

# VENECREDIT SECURITIES, INC.

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## March 2022

This Brochure provides information about the qualifications and business practices of Venecredit Securities, Inc. (“Venecredit”, “us”, “we”, “our”). If you (“client”, “your”) have any questions about the contents of this brochure, please contact us at (305) 372-2446. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Venecredit’s IARD firm number is 114419.

We are an investment adviser. Our registration as an investment adviser does not imply any level of skill or training. Additional information about Venecredit is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV.

### Material Changes

In March 2021 there is further material changes since Venecredit Securities’ initial filing of our Form ADV Part 2 or “Disclosure Brochure” dated October 2017. The changes include an increase to AUM, also customers and one additional investment adviser registered with FINRA and approved by the State of Florida Division of Securities, Office of Financial Regulation. The full details are reported on the amended Form ADV Part 2A filed in March 2022.

For future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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We may, at any time, update this Disclosure Brochure and send you an updated copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy (either by electronic means (email) or in hard copy form). If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, George F. Valle at the telephone number shown on the cover page of this Disclosure Brochure or via email at [gvalle@venecreditsecurities.com](mailto:gvalle@venecreditsecurities.com).

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## **Advisory Business**

Venecredit Securities, Inc. is organized under the laws of the State of Florida since May 1, 2001. The ownership code is E - 75% or more by VBT Holdings, Ltd. and all others are ownership code NA – less than 5%. We filed our application to register as an investment adviser with the State of Florida, and other states as necessary, in order to provide the investment advisory services described within this document. As of December 31, 2020, we currently have thirty five customers with \$15,306,635 total assets under advisement.

This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before becoming our advisory client. Please contact George F. Valle, Chief Compliance Officer, if you have any questions about this Brochure.

Qualified individuals associated with us will provide our investment advisory services. Such individuals are known as Investment Advisor Representatives (“IARs”). We require IARs engaged in determining or offering investment advice to our clients to be properly licensed and registered in all states in which they provide investment advisory services.

Below is a description of the investment advisory services we offer. For more detail on any product or service please reference your Client Investment Advisory Agreement (“IAA”) or contact your IAR. Your IAR may recommend various types of portfolio management services to help meet your investment goals.

## **Advisory Services**

We provide asset allocation, that is, an assignment of a percentage of the overall value of the account to one or more asset classes, and ongoing investment management services on a non-discretionary basis through separately managed accounts to individuals including high net worth individuals. When you invest through a Separately Managed Account (“SMA”), you own individual securities. Although IARs may oversee many separately managed accounts and some accounts may be managed with other accounts to a specific strategy, your account is “separate” and distinct from all others.

During initial consultation(s), your IAR will have a comprehensive discussion about your financial condition, priorities and concerns. Based upon these conversations, we will then work to create either a formal investment policy statement or informal agreed upon

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investment objectives to serve as the primary point of reference and ensure that your objectives are clearly defined. We review your financial situation and needs with you on an ongoing basis, to accommodate changes to your long-term goals and objectives.

Our investment philosophy focuses on growing clients' assets and preserving principal by investing primarily in equity and fixed income securities. Each portfolio is customized to suit individual investment needs and goals. You have the option of imposing reasonable investment restrictions on certain securities, industries, sectors or asset classes by providing us with written instructions when you open your advisory account, or at any time thereafter. Please note, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

## ***Wrap Fee Programs***

We do not intend to offer wrap fee service at this time.

## **Fees and Compensation**

The annual fee charged for all advisory services will be a percentage of assets under management of up to, but not exceeding, 1 ½%.

Fees are payable quarterly in arrears and may vary based on the investment objective of the account, account type, size and other factors. Fees may be negotiable based on previous relationships and other factors, such as aggregate level of assets, anticipated future additional assets, account composition, negotiations with the client, etc. One quarter (1/4) of the total annual investment advisory fee (i.e., percentage of assets under management), prorated according to the date of execution of the IAA ("inception date"), shall be payable at the end of the calendar quarter in which the initial meeting between us takes place. The remaining three quarterly portions of the annual fee amount shall be individually due and payable by the client at the end of each subsequent calendar quarter and such arrangements shall continue in effect unless the IAA is properly terminated or otherwise modified in accordance with the provisions of the IAA. Fees are based upon the month end balance in the client's account at the end of the billing period for purposes of determining the market value of the assets upon which the advisory fee is based.

