

## CLIENT RELATIONSHIP SUMMARY

Northern Trust Securities, Inc. is a broker-dealer and an investment adviser. **This summary concerns the products and services that are available from us both in our capacity as a broker-dealer and as an investment adviser.** This summary will also discuss the different fee structures and potential conflicts of interest. Please consider carefully the information detailed in this summary.

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

- As a broker-dealer, we offer you the ability to open a brokerage account with us through which you can purchase and sell stocks, bonds, mutual funds and exchange traded funds.
- We do not exercise discretion over the purchases and sales of securities in your brokerage account. You will make the final decision on each transaction in your brokerage account.
- At times, we provide recommendations concerning the purchase or sale of securities in your brokerage account and also recommend in some circumstances that you continue holding certain securities. We also at times, recommend that you open an individual retirement account (IRA) or transfer assets into an IRA, if we believe it is in your best interest.
- We offer a limited number of products. Other firms could offer a wider variety of products some of which might have lower costs.

**OUR OBLIGATIONS AS A BROKER-DEALER TO YOU** – *We must abide by certain regulations and laws in our interactions with you.*

- We must act in your best interest and not place our interests ahead of yours when we recommend an investment or an investment strategy involving securities. When we provide any service to you, we must treat you fairly and have policies and procedures in place to comply with our obligation to you. Unless we agree otherwise, we are not required to monitor your portfolio or investments on an ongoing basis.
- Our interests can conflict with your interests. When we provide recommendations, we must eliminate these conflicts or tell you about them and, in some cases reduce them.
- Please visit the firm's Disclosure Document at <https://cdn.northerntrust.com/pws/nt/documents/wealth-management/ntsi-disclosure-document.pdf> for more information concerning our brokerage services.

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

- As an investment adviser, we offer a limited number of services, primarily to retail clients. Specifically, we offer a wrap program that may be comprised of proprietary mutual funds and exchange traded funds as well as unaffiliated mutual funds and exchange traded funds. We also offer various model portfolios that are managed by both affiliated and unaffiliated investment advisers.
- We consult with you to determine the appropriate portfolio. After your assets are invested, we and, in certain circumstances, other investment advisers exercise discretion over the purchases and sales in

your advisory account. We have a fiduciary duty with respect to the assets in your advisory account and we are responsible for monitoring your account and determining if assets should be reallocated.

- We have minimum asset requirements for opening advisory accounts and charge annual fees that are based on the size of the assets in your account.
- Please visit the firm's summary page on the SEC's Investment Advisor Public Disclosure website [www.adviserinfo.sec.gov/firm/summary/7927](http://www.adviserinfo.sec.gov/firm/summary/7927) to view Sections 4 and 5 of our Form ADV Part 2A, Appendix 1 for more information concerning our investment adviser services.

## **QUESTIONS TO ASK OUR FINANCIAL PROFESSIONALS**

***Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?***

***How will you choose investments to recommend to me?***

***What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?***

## **WHAT FEES WILL I PAY FOR A BROKERAGE ACCOUNT?**

- The fee you pay is based on the specific transaction and not the value of your account.
- With stocks or exchange-traded funds, this fee is usually a separate commission. With other investments, such as bonds, this fee might be part of the price you pay for the investment (called a "**mark-up**" or "**mark down**"). With mutual funds, this fee (typically called a "**load**") reduces the value of your investment.
- Some investments (such as mutual funds) impose additional fees that will reduce the value of your investment over time.
- Our fees vary and are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us.
- We may charge you additional fees, such as custodial fees and, for retirement accounts, account maintenance fees and termination fees.
- The more transactions in your account, the more fees we charge you. We therefore have an incentive to encourage you to engage in transactions.

## **WHAT FEES WILL I PAY FOR AN ADVISORY ACCOUNT?**

- You will pay an annual fee in monthly installments that will vary based on the size of assets you hold in the account. Your fee will pay for all transaction costs, custody fees and payments to unaffiliated investment managers, if applicable. As your fee will include payments for other services outside of our management of your assets, it may be higher than an advisory fee you could obtain from a third party solely charging for the management of an account. The more assets you have in an advisory account, including cash, the more you will pay us in an annual fee. We may have an incentive to increase the assets in your account in order to increase our fees.
- The mutual funds and exchange traded funds may also charge certain fees or expenses, which may include management and administrative fees, servicing or marketing expenses, transfer agent fees, and sales charges. These fees will not be billed to you directly but could affect the returns on individual mutual funds or exchange traded funds held in your advisory account.

