

# Customer Relationship Summary

Helping you make an informed decision

Form ADV Part 3

---

**Introduction** Please use this summary to understand the key differences between our Brokerage services and Investment Adviser services, so you can choose which service and account is best for you.

Who we are

Commerce Brokerage Services, Inc. ("CBSI") is a broker-dealer, investment adviser, and a licensed insurance agency. We are a dually registered broker-dealer and investment advisor with the Securities and Exchange Commission ("SEC"), and members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

CBSI is a subsidiary of Commerce Bank, which in turn is wholly owned by Commerce Bancshares, Inc., a publicly held bank holding company, the issuer of CBSH.

Most of our customers are retail investors. Brokerage and investment advisory services and fees differ, and it is important for retail investors to understand the differences.

This Relationship Summary provides information that helps you make an informed decision about whether or not to invest with us and will answer the following questions:

- What investment services and advice can you provide me?
- What fees will I pay?
- What are your legal obligations to me when providing recommendations as my broker-dealer, or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?
- How do your financial professionals make money?
- Do you or your financial professionals have legal or disciplinary history?
- Where can I find additional information?

**Investor**

**Education** Free and simple tools are available for you to use at [www.investor.gov/CRS](http://www.investor.gov/CRS) a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisers, and investing.

---

**Terms to know**

- *A broker-dealer is a firm that acts as an intermediary between buyers and sellers of securities for which they typically receive a commission.*
- *An Introducing broker-dealer is a broker-dealer that contracts with a clearing firm to handle the execution and settlement of orders that the **introducing** firm receives from its customers or its own trading desk to buy and sell securities.*
- *An investment adviser is generally any person or group that provides investment advice or conducts securities analysis in exchange for a fee.*

---

**Brokerage and Investment Adviser services and fees differ, and it is important that you, as our customer, understand the differences.**

## ❖ What investment services and advice can you provide to me?

Description of Service: CBSI is an introducing broker/dealer. We offer brokerage services and investment advisory services mostly to retail investors. We offer cash and margin accounts.

### Brokerage Services

For customers of the broker-dealer, we buy and sell securities and offer recommendations to retail investors. You retain investment authority and will always ultimately decide on what to buy or sell. Each transaction typically has a transaction cost. We do not offer to continuously monitor retail investors' investments. Customers are solely responsible for monitoring their accounts as it relates to investments decisions, including decisions to buy, sell, hold, and account performance. Our new account opening agreements, terms and conditions, prospectus, and other disclosures such as Margin Agreement (if applicable), will specify the account minimums and thresholds to hold the account.

*You can obtain additional information from our financial professionals about brokerage services. For detailed information about our firm or financial professionals visit Broker-Check found on [www.finra.org](http://www.finra.org) or [www.commercebank.com/personal/invest/regulatory-information](http://www.commercebank.com/personal/invest/regulatory-information)*

### Investment Advisory Services

CBSI will introduce qualified retail customers to the Commerce Horizons investment advisory program ("Horizons"). With Horizons, the firm provides professionally managed, fee-based advisory programs through an arrangement with The Commerce Trust Company ("CTC"), a division of Commerce Bank, and with Envestnet Asset Management, Inc. ("Envestnet") an independent provider of wealth management technology and products to financial advisors. Commerce Horizons consists of a selection of advisory program accounts. Each of the program accounts have dollar size minimums to open and maintain.

CBSI will act in the capacity as program sponsor and as a sub-advisor for customers who wish to establish accounts to be managed on a discretionary basis by associated persons of CTC and Envestnet.

*You can obtain additional information from our financial professionals about advisory services or for detailed information about the investment advisor or a money manager review Form ADV, Part 2 brochure, Items 4 and 7 on <https://adviserinfo.sec.gov/> or ask us for a free copy of our Wrap brochure.*

## ❖ What fees will I pay?

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. The basic fees and costs you will incur for your brokerage account verse an investment advisory service account are different, please make sure you understand what fees and costs you are paying.

#### Conversation Starter.

Questions you might wish to ask when considering our services:

- 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?

#### Conversation Starter.

Questions you might wish to ask when considering our services:

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

## Brokerage Services Fees

Broker-dealers charge transaction-based fees. A retail investor would be charged more when there are more trades in his or her account, and that the firm may therefore have an incentive to encourage a retail investor to trade often.

