

### **Beneficial Ownership Requirement**

Legal entities are required to provide their beneficial ownership and control persons information to financial institutions with which they do business. In the event that there have been changes to your beneficial ownership or control person information, you must contact your Stifel Financial Advisor to update the client account with new information.

### **Order Execution – FINRA Rule 5270**

FINRA Rule 5270 (Front Running of Block Transactions) prohibits FINRA member broker-dealers from executing orders to buy or sell certain securities or related financial instruments when the member has material, non-public information concerning an imminent block transaction in those securities, related financial instruments, or securities underlying the related financial instruments prior to the time information concerning the block transaction has been made publicly available or has otherwise become stale or obsolete. The rule permits certain exceptions to this prohibition, including transactions that are undertaken to fulfill or facilitate the execution of a client block order.

Stifel may rely on the rule's exceptions while effecting block orders for its clients. In connection with the handling of your block orders, Stifel may engage in hedging, offsetting, liquidating, facilitating, or positioning transactions ("risk-mitigating transactions") that may occur at the same time or in advance of your order, and these activities may have an impact on market prices. Beyond these risk-mitigating transactions, Stifel and/or its affiliates will refrain from any conduct that could disadvantage or harm the execution of your orders or that would place Stifel's financial interests ahead of yours.

Unless you inform Stifel otherwise in writing ("opt out"), we will conclude that you understand that Stifel may engage in risk-mitigating transactions in connection with your orders and we will conclude that you have given your consent to Stifel and/or its affiliates to handle your block transactions as described above. You may choose to opt out by providing written notice to Stifel at One South Street, Baltimore, Maryland 21202, Attn: Institutional Compliance Group. If you opt out, please be advised that Stifel and/or its affiliates may be limited in the range of execution alternatives. If you have any questions regarding the rule, please call the Institutional Compliance Group at (410) 246-6451.

### **Order Execution – FINRA Rule 5320**

FINRA Rule 5320 (Prohibition Against Trading Ahead of Customer Orders) generally provides that a broker-dealer handling a customer order in an equity security is prohibited from trading that security on the same side of the market for its own account at a price that would satisfy the customer order, unless the firm immediately executes the customer order up to the size of its own order at the same or better price. This rule automatically applies to all customer orders except for the following:

**Institutional Accounts:** If a customer order is received from an "institutional account," as defined in FINRA Rule 4512(c), Stifel may trade for its own account at a price or prices that would satisfy the institutional customer order. Notwithstanding, an institutional customer may "opt in" to the Rule 5320 protections (i) with respect to any particular order by notifying Stifel at the time of placing the order, and (ii) with respect to all orders for your account by providing written notice to: Stifel – Attn: Equity Trading Compliance, One South Street, Baltimore, Maryland 21202.

**Large Orders:** If a customer order is received and the order represents 10,000 shares or more and \$100,000 in value or greater (a "large order"), Stifel may trade for its own account at a price or prices that would satisfy the customer order. Notwithstanding, any customer entering a large order may "opt in" to the Rule 5320 protections (i) with respect to any particular large order by notifying Stifel at the time of placing the order, and (ii) with respect to all large orders for your account by providing written notice to Stifel at One South Street, Baltimore, Maryland 21202, Attention: Institutional Compliance Group.

**Market-Making Activities:** Stifel is a registered market-maker in NMS securities, as defined in Rule 600 of SEC Regulation NMS. The Firm generally sends orders in NMS stocks to other market centers on an agency basis. Stifel has developed and implemented internal controls, including information barriers, that operate to prevent its market-making desk from obtaining knowledge of customer orders that are routed to other market centers on an agency basis, and as such, the market-making desk may trade for the Firm's own account at a price or prices that would satisfy a customer order that is routed to another market center on an agency basis.

**"Stop Sell" Orders:** Stop sell orders are used to protect profit position in the event a stock's price declines, and stop buy orders for a short position to limit losses in the event a stock's price increases. Once stop orders are triggered, they become market orders, which are inherently risky, especially in volatile market conditions. Stop prices are not guaranteed execution prices and are executed at the market with no guarantee of the price at which the order will be executed. For less liquid or more volatile securities, the execution price could be substantially different from the stop price and, under certain market conditions, the execution may be handled manually and/or delayed. Stop orders may be triggered by a short-lived, dramatic price change, and sell stop orders may exacerbate price declines during times of extreme volatility. Placing a limit price on a stop order may help manage these risks.