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If any advisory relationship begins after the first day of a quarter or terminates before the last day of a quarter, fees are prorated accordingly, and, in the event of termination, the client will receive a refund of any pre-paid fee attributed to any period after the termination.

## ***Payment of Fees***

We will bill clients directly for advisory services by sending an invoice directly to the clearing agent custodian Pershing LLC (a Division of BNY Mellon), or, upon client's authorization, send an invoice to the Custodian for payment of our advisory fees from the client's account(s) with the Custodian. In the event advisory fees are to be paid from the client's account(s) with the Custodian, the client will sign an authorization allowing the Custodian to debit such account(s) the amount of the advisory fees owed to us and remit such fees to us. The authorization shall remain valid until a written revocation of the authorization is received by us. In connection with this fee deduction process, the following procedures shall be followed.

The Custodian shall send to the client a statement, at least quarterly, indicating

- all amounts disbursed from the account, and
- the amount of advisory fees paid directly to us.

## DISCLOSURE RULES OF INVESTMENT ADVISER FEES

In reference to the adviser fees charged to your account, please note, the formula used to calculate the fee, the amount of assets under management on which the fees are based and the time period covered by the fees, this information is being disclosed to you per Rule 69W-600.0132(2)(i), and 69W-600.0132(2)(a)-(d).

## INVESTMENT ADVISER FEE INVOICE EXPLANATION

Fee Formula: An average of the month-end account values in the quarter (January, February March), multiplied by the annual percentage rate from your agreement (x.x %), divided by 365 days, and multiplied by the days in the quarter (90 days). (Multiplied by) the Average of Quarterly Assets Under Management.

**MORE INFORMATION:** Please see Exhibit B of your Investment Adviser Agreement, or Investment Adviser Brochure for more detail on the quarterly adviser fee being charged to your

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account. Also please contact your account representative or the compliance department of Venecredit Securities at [compliance@venecreditsecurities.com](mailto:compliance@venecreditsecurities.com). Additionally, you may contact

the Securities and Exchange Commission, or FINRA or State of Florida Office of Financial Regulation should you have more questions.

<https://www.venecreditsecurities.com/index.php/en/company/links>

## ***Other Fees***

Our fees do not include brokerage commissions, transaction fees, and other brokerage related costs and expenses that are paid by you. You may pay additional fees imposed by custodians, brokers, and other third parties. The advisory fee does not cover charges imposed by third parties for investments held in the account, such as contingent deferred sales charges or 12b-1 trails on mutual funds. In addition, each mutual fund charges asset management fees, which are in addition to our advisory fees. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. The advisory fee described above does not cover debit balances or related margin interest or SEC fees or other fees or taxes required by law. The fees charged by such funds or managers are disclosed in each fund's prospectus. You should review the fund's prospectus for a complete description of all fees and expenses.

All of these other fees are exclusive of, and in addition to, our compensation. We do not offset our fees by these charges.

## ***Termination of Contracts***

Client, upon written notice, shall have the right to terminate the IAA at any time. Charges in either case, if any, for services completed will be prorated based on the fees as set forth above. No other termination fee will be charged for termination of the IAA.

Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing the IAA. Termination of the agreement will not affect (i) the validity of any action previously taken by us under this agreement; (ii) liabilities or obligations of the parties initiated before termination of this agreement; or (iii) your obligation to pay advisory fees (prorated through the date of termination). Fees paid in advance will be prorated to the date of termination, and any unearned portion of the fee will be refunded to the client as determined in accordance with the terms of the agreement. Any refunds due to the client shall be made as soon as possible from

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receipt of notice of termination. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or, in the case of an oral contract, otherwise signified their acceptance, any other provisions of this contract notwithstanding. Detailed information on the termination terms and fees can be found in the applicable IAA.

## Performance-Based Fees and Side-By-Side Management

We do not charge advisory fees on a share of the capital gains or capital appreciation of the funds or securities in a client's account (so-called performance based fees). Our compensation structure is disclosed in detail in Item 5 above.

## Types of Clients

We only provide advisory services to Individuals and high net worth individuals. We do not impose a minimum account value.

## Methods of Analysis, Investment Strategies and Risk of Loss

### Method of Analysis (Investment Process)

In determining the investment advice to give to you, we will employ fundamental, charting, technical and cyclical methods of investment analysis. The main sources of information we use are financial newspapers and magazines, research materials prepared by others, corporate rating services, and company press releases.