***You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.***

#### **QUESTIONS TO ASK OUR FINANCIAL PROFESSIONALS**

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

***What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?***

**When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you.**

Here are some examples to help you understand what this means:

- We can make extra money by selling you certain investments for your brokerage account, or including these funds in your advisory account, because they are managed by someone related to our firm or because they are offered by companies that pay our firm to sell their investments and they will share with us revenue they earn on those investments.
- Please visit the firm's Disclosure Document at <https://cdn.northerntrust.com/pws/nt/documents/wealth-management/ntsi-disclosure-document.pdf> and our summary page on the SEC's Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov/firm/summary/7927](http://www.adviserinfo.sec.gov/firm/summary/7927) which provides a further description of our potential conflicts of interest.

#### **QUESTION TO ASK OUR FINANCIAL PROFESSIONALS**

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

## HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

- Our financial professionals are paid a base salary as well as incentive compensation. The incentive compensation is discretionary and is based on a number of factors including client satisfaction, professional conduct and the income generated by the brokerage commissions or advisory assets that their clients bring into our firm. Our firm does not pay financial professionals additional salary or incentive compensation for selling affiliated products and does not pay them differing levels of compensation for any third party products.
- As our financial professionals are paid additional compensation based on the transactions you execute or the advisory assets you bring into our firm, a conflict of interest may exist in the recommendations that our financial professionals provide to you.

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

- We have legal and disciplinary events. Visit [www.Investor.gov](http://www.Investor.gov) for a free and simple search tool to research our firm and our financial professionals.
- For additional information about our brokers and services, you may visit [www.Investor.gov](http://www.Investor.gov) and BrokerCheck by FINRA at [www.BrokerCheck.Finra.org](http://www.BrokerCheck.Finra.org) . Your account agreement contains additional information.
- To report a problem to the SEC, visit [www.Investor.gov](http://www.Investor.gov) or call the SEC's toll-free investor assistance line at (800) 732-0330.
- To report a problem to FINRA, contact the FINRA Investor Complaint Center by mail at 9509 Key West Avenue Rockville, Maryland 20850-3329. Phone: (240) 386-4357 Fax: (866) 397-3290 Website: [www.finra.org/complaint](http://www.finra.org/complaint).
- If you have a problem with your investments, account or financial professional, contact us in writing at Northern Trust Securities, Inc.; 50 South LaSalle Street, B-12; Chicago, Illinois 60603.

## QUESTIONS TO ASK OUR FINANCIAL PROFESSIONALS

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

***Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?***

***Who can I talk to if I have concerns about how this person is treating me?***

**You can find additional information about our brokerage or investment advisory services at [www.northerntrust.com/united-states/what-we-do/wealth-management/brokerage-services](http://www.northerntrust.com/united-states/what-we-do/wealth-management/brokerage-services) or you may call to request a copy of this Client Relationship Summary at (800) 621-4482.**

## DISCLOSURE DOCUMENT

This document is intended as a supplement to Northern Trust Securities, Inc.'s (NTSI) Form CRS to provide a further explanation of the way in which your Financial Advisor provides recommendations to you, the fees you pay for products and services made available to you and potential conflicts of interest that exist in connection with any recommendations made to you by your NTSI Financial Advisor.

Your Financial Advisor can provide both broker-dealer and advisory services to you. You may receive recommendations from your Financial Advisor in either capacity, depending on the type of account or accounts you established at NTSI. Recommendations are made in a broker-dealer capacity unless otherwise expressly stated at the time of the recommendation, and any such statement will be made orally to you at the time of the recommendation.

If you establish an advisory account with NTSI, you will pay an annual investment advisory fee based on a percentage of the market value of the assets we manage for you. Your annual fee will be deducted from your advisory account monthly, in advance, on the first business day of each calendar month. The fee schedule that applies to your account is detailed in the Form ADV, Part IIA you will receive from us when you open the account. Individual investments held in your advisory account are subject to product level fees that are separate from and in addition to the advisory fee you will pay to us for managing your assets. Product level fees vary depending on the assets, any third party investment managers used to provide services and the strategy in which the account is invested. Minimum account balances apply to each advisory account program and are stated in the Form, ADV, and Part IIA. Mutual funds and exchange traded funds held in your advisory account may impose internal administrative charges and other fees or expenses. Certain fees may not be billed to you directly, but may affect the returns on individual mutual funds or exchange traded funds held in your advisory account. You should consult the applicable prospectus or statement of additional information related to your underlying investments for more information.