**"Stop Limit" Orders:** A stop limit order is an order to buy (or sell) that becomes a limit order to buy (or sell) at the limit price when triggered. Stop limit orders, once triggered, may or may not execute depending on the market for the security. In a fast-moving, volatile market, a stop limit order may not get executed if there are no buyers/sellers at the limit price. Stop limit orders are intended for investors who seek to maintain control over the price at which the order should be executed but do not need to be guaranteed an execution once the order is triggered.

**"Not Held" Orders:** When customers place "not held" orders, they are giving time and price discretion to Stifel so that the Firm may exercise its professional judgment in an effort to obtain best execution for the customer. In the process of executing the "not held" order, Stifel may trade in the security for its own account prior to completion of the customer order and at the same or a better price than the customer receives.

### **Order Routing and Payment for Order Flow**

Stifel receives payment for order flow for directing orders to certain exchanges and other trading venues. The source and nature of any payment received in connection with your particular transaction will be disclosed upon written request. In addition, in order to access a wide variety of execution venues, the firm does participate in the maker/taker model. Certain exchanges and other trading centers to which the firm routes equities and options orders have implemented fee structures under which broker-dealer participants may receive rebates on certain orders. Under these fee structures, participants are charged a fee for orders that take liquidity from the venue and provided a rebate for orders that add liquidity to the venue. Rebates received by the firm from a venue during any time period may or may not exceed the fees paid by the firm to the venue during that time period. Fees and/or rebates from all venues are subject to change. Stifel will provide customers additional information regarding average net fees/rebates paid/received upon written request. For venues from which Stifel receives a rebate, Stifel is considered to be receiving payment for order flow. Stifel monitors the performance of competing market centers and routes orders to those that consistently complete transactions on a timely basis, at a reasonable cost, and that seek competitive executions. Whenever possible, Stifel routes orders to market centers that offer, through automated systems, an opportunity for price improvement to the client. Stifel may, at times, route orders to affiliated broker-dealers for execution.

Additional information will be provided upon written request, and certain order routing information is available online at [www.stifel.com/disclosures/best-execution](http://www.stifel.com/disclosures/best-execution). On request of a customer and at no fee, Stifel will disclose to such customer the identity of the venue to which such customer's orders were routed for execution in the six months prior to the request, whether the orders were directed orders or non-directed orders, and the time of the transactions, if any, that resulted from such orders. Orders may be routed and executed internally through Stifel's trading desk. In such instances, Stifel stands to share in 100% of whatever remuneration is received (in the case of orders executed as agent) or profits or losses generated (in the case of orders executed as principal) as a result of internalizing such orders. Customers may mail their inquiries to: Stifel – Attn: Equity Trading Compliance, One South Street, Baltimore, Maryland 21202.

#### **Market Volatility Disclosure**

High volumes of trading at market opening and at various points during the day may cause delays in execution and executions at prices significantly away from the market price quoted or displayed at the time the order was entered. In addition, there are inherent risks in trading in a fast market, characterized by wide price fluctuations and heavy trading often resulting from an imbalance of trade orders in one direction or another (e.g., many "buys" and few "sells") and can be spurred by such events as a company news announcement, strong analyst recommendation, or a popular initial public offering. In such high volume trading, there can be price discrepancies between the quote you receive one moment and the price at which your trade is executed the next. There may also be delays in trade execution and/or trade reports due to the sheer volume of trades being processed in a fast market. Stifel will make every effort to execute marketable orders fully and promptly. Investors may suffer market losses during periods of volatility. Stifel may, but is not obligated to, accept a stop order or stop limit order in a security.

#### **Important Information Regarding Purchasing Securities on Margin**

Stifel is furnishing this information to you to provide some basic facts about purchasing securities on margin and to alert you to the risks involved with investing in or trading securities in a margin account. Before investing in or trading securities in a margin account, you should carefully review the provisions concerning margin in the Stifel Account Agreement and Disclosure Booklet. Consult your Financial Advisor regarding any questions or concerns you may have with your margin account(s).