We will utilize a fundamental analysis in determining the investment advice to give to you in which we will analyze the financial statements and health of a business, its management and competitive advantages, and its competitors and markets, but usually focusing on growth or value (or sometimes a combination of both) to determine if such security meets the clients' needs and objectives. When making investment decisions, we will take into consideration the stages of the business during a given point in time. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the securities. Charting is also called technical analysis, which is the study of market action, using charts, to forecast future price direction.



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Technical analysis involves the evaluation of historical market data such as price and volume of a particular security or investment instrument. Technical analysis often involves the use of charts, graphs, and other tools to evaluate historical factors relating to the investment instrument and perhaps the market as a whole. The goal of technical analysis is to try to identify historical trading patterns that suggest future trading activity or price targets. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that we will be able to accurately predict such a reoccurrence.

Cyclical analysis resembles technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that we are recommending. The risks associated with cyclical analysis are similar to those of technical analysis.

## Investment Strategies (Ongoing Management)

Your investment portfolio will be tailored to help you accomplish your unique financial goals and objectives. In determining the recommendations to give to you, we will first gather and consider information regarding several factors, including your:

- current financial situation,
- investment goals and objectives,
- current and long-term needs,
- tolerance and appetite for risk, and
- level of investment knowledge.

After developing a thorough understanding of your risk tolerance, we may use one or more of the following investment strategies and work together to create a customized investment portfolio specifically designed for you:

- Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

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- Trading - securities purchased with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.
- Short Sales - generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.
- Margin Transactions - when an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm.

You have the opportunity to place reasonable restrictions or constraints on the way your account is managed. However, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

We will discuss and evaluate goals, risk tolerance, and time horizon. We will then determine the asset allocation and recommend specific strategies and securities. We will establish the appropriate accounts, complete funding of the accounts and execute initial portfolio trades. Finally, we will evaluate performance, provide ongoing due diligence of investment positions, and rebalance the portfolio.

We provide advice on a variety of securities, including but not limited to, equities, bonds, commercial paper, certificates of deposit (CDs), and mutual funds. The selection and use of these investment alternatives may depend on your financial situation. We will rebalance your portfolio periodically to control risk and take profits. We will reduce or eliminate positions due to lack of performance, to reduce concentrations in a security or sector of the market, to capture profits and to tactically re-allocate holdings.

## **Risk of Loss, Disclosures and other important information**

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves

risk of loss which you should be prepared to bear. Depending on the types of securities we invest in, you may face the following investment risks:

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Business Risk:** These risks are associated with a specific industry or a specific company within an industry. For example, oil drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Margin and Use of Leverage:** We, with the client's consent, may open client accounts as margin accounts and if we elect to use margin, such use can magnify risk to client's accounts. Use of margin should be discussed with your IAR. Separately managed accounts wishing to use margin are required to complete a margin agreement.

**Mutual Funds Risk:** Mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of our investment strategies will be higher than the cost of investing directly in mutual funds, as there are two levels of fees. Mutual funds are subject to specific risks, depending on the nature of the fund.

**Growth Style Risks:** Due to their relatively high valuations, growth stocks are typically more volatile than value stocks. Further, growth stocks may not pay dividends or may pay lower dividends than value stocks. This means they depend more on price changes for returns and may be more adversely affected in a down market compared to value stocks that pay higher dividends.

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**Value Style Risks:** Investments in value stocks are subject to the risk that their intrinsic values may never be realized by the market, that a stock judged to be undervalued may actually be appropriately priced, or that their prices may decline, even though in theory they are already undervalued. Value stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks (e.g., growth stocks).

**Company Size Risks:** Generally, the smaller the market capitalization of a company, the fewer the number of shares traded daily, the less liquid its stock and the more volatile its price. Companies with smaller market capitalizations also tend to have unproven track records. These factors also increase risks and make these companies more likely to fail than companies with larger market capitalizations.

**Foreign Investing Risks:** Investments in foreign companies and markets carry a number of economic, financial and political considerations that are not associated with the U.S. markets and that could unfavorably affect account performance. Among those risks are greater price volatility; weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; fluctuations in foreign currency exchange rates and related conversion costs; adverse tax consequences; and settlement delays.

