



## Regulation Best Interest Disclosure Supplement

**Introduction:** Dominari Securities LLC (“DS”) is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment adviser. The firm is a member of the Financial Industry Regulatory Authority (FINRA), the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at <https://www.investor.gov/CRS>, which also provides educational materials about broker-dealers, investment advisers, and investing.

### About this Document

This document is meant to provide additional information and disclosures regarding Dominari Securities and supplements information set forth in the Dominari Securities form CRS.

### Capacity in which your Financial Professional is Acting

The Firm operates as a registered broker-dealer ("BD") under the SEC. Client-facing investment professionals at the Firm are known as Registered Representatives, duly registered with both the SEC and the Financial Industry Regulatory Authority, Inc. As a full-service BD, the Firm offers investment advice and facilitates the buying and selling of securities for clients. You can check your financial professional at <http://www.adviserinfo.sec.gov/> and/or <https://brokercheck.finra.org/> which will allow you to search for your financial professional by name. Their respective profiles will show you if they are a broker, investment adviser, or both and you can also find additional information about our firm.

While the Firm and its Registered Representatives exclusively function in a broker-dealer capacity, some Registered Representatives also serve as investment advisory representatives affiliated with Dominari Securities, an SEC-registered investment advisor associated with the Firm. Choosing between a brokerage account and an investment advisory account involves considerations of advantages and disadvantages, and clients are encouraged to discuss their options with their Registered Representative.

Our Registered Representatives provide access to a wide range of securities including stocks, bonds, ETFs, mutual funds, variable annuities, Investment Banking Products, and alternative investments. Although Registered Representatives are obligated to act in the

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client's best interest, individual investment strategies or philosophies may vary. Clients are advised to consult with their Registered Representative to ensure alignment with their personal goals and comfort level.

While recommendations are made with reasonable care and in the client's best interest, all investments carry inherent risks, and losses are possible. There is no guarantee of meeting investment goals, and performance of recommended strategies may differ from expectations. Clients are encouraged to review offering documents for any recommended securities to understand the associated risks, which can be provided by the Firm upon request.

Certain investments offered by the Firm may not be suitable for all clients based on individual investment profiles and risk tolerance levels.

**Compensation and Fees:** The Firm generates revenue through various avenues. Securities transactions are conducted by broker-dealers (BDs) in two primary ways. Acting as an agent, or broker, the Firm executes transactions on an agency basis, charging commissions for purchases and sales made in your account. Commission amounts vary and can be obtained from your Registered Representative, detailed in confirmation statements following transactions. In agency transactions, securities are either purchased from another BD and placed into your account or sold from your account to another BD.

Alternatively, when acting as a principal, or dealer, the Firm executes transactions on a principal basis. In such cases, the Firm buys or sells securities directly from you. If selling a security to you at a price higher than our acquisition cost, we earn a mark-up; conversely, buying a security from you at a lower price than our selling price earns us a mark-down. Transactions involving bonds and other fixed income securities often occur on a principal basis. Additionally, the Firm applies a per transaction service fee for all trades.

Furthermore, we offer investment advisory services to retail investors. We provide both discretionary and non-discretionary services. These are known as fee-based accounts or advisory accounts where fees are paid by the client based upon a percentage of billable assets under management held in the account. These fees may be in addition to other fees applicable to the account as discussed herein.

For additional information, please see Part 2A ("Firm Brochure") and Part 2A Appendix 1 ("Wrap Fee Brochure") of Form ADV of Dominari Securities, accessible here: <https://adviserinfo.sec.gov/>.

The Firm may also engage in investment banking activities related to securities offerings it places or underwrites, receiving compensation in the form of placement fees or underwriting discounts on securities sold to clients. These fees impact the value of client investments and are disclosed in prospectuses, offering memoranda, or other applicable disclosure documents received in connection with the investment. Additionally, the firm

may engage other firms to backstop their underwriting activities with the use of our net capitalization and receive a fee.