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from Stifel. If you choose to borrow funds from Stifel, you will need to establish margin privileges on your account. The securities purchased are Stifel's collateral for the loan to you. You will pay interest on the margin balance. If the securities in your account decline in value, so does the value of the collateral supporting your loan. As a result, Stifel can take action, such as issue a maintenance or margin call and/or sell securities in your account, or other assets in any of your accounts held at Stifel, in order to maintain the required equity in the account.

Stifel will, as necessary, buy assets or contracts relating to any short positions in your account in order to close out in whole or in part short sale commitments on your behalf – even if that results in a sale of another asset.

It is important that you fully understand the risks involved in investing in or trading securities on margin. These risks include the following: The leverage provided by margin, while increasing the potential return, also increases risk.

You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds or securities to Stifel to avoid the forced sale of those securities or other securities in your account(s).

Stifel can force the sale of securities in your account(s). If the equity in your account falls below the maintenance margin requirements under the law, or Stifel's higher "house" requirements, Stifel can sell the securities in your account or other assets in any of your accounts held at Stifel to cover the margin deficiency. You also will be responsible for any remaining shortfall in the account after such a sale – you are responsible for any losses in your account.

Stifel can sell your securities without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that a firm cannot liquidate securities in their accounts to meet the call unless a firm has contacted them first. This is not the case. Most firms will attempt to notify their clients of margin calls, but they are not required to do so. Moreover, even if a firm has contacted a client and provided a specific date by which the client may meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the client.

You are not entitled to choose which security in your margin account or other assets in your accounts are liquidated or sold to meet a margin call. Because the securities are collateral for the margin loan, Stifel has the right to decide which security to sell in order to protect its interests.

Stifel can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice. These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause Stifel to liquidate or sell securities in your account. You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be granted to clients under certain conditions, a client does not have a right to an extension.

#### **Volcker Rule Conflicts Disclosure**

The Volcker Rule requires that banking entities have policies and procedures in place to monitor or prevent material conflicts of interest. Specifically, the Volcker Rule requires that a banking entity that engages in any transaction, class of transaction, or activity that would involve or result in the banking entity's interests being materially adverse to the interests of its customers with respect to the transaction, class of transaction, or activity address and mitigate the conflict of interest, where possible, through either timely and effective disclosure or through the establishment and enforcement of information barriers.

In the normal course of business, Stifel provides a variety of financial services to trading customers that may involve or result in conflicts of interests. The financial services provided to customers that also transact on the firm's trading desks include, among others, investment banking services, research services, and market-making services.

Stifel has implemented an Information Barrier Program that is designed, in part, to address conflicts of interests, such that the conflict does not have a materially adverse effect on a customer. This program includes information barriers between trading desks and between trading desks and other areas of Stifel that may possess information that may create a conflict of interest in relation to the activity of its trading desks.

#### **Mutual Fund and Annuity Compensation – Understanding How Stifel and Your Financial Advisor Are Compensated**

Stifel and our Financial Advisors receive compensation when clients invest in mutual funds and annuities. Depending on the available share class, compensation may be the result of a front-end sales charge, a concession from a mutual fund or insurance company, ongoing servicing fees (commonly referred to as 12b-1 fees), or a fee if mutual funds are purchased in a Stifel fee-based account. You should discuss with your Financial Advisor the form of compensation he or she receives.

Stifel may also receive other networking, processing, marketing, or operational 12b-1 fees from companies on an annual basis, and some mutual fund and annuity companies pay or make contributions to Stifel for employee training and educational meetings, due diligence, and/or promotional activities. Our Financial Advisors are not required to recommend those investment products, nor do they directly share in any of the marketing support fees received.

Additionally, Stifel may on occasion receive commissions as compensation for executing trades on behalf of mutual funds. Please visit our website, [www.stifel.com](http://www.stifel.com), for additional information, or see the prospectus, Statement of Additional Information, or issuer website for a particular investment.

Additional information can be found at [www.stifel.com/disclosures](http://www.stifel.com/disclosures)

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