**Fixed Income Securities:** Client accounts with all or a portion of the underlying assets invested in fixed income securities and/or fixed-income based mutual funds are subject to the following risks:

**Interest Rate Risks:** Prices of fixed income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities.

**Credit Risks:** Credit risk is the possibility that an issuer or counterparty will default on a security or repurchase agreement by failing to pay interest or principal when due. If an issuer defaults the value of a fixed income security may decrease and a fund holding securities of that issuer may lose money. Lower credit ratings correspond to higher credit risk. Bonds rated BBB or Baa have speculative characteristics.

**Call Risks:** If the fixed income securities in which a fund invests are redeemed by the issuer before maturity (or “called”), the fund may have to reinvest the proceeds in securities that pay a lower interest rate, which may decrease the portfolio’s overall yield. This will most likely happen when interest rates are declining.

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**Liquidity Risks:** Liquidity risk refers to the possibility that an investor may not be able to sell or buy a security or close out an investment contract at a favorable price or time. Consequently, an investor, including a fund invested in fixed income securities, may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on investment performance. Infrequent trading of securities also may lead to an increase in their price volatility.

**Government Obligations Risks:** No assurance can be given that the United States government will provide financial support to United States government-sponsored agencies or instrumentalities where it is not obligated to do so by law. As a result, there is risk that these entities will default on a financial obligation.

**High Yield Securities Risks:** High yield securities tend to be more sensitive to economic conditions than are higher-rated securities and generally involve more credit risk than securities in the higher-rated categories. The risk of loss due to default by an issuer of high yield securities is significantly greater than issuers of higher-rated securities because such securities are generally unsecured and are often subordinated to other creditors. A fund may have difficulty disposing of certain high yield securities because there may be a thin trading market for such securities.

The above list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment strategy. There are many other circumstances not described here that could adversely affect your investment and prevent you from your investment objectives. The list represents the typical risks involved. The explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in our investment strategies. You are encouraged to consult your IAR and tax professional on an initial and continuous basis in connection with selecting and engaging in the services provided by us. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

## Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events. We do not have any events to report that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

## Other Financial Industry Activities and Affiliations

We are not, nor are any of our management persons (except as disclosed below), registered, nor do we have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities.

In addition, neither we nor any of our management persons have any arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person that is under common control and ownership, i.e., a(n):

- Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund),
- Other investment adviser or financial planner,
- Futures commission merchant, or commodity pool operator or commodity trading advisor,
- Banking or thrift institution
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- Real estate broker or dealer, or
- Sponsor or syndicator of limited partnerships.

We are a registered broker-dealer and a member of FINRA and SIPC. Certain of our IARs are registered representatives of our broker dealer with various state regulatory agencies. We have chosen to deliver their services in this fashion in order to offer their clients diverse and extensive investment and planning opportunities. This may

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represent a conflict of interest since their time is split between two business operations. Such IARs are compensated by a fee based on assets in the advisory accounts rather than receiving commissions. Prior to these transactions being executed, registered representatives will disclose this conflict of interest. This conflict is mitigated by disclosures, procedures, and our fiduciary obligation to place the interest of the client first. Clients have the option to purchase these products or services through another broker dealer of their choosing.

## Third-Party Money Managers

We have developed programs, previously described in Items 4 and 5 of this disclosure brochure, designed to allow us to recommend and select third-party money managers for you. Once you select the third-party money manager to manage all or a portion of your assets, the third-party money manager will pay us a portion of the fees you are charged. Please refer to Items 4 and 5 (or applicable Wrap Brochures) for full details regarding the programs and fees when we select other investment advisers. Because we receive a portion of the advisory fee from these third parties, our IARs have an incentive to recommend such advisors. However, we have developed and implemented policies and procedures to conduct due diligence on such advisors and to monitor client accounts for adherence to investment objectives that help mitigate any potential conflicts.

## Code of Ethics Participation or Interest in Client Transactions and Personal Trading

### Code of Ethics

We have adopted a written Code of Ethics in compliance with SEC Rule 204A-1 under the Investment Advisers Act of 1940 (as amended — the Advisers Act). All of our employees are deemed to be supervised persons subject to our Code of Ethics. In carrying on our daily affairs, all of our supervised persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by our governing regulatory authority. The Code of Ethics sets forth standards of conduct and requires compliance with federal securities laws. Our Code of Ethics also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to our Chief Compliance Officer.