Certain investments involve deferred sales charges, where the Firm receives ongoing payments (trail payments) for the duration the investment is held. These fees, paid by the investment sponsor based on client investments in their product, may apply to mutual funds, annuities, or alternative investments. Higher fees for larger investments provide an incentive for the Firm to encourage increased investment in such products.

The Firm may also receive compensation from issuers of insurance contracts available to brokerage customers and through fees related to margin and securities lending agreements entered into by clients. Additionally, fees may be received based on a percentage of cash balances maintained in client accounts.

Given the various types of investments recommended by Registered Representatives, there are diverse fees, costs, and commissions involved. The specific range of commissions, sales loads, and trail fees applicable to these investments is detailed below.

**Equities and Exchange Traded Securities:** Encompass a variety of exchange-traded products, including equities, options, ETFs, exchange-traded notes, and closed-end funds. Typically, commissions on these securities are typically below 5%.

**Mutual Funds and 529s:** These products are subject to regulations allowing a maximum sales load of 8.5%, though typically our sales load does not exceed 6%. These charges are determined by the product sponsor and detailed in the product prospectus. Trail charges vary based on the fund's share class, typically ranging between 0.25% and 1% of assets annually. If your registered representative recommends or you are considering purchasing a mutual fund, it is essential to review all fund prospectuses and disclosures to fully comprehend the costs and relative benefits involved.

**Alternative Investments:** Sales load may be up to 8% of the investment amount. Trail fees may be up to 2%. Please review applicable offering documents for the charges applicable to a particular investment.

**Unit Investment Trusts (UITs):** The typical upfront sales charge ranges from 1.85% to 3.95%, but this charge is determined by the investment sponsor, and you should review all applicable offering materials with respect to specific charges.

**Understanding Share Classes:** The amount of upfront selling compensation versus trailing compensation charged on certain products, such as mutual funds, variable annuities, or 529 investments will vary, depending on the share class selected. For mutual funds, typically, Class A shares will result in a higher upfront sales charge and lower trailing compensation, while the opposite is true for Class C shares. In order to see a complete list

of the share classes available for a particular investment and their respective costs, you should review the investment prospectus, offering document, and/or other transaction statements.

**Product Costs and Fees:** Financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, annuities and alternative investments. Many investment products charge fees and costs that are separate from and in addition to the commissions and fees that the Firm and financial professionals receive. You can learn more about these fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents.

**Account Fees:** In addition to the commissions and sales charges described above, customers can also be charged direct fees and charges for miscellaneous account services such as wire transfers, inactivity fees, account transfers (ACAT), error corrections, and account maintenance. Customers may also be charged transaction fees, known as "ticket charges," which typically are around \$30, as well as contract charges for certain options activities. These fees are typically charged by the clearing firm where your assets are custodied and some of these fees may be shared with the Firm. These fees typically range between \$6 and \$175. For a complete list of these charges and fees, you should review your account agreement and/or fee schedule and discuss these charges with your financial professional.

### **Additional Compensation From Third Parties**

**Network Agreements:** The Firm may receive additional compensation based on the total assets invested in a particular investment.

**Other Trailing Compensation:** The Firm may receive trailing compensation, including 12b-1 fees, which are paid from certain investment sponsors for mutual funds, annuities, and alternative investments. The amount can vary based on the product and the total amount invested. For mutual funds, the maximum amount is typically 1%, while annuities and alternative investments can be as high as 2%.

**Product Onboarding:** The Firm may receive onboarding fees or reimbursement for certain expenses associated with product onboarding, including due diligence. These payments can be fixed or a percentage of the total value of an offering

**Non-Cash Compensation and Marketing:** The Firm and its employees may periodically receive non transaction-based compensation from investment sponsors. This includes entertainment such as sporting event tickets, costs associated with dinner, small gifts valued at no more than \$100, or marketing fees for workshops, events, and advertising. Some investment sponsors may contribute to conferences, seminars, marketing, and/or dinners.

**Cash Sweeps:** The Firm receives compensation when a cash balance is moved to a particular fund or account from which the firm generates additional compensation.

**Margin or Portfolio Line of Credit:** When a customer utilizes a margin or a portfolio line of credit, the firm receives a percentage of the balance lent.

