the lowest transaction charge.

### **Recruitment Compensation and Operational Assistance**

If a financial professional recently became associated with Brasil Plural after working with another financial services firm, he/she may receive recruitment compensation from Brasil Plural in connection with the transition. In many cases, this transition assistance includes payments from Brasil Plural that are commonly intended to assist a financial professional with costs associated with the transition; however, Brasil Plural does not verify that any payments made are actually used for transition costs. These payments can be in the form of repayable or forgivable loans, and are subject to favorable interest rate terms, as compared to other lenders. In the case of forgivable loans, the loans are generally subject to repayment if the financial professional leaves Brasil Plural before a certain period of time or other conditions are not met.

The amount of recruitment compensation is often significant in relation to the overall revenue earned or compensation received by the financial professional at his or her prior firm. Such payments are generally based on the size of the financial professional's business established at his/her prior firm, for example, a percentage of the revenue earned or assets serviced at the prior firm, or on the size of the assets that transition to Brasil Plural. The receipt of this compensation creates a conflict of interest in that the financial professional has a financial incentive to recommend that a customer open and maintain an account with Brasil Plural for advisory, brokerage and/or custody services, and to recommend switching investment products or services where a customer's current investment options are not available through Brasil Plural, in order to receive this type of benefit or payment.

### **Financial Professional's Outside Business Activities**

Financial professionals are permitted to engage in certain Brasil Plural-approved outside business activities other than the provision of brokerage and advisory services through Brasil Plural, and in certain cases, a financial professional could receive more compensation, benefits and non-cash compensation through the outside business than through Brasil Plural. Some financial professionals are General Partners, Limited Partners, Directors, Board Members of other financial or non-financial institutions, issuers of private placements, and some financial professionals refer customers to those other service providers and receive referral fees. **As an example**, a financial professional could provide advisory or financial planning services through an unaffiliated investment advisory firm, sell insurance through a separate business, or provide third party administration to retirement plans through a



separate firm. A financial professional may sell insurance through an insurance agency not affiliated with Brasil Plural. In those circumstances, the financial professional would be subject to the policies and procedures of the third-party insurance agency related to the sale of insurance products, and would have different conflicts of interest than when acting on behalf of Brasil Plural. A financial professional may earn compensation, benefits and non-cash compensation through the third-party insurance agency and may have an incentive to recommend you purchase insurance products away from Brasil Plural. If you engage with a financial professional for services separate from Brasil Plural, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement as well as the amount of time they dedicate to serving Brasil Plural customers. Additional information about your financial professionals outside business activities is available on FINRA's website at <http://brokercheck.finra.org>, as well as asking your financial professional for a copy of their most recent Form ADV Part 2B Supplement.

### **Compensation for Other Services**

Brasil Plural and financial professionals can offer various types of advisory and brokerage programs, platforms and services, and earn differing types and amounts of compensation depending on the type of service, program or platform in which you participate. This variation in compensation can incentivize a financial professional to recommend services, programs or platforms that generate more compensation for Brasil Plural and the financial professional than others. For example, if you expect to trade securities frequently in your account, a brokerage account in which you pay a commission for each transaction may generate more compensation for your financial professional than an advisory account that generates compensation in the form of investment advisory fees.

### **ITEM 7 OTHER FINANCIAL INDUSTRY AFFILIATIONS**

Brasil Plural is not affiliated with other financial services companies.

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