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We have created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest, including activities by which persons having knowledge of the investments and our investment intentions might take advantage of that knowledge for their own benefit. We have in place Ethics Rules (the "Rules"), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place your interests first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to our clients; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

In the event that you request a copy of our Code of Ethics, we will furnish to you a copy within a reasonable period of time at your current address of record. To request a copy, you can contact us at the address or telephone number on the cover page of this brochure, Attn: Chief Compliance Officer.

## Personal Trading

Under the Code of Ethics, our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to our advisory clients. Our personnel must conduct all personal trading in such a manner to avoid any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. Our personnel are not permitted to engage in personal securities transactions except under circumstances specified in the Code of Ethics. The policy requires all supervised persons to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. Reports of personal transactions in securities by our IARs are reviewed quarterly by our Chief Compliance Officer or his designee or



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more frequently if required.

We, or a related person, may buy, sell or hold securities we also recommend to clients, subject to the requirements of our internal policies and procedures. Our policies are based on the principle that we and our related person have a fiduciary duty to place the interests of clients ahead of their own interests. To the extent not prohibited by our policies, we and our related person may hold, acquire, increase, decrease or dispose of

securities or other interests at or about the same time that we and our related person are purchasing or selling the same securities or interests for an advisory account. We have created and implemented internal controls to monitor client account activity and proper allocation of investment opportunities, based on each client's stated investment objectives and risk tolerance, to address these conflicts.

## Participation or Interest in Client Transactions

We, with appropriate disclosure and the client's written consent, may effect transactions for a client in which we act as broker for both that client and the other party to the transaction and earn a transaction fee on the trade from that other party. We will do so only to the extent consistent with our duty to obtain best execution for the client and with appropriate client consent. Client is deemed to have granted consent if notification of each transaction is made and client fails to notify us of client's denial of consent before the completion of the transaction. Clients may revoke consent to engage in such transactions at any time by written notice to us. When we engage in an agency transaction on behalf of a client, it is primarily the incentive to earn additional compensation that creates the adviser's conflict of interest. We have developed policies and procedures which address such conflicts of interest and any agency transaction will be effected in accordance with fiduciary requirements, applicable law, and internal policy.

As mentioned in Item 10, we are registered with FINRA and various regulatory agencies to provide services as a broker-dealer. Our IARs, in their capacity as Registered Representatives of the broker-dealer, may recommend those broker-dealer services to clients who have or are utilizing our advisory services. Clients are free to implement any recommendations through any firm. Clients are under no obligation to purchase or sell securities through our broker-dealer. However, if they choose to do so, commissions may be earned which may be higher or lower than commission rates found at other

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broker-dealers. In this capacity, the broker-dealer may be compensated with fees and/or commissions.

As a registered broker-dealer, we may participate in principal transactions or act as an underwriter. Our IARs may also recommend to clients the purchase of securities that we have underwritten (including offerings in which we are part of the “selling group”) when it is deemed to be in the client’s best interest. Such a transaction may be deemed a

principal transaction. However, we will not act as principal in a transaction without providing written disclosure to the client before completion of the transaction, and obtaining client written consent to each transaction. We will do so only to the extent consistent with our duty to obtain best execution for the client and with appropriate client consent. The client may revoke consent to engage in such transactions at any time by notifying us in writing.

There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit our decision to engage in these transactions for accounts. Principal transactions create the potential for advisers to engage in self-dealing. When an adviser engages in a principal transaction on behalf of a client, it is primarily the incentive to earn additional compensation that creates the adviser’s conflict of interest. We have developed policies and procedures which address such conflicts of interest and any principal transaction will be effected in accordance with fiduciary requirements, applicable law, and internal policy.

## Brokerage Practices

### Broker-Dealer/Custodian Recommendations

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to us and our clients. We may recommend or require that clients establish brokerage accounts with Pershing, LLC (“Pershing”), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients’ assets and to effect trades for the client’s account(s). We receive benefits by selecting Pershing to execute client transactions, and the transaction fees charged by Pershing might not be the lowest fees we might otherwise be able to negotiate. We have not entered into a formal soft dollar arrangement, whereby, we are required to direct a certain amount of transaction activity

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to Pershing for specific research or brokerage services, but certain services, at no charge, are available to us as long as our clients' assets are maintained at Pershing. Pershing's primary brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

In addition, Pershing has negotiated with certain third-party vendors for such vendors to offer advisors that custody at Pershing a discount for their services or Pershing may pay directly for such services on our behalf. Pershing makes available to us other products and services that benefit us, but may not directly benefit all of our clients' accounts, or may benefit accounts not maintained at Pershing.