More detailed information about the Broker Dealers recommendations subject to Regulation Best Interest can be discussed with your financial professional. For more information about our fee schedule please refer to [www.commercebank.com/personal/invest/commission-and-fee-schedule](http://www.commercebank.com/personal/invest/commission-and-fee-schedule).

**Conversation Starter.**  
Questions you might wish to ask when considering our services:

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

## Investment Advisory Services Fees

Investment advisers charge ongoing asset-based fees, fixed fees, wrap fee program fees, or other direct fee arrangements. The principal fee for investment advisory services will align with the type of fee(s) that we report in Form ADV Part IA, Item 5.E available on <https://adviserinfo.sec.gov/> or [www.commercebank.com/personal/invest](http://www.commercebank.com/personal/invest)

We offer a wrap fee program. The fee will include most transaction costs and fees to our clearing firm/broker-dealer (National Financial Services, LLC), who has custody of these assets.

With respect to addressing conflicts of interest, the more assets in the advisory account, the more you will pay in fees, and the firm may therefore have an incentive to encourage the retail investor to increase the assets in his or her account.

More detailed information is found in our advisory Form ADV, Part 2A brochure, <https://adviserinfo.sec.gov/>.

## Other Fees and Costs

There are other fees in a brokerage or investment advisory accounts you will pay directly or indirectly. The most common fees and costs are custodian fees, account maintenance fees, fees related to mutual funds and variable annuities, and other transactional fees and product-level fees.

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

## Standard of Conduct

We are a broker-dealer or investment advisor with a standard of conduct.

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to and want 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 conflict with your interests. You should understand and ask us about these conflicts because they can affect the recommendations

**Conversation Starter.**  
Questions you might wish to ask when considering our services:

- 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? Whom can I talk to if I have concerns about how this person is treating me?

and investment advice we provide you. Some examples of the Ways We Make Money that pose potential Conflicts of Interest are:

#### Training and Marketing Incentives

Third-party providers such as variable annuity product partners, annuity wholesalers, investment managers, ETF wholesalers, and insurance distributors may reimburse and/or pay certain expenses on behalf of financial professionals and the firm, including expenses related to training, marketing, and educational efforts. The training focuses on, among other things, the third-party provider's products, suitability, product literature, and product support. These incentives create a conflict between the customer's interests and those of the Adviser and may cause the Adviser to recommend those product partners that provide marketing and educational opportunities and to whom the Adviser has greater access.

#### Variable Annuity Compensation

If the customer invests in a variable annuity, the customer pays a premium to the insurance company for each purchase. The customer also pays the insurance company internal fees and costs for owning the variable annuity. The insurance company pays the firm an up-front commission and ongoing service fees or "trail commissions". The commission is determined by the insurance company and is generally higher than if the customer invested in stocks, bonds, ETFs or CDs. These payments create a conflict between the customer's interests and the firm's when the firm recommends that the customer purchase or hold a variable annuity, as opposed to invest in other investment alternatives.

#### Approved Product List

CBSI limits recommendations to products available through an approved product list. The approved product list does not contain the entire universe of securities products available in the marketplace or that may be available through other broker-dealers or investment advisory firms. In light of the differences in which some product vendors may compensate our firm, this may create a conflict of interest.

*For additional information about potential conflicts of interest, please go to [www.commercebank.com/personal/invest/regulatory-information](http://www.commercebank.com/personal/invest/regulatory-information) (Regulatory Best Interest Disclosure).*

#### ❖ How do your financial professionals make money?

Our financial professionals are each paid a base salary, and they may also qualify for additional compensation if they meet a certain revenue threshold. The current month's payout percentage is based on the financial professional's prior 6-month revenue production. The more revenue the financial professional generates will result in a higher amount paid. Our financial professionals are not incentivized with higher payouts to sell any certain product or product type over another (i.e., no differential compensation).

#### ❖ Do you or your financial professionals have legal or disciplinary history?

Yes.

Visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool to research our firm and your financial professional or visit: <https://brokercheck.finra.org/> which is a free tool to research the background and experience of financial brokers, advisers and firms.

#### ❖ Where can I find additional information about your broker-dealer and investment advisory services?

You can always ask your financial professional for more information, contact our firm by phone, and request a copy of the Customer Relationship Summary at (800) 772-7283, option 2 or visit:

[www.commercebank.com/personal/invest](http://www.commercebank.com/personal/invest)