**Payment for Order Flow:** The Firm receives remuneration for directing orders in securities to particular market centers for execution. The Account Holder understands that this remuneration, known as "payment for order flow," is considered compensation to the firm.

### **Additional Conflicts of Interests**

**Gifts and Entertainment:** A conflict of interest may arise when an employee receives or offers a gift, entertainment, or anything of value that creates an incentive for an employee, third party service provider, or a client to act in a certain way.

**Shared Revenues and Payments from Third Parties:** We receive shared revenue, fees, and/or payments from product sponsors and our clearing firm which could create an incentive to offer or recommend certain activities and investments.

**Proprietary Trading:** The firm engages in business and trading activities for its own account or client accounts while other clients are active in relevant markets at the same time. We are incentivized to maximize our returns and certain trades could disadvantage the performance in your account.

**Multiple Roles:** The firm or its affiliates may perform multiple roles with respect to a client or transaction (e.g., advisor, lender, broker, riskless principal counterparty). These roles mean we might be biased regarding the services we recommend as they relate to these roles.

**Outside Business Activities:** When approved, registered representatives may engage in certain outside business activities. This may include, but is not limited to real estate, accounting, insurance, legal, and other professions. As a result, financial professionals may be incentivized to recommend certain products or services outside the scope of their relationship with the firm and they may benefit financially from these recommendations. In addition, employees may engage in personal trading or outside business activities (including board memberships/directorships) which could conflict with a client or with the firm.

**Political and Charitable Contributions:** the Firm and/or its employees' charitable and/or political donations could create the perception that the company or employee is seeking a quid pro quo.

**Confidentiality:** The Firm and its employees are periodically exposed to confidential information which may benefit us or a client.

**Supervision Conflicts:** When a manager is also producing, he/she may be incentivized to spend more time on revenue generating activities than supervision activities.

## **Understanding Risk**

Our Firm does not provide tax, legal, or accounting advice. Therefore, we recommend that each customer consult their own personal tax, legal, and/or accounting advisers to fully understand the potential consequences associated with any particular investment strategy.

Investing in securities carries the risk of loss, which customers should be prepared to accept. Different types of investments entail varying degrees of risk, and there is no guarantee that any specific investment or investment strategy will be profitable for a customer's investment portfolio. Past performance does not guarantee future results. Customers should not assume that the future performance of any investment, investment strategy, or product will be profitable or equivalent to past or current performance levels. We cannot guarantee that the investment objectives of any client will be achieved.

The following is a non-exhaustive list of risks associated with investing. For additional product-specific risks, customers should carefully review their prospectus, offering document, or similar materials before making any investment decision.

**Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**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.

**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.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular 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.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Financial/Credit 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 of securities.

**Third Party Manager Risk:** Third Party portfolio managers typically have full discretion as how to manage the model portfolio based on the objective of the model. Such discretion increases the risk that the TPM may mismanage the portfolio and client's assets which may result in client's loss.

#### **Additional Disclosures:**

**Doing Business As:** The Firm, through its financial professionals, may market itself by another name under a "doing business as" or "DBA" title. These DBAs vary, but all securities are offered through Dominari Securities.

**Clearing Firm Notice:** The Firm has engaged RBC Clearing and Custody, Wedbush Clearing, and Charles Schwab to serve as its execution and clearing firm and to carry client accounts on a fully disclosed basis.

**Cash Sweep Programs:** Cash accounts often feature the ability to automatically "sweep" free cash balances into interest-bearing bank accounts at participating banks or certain money market mutual funds available through the cash sweep program of our clearing firms. Further information on available cash sweep programs may be found on the clearing firms' websites:

<https://www.rbcclearingandcustody.com/legal/rbc-insured-deposits>

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Additional Contact Information:

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612-371-7830

**Charles Schwab**

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877-519-1403

The Firm and your Registered Representative are happy to discuss these matters, and any other questions you may have regarding your account, with you in further detail. If you wish to speak to a Branch Manager or other supervisor, you may call the Firm at (212)393-4500.