Pershing's products and services that assist us in managing and administering clients' accounts may include, but not be limited to, software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Pershing also offers other services intended to help us manage and further develop our business enterprise. These services may include, but are not limited to: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Pershing may also provide other benefits such as educational events or occasional business entertainment of our personnel.

In evaluating whether to recommend or require that clients custody their assets at Pershing, we take into account the availability of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Pershing. Clients should be aware that the receipt of such economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of using Pershing for custody and brokerage services. To address these potential conflicts of interest, we have developed and implemented a Compliance Program, which includes a review of the services and execution quality we receive from Pershing.

## Brokerage for Client Referrals

We do not consider, in selecting or recommending broker-dealers, whether we or a related person receives client referrals from the broker-dealer or third party.

## Directed Brokerage

We do not have directed brokerage arrangements.

## Trade Aggregation

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for our clients. To the extent possible and when advantageous to you, we will aggregate trade orders (i.e., block trade) for fixed income securities. Blocking trades permits the trading of aggregate blocks of securities composed of assets from multiple accounts so long as transaction costs are shared equally and on a prorated basis between all accounts included in any such block. Block trading allows us to execute trades in a timely, equitable and efficient manner and to seek to reduce overall commission charges to you.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- Security Trading Volume – Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- Financial Instruments – The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

Since there may be several prices at which the securities transactions are executed and the orders were entered as one order for all accounts. It is our practice to treat all subject accounts equally, averaging the execution prices of the related trades and applying the average price to each transaction and account. Allocations of such trades also may be rounded up or rounded down to avoid odd lot or small holdings in any client account.

## Administrative Trade Errors

From time-to-time we may make an error in submitting a trade order on your behalf. Trading errors may include a number of situations, such as:

- The wrong security is bought or sold for a client;
- A security is bought instead of sold;
- A transaction is executed for the wrong account,
- Securities transactions are completed for a client that had a restriction on such security; or
- Securities are allocated to the wrong accounts.

When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the corrective action, the gain will remain in your account unless it is legally not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If a loss occurs due to our administrative trade error, we are responsible and will pay for the loss to ensure that you are made whole.

Note: To limit the respective administrative expenses and burden of processing small trade errors, it should be noted some custodians (at their own discretion) may elect not to invoice us if the trade error involves a de minimis dollar amount (usually less than \$100). Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## Review of Accounts

### Reviews and Reviewers of the Accounts

Client holdings are monitored daily. Reviews will be conducted monthly by your selected IAR and involve an analysis of whether clients' accounts are in line with their investment objectives and are appropriately positioned, based on market conditions and investment policies, if applicable.

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We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, requests by the client, etc.

## Nature and Frequency of Regular Reports Provided to Clients on their Accounts

You will receive monthly or, at least, quarterly statements for your account reflecting account values, positions, and activities from the account custodian.

## Client Referrals and Other Compensation

### Client Referrals

We have a referral arrangement with VBT Holdings, Ltd., the owner of our firm to receive 25% of every revenue generated from client referrals. Under such arrangement, if a client was referred to us by VBT Holdings, Ltd., VBT Holdings, Ltd. will provide complete information on our relationship and the compensation that VBT Holdings, Ltd. will receive should the client choose to open an account including a copy of our Disclosure Brochure.

### Other Compensation

While we do not receive an economic benefit, including sales awards or other prizes from a non-client for providing investment advice or other advisory services to our clients, in their capacity as registered representatives of our broker dealer, our IARs may receive commissions or fees or payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan, or other such plan, as compensation for administrative services representing a separate financial interest. As such, a conflict of interest may exist with respect to recommendations to buy or sell such securities. This conflict is mitigated by disclosures, procedures, and our fiduciary obligation to place the interest of the client first. Clients have the option to purchase these products or services through another broker dealer of their own choice.

Refer to Items 5, 10, and 12 above for details of our compensation structure as well as any other compensation our IARs may receive.