If you establish a brokerage account with NTSI, the fee you pay is based on the specific transaction and not the value of your account. The applicable commission paid for stocks or exchange traded funds purchased or sold in your brokerage account can be obtained from your Financial Advisor and will be detailed in the confirmations you receive from us for each trade. Your commission is used to pay for clearance and settlement of your trades as well as serving as the way in which we are compensated for acting as your broker. For bonds, you will be assessed a mark-up or mark-down that is determined at the time of the transaction and is based on the difference between the amount we pay another dealer to either purchase or sell the bond and the amount we charge you. Mark-ups and mark-downs vary for each security, typically range between 1% to 5% of the original bond's face value and are determined, in part, by the quantity of bonds you wish to purchase or sell as well as the availability of that particular bond. If you purchase mutual funds, depending on the mutual fund share class, the fund family may pay an amount to us as compensation based upon the amount of your purchase. If you purchase no-load funds, you may be charged a flat fee to cover clearance and settlement of the trade. If your mutual fund includes a contingent deferred sales charge, you would pay a fee to the mutual fund family if you redeem your shares within certain time holding periods. The fund distributor's payment practice is described in the fund's prospectus and statement of additional information (SAI) which is available online. If you have difficulty in finding the prospectus or SAI relating to a particular fund, please consult with your Financial Advisor. We also receive shareholder servicing fees from a fund family's distributor as long as you hold those fund's shares in a NTSI account. Additional fees, such as annual custodial fees and, for retirement accounts, account maintenance fees and termination fees are included in a fee schedule provided to you when you open a brokerage account. These fees are subject to change and we are required to provide you prior notice if any of these fees have a material change.

Our Financial Advisors may make recommendations to you regarding purchases or sales of securities in your brokerage account or certain managed portfolios in your advisory account. When determining brokerage account recommendations, your Financial Advisor will take into account market information concerning issuers of securities and market trends as well as your risk profile and investment objectives. Your Financial Advisor will utilize information you provide to us regarding your investment objectives, risk profile, overall net worth and financial experience in making these recommendations. We analyze a variety of factors in determining mutual fund family recommendations including the length of track record, short and long term performance of the funds offered, the size of assets under management and the level of interest and demand from clients. While we will take reasonable care in developing and making recommendations to you, securities involve risk and you may lose money. There is no guarantee that you will meet your investment goals or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We are a full service broker dealer and provide financial advice and the ability to trade stocks, bonds, mutual funds and exchange traded funds as well as certain affiliated private placement offerings to higher net worth clients. We do not provide allocations of initial public offerings to retail clients.

Details of conflicts of interest applicable to compensation paid to NTSI and Financial Advisors in an advisory account are specified in the Form ADV, Part IIA. For brokerage accounts, Financial Advisors compensation is discretionary. With the exception of affiliated private placement products, we do not pay financial professionals additional salary or incentive compensation for selling affiliated products nor do we pay them differing levels of compensation for any third party products. We do receive increased commissions for higher volumes of trades executed by clients and receive higher levels of sales charges and servicing fees from some fund families. Due to the fact Financial Advisors' compensation is based, in part, on revenues generated for our firm, Financial Advisors would typically receive more compensation the more securities you purchase or sell through us and for purchases of mutual funds from fund families that pay us higher levels of compensation. Our Financial Advisors may recommend affiliated investment products because they align with our forward-looking views and we have familiarity with the investment and operational processes, as well as a shared risk and compliance philosophy. Financial Advisors do not receive higher levels of compensation for selling affiliated mutual funds and exchange traded funds. However, affiliates will receive a management fee for managing these funds and certain product level fees and other expenses may be paid by investors in those funds to our affiliates. Due to that compensation received by affiliated companies, we have a conflict of interest when Financial Advisors recommend affiliated mutual funds and exchange traded funds. Financial Advisors are paid incentive compensation for revenue generated through the sale of affiliated private placement products, specifically hedge funds and private equity funds, which increases based on the amount of assets invested in such funds. As such, a conflict of interest exists when a Financial Advisor sells affiliated private placement products.