## **Custody**

We do not take physical possession of client funds or securities. However, given that some clients may grant us authority to deduct the advisory fees from their accounts, we are deemed to have custody. We will comply with the custody safekeeping requirements in that we will obtain prior written authorization from you to deduct advisory fees from your account held by a qualified custodian. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period, including the amount of advisory fees paid directly to us.

## **Investment Discretion**

We do not accept discretionary authority to manage securities accounts on your behalf. Specifically, we do not have discretionary authority to determine which securities to buy or sell on your behalf, determine the amount of securities to be bought or sold on your behalf, the broker or dealer in which to execute such securities transactions, and determine what transaction fee rate shall be paid on your behalf without obtaining prior client consent.

In managing an investment portfolio, we act in a manner in keeping with what we understand and believe to be in your best interest. In making these buy and sell decisions, we follow general guidelines established by you which may include instructions to have us refrain from purchasing certain securities. Any restrictions must be submitted to us in writing.

## **Voting Client Securities (i.e., Proxy Voting)**

### **Proxy Voting**

We do not accept or have the authority to vote proxies on your behalf. Our client advisory agreements, or other client documents, provide that our advisory clients expressly retain the authority and responsibility for voting proxies of portfolio securities. We may provide advisory clients with administrative assistance regarding proxy voting or issues; however, you have the responsibility to receive and vote any proxies.

## Class Actions

From time to time securities held in your portfolio may be the subject of class action litigation. The decision regarding whether to file a proof of claim in a class action settlement is a question involving legal judgment. We do not instruct or give advice to you on whether or not to participate as a member of class action lawsuits and will not automatically file claims on your behalf. If you request additional assistance, we will provide any transaction information pertaining to your account that may be helpful and/or needed in order for you or your custodian to file a proof of claim in a class action.

## Financial Information

We will not require prepayment of more than \$500 and no more than six months in advance. We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.

## Requirements for State-Registered Advisers

Each of our principal executive officers and management persons will provide their formal education and business background, including any business in which they are actively engaged (outside of giving investment advice) and the approximate amount of time spent on that business in a separate disclosure, the Form ADV Part 2B Supplement.

We do not, nor do any of our supervised persons receive performance-based fees compensation for advisory services. We do not, nor any of our management persons, have material facts regarding any legal, financial or other “disciplinary” item to report. We do not, or any of our management persons, have any relationship or arrangement with any issuer of securities that is not listed in Item 10 of this Brochure.

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<b>FACTS</b>	WHAT DOES <b>VENECREDIT SECURITIES, INC.</b> , DO WITH YOUR PERSONAL INFORMATION?
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>● <b>Social Security Number and Income</b></li> <li>● <b>Investment Experience and Assets</b></li> <li>● <b>Employment Information and Risk Tolerance</b></li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons <b>Venecredit Securities</b> chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does <b>Venecredit Securities</b> share?	Can you limit this sharing?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, report to credit bureaus	<b>YES</b>	<b>NO</b>
<b>For our marketing purposes –</b> to offer our products and services to you	<b>NO</b>	<b>We don't share</b>
<b>For joint marketing with other financial companies</b>	<b>NO</b>	<b>We don't share</b>
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	<b>NO</b>	<b>We don't share</b>
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	<b>NO</b>	<b>We don't share</b>
<b>For non-affiliates to market to you</b>	<b>NO</b>	<b>We don't share</b>

**Questions?** Call (305) 372-2446 or go to [www.venecreditsecurities.com](http://www.venecreditsecurities.com)

**Who we are**

Who is providing this notice?

**Venecredit Securities, Inc.****What we do****How does Venecredit Securities protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

We maintain safeguards that comply with federal standards to protect nonpublic personal information of our customers, including procedures to assure appropriate access to, and use of, information about our customers.

**How does Venecredit Securities collect my personal information?**

We collect your personal information, for example, when you

- **Seek advice about your investments or Enter into an investment advisory contract**
- **Show your driver's license or Give us your contact information**
- **Tell us about your investment or retirement portfolio**

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

**Why can't I limit all sharing?**

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes-information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

**Definitions****Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- **Venecredit Securities, Inc. has no affiliates.**

**Non-affiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- **Venecredit Securities, Inc. does not share with non-affiliates.**

**Joint Marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- **Venecredit Securities, Inc. does not jointly market.**

**Other important information:**