



## Tradition Securities and Derivatives LLC

32 Old Slip, 28<sup>th</sup> Floor  
New York, NY 10005  
212-791-4500

Dear Client:

Thank you for opening an account with Tradition Securities and Derivatives LLC (“TSD” or “Tradition”).

In order to comply with the Financial Industry Regulatory Authority’s rules, we are enclosing forms which must be completed in full, signed and returned to our office.

We ask that you read and understand TSD policies contained in this letter.

To help the government fight the funding of terrorism and money laundering activities, federal law requires financial institutions to obtain, verify, and record information that identifies each person who opens an account or relationship with TSD.

This Notice answers some questions about our Customer Identification Program.

### **Identity Verification for Anti-Money Laundering Purposes**

We are required by federal law to verify the identity of each account owner. TSD will request that you provide various identification documents prior to opening an account.

### **What types of information will you have to provide?**

At the time you open an account with us, we are required to collect information such as the following from you:

- Full legal name and address of the company
- Latest audited Financials
- List of authorized traders on company letterhead
- W-9 (US) or W-8 (Non-US)

You may also need to furnish other identifying documents.

A corporation, partnership, trust or other legal entity may need to provide other information such as its principal place of business, local office, employee identification number, certified articles of incorporation, government-issued business license, a partnership agreement or a trust agreement.

U.S. Department of the Treasury, Securities and Exchange Commission, and FINRA rules already require you to provide most of this information. These rules also may require you to provide additional information.

### **Whom to Contact**

All questions concerning activity in your account should be directed to the registered representative handling your account at TSD.

If, however, you believe that transactions in your account are unauthorized or that instructions given by you were not followed, you should promptly contact the Compliance Department (212) 791-3497 or any government agency or self-regulatory organization having jurisdiction over your account. The primary government agency is

the Securities & Exchange Commission (800) 732-0330 and our primary self-regulatory organization is the Financial Industry Regulatory Authority ("FINRA") (800) 289-9999.

### **Payments on Securities Purchases**

Tradition Securities and Derivatives LLC. does not accept cash or cash equivalents. Checks should be made payable to **PERSHING LLC**. ("Pershing") The firm may not accept checks made out to any other entity.

### **Payment for Order Flow Practices**

TSD sends certain equity orders to exchanges, Electronic Communications Networks, or broker-dealers during normal business hours and during extended trading sessions. Some of these venues may provide payments to TSD depending on the characteristics of the order and subsequent execution. The details of these payments are available upon written request.

TSD provides a quarterly report of the venues to which orders are routed (SEA Rule 606) which is available to you at no charge on the firm's web site ([www.Traditionsd.com](http://www.Traditionsd.com)) or by written request. Upon written request to Tradition Securities and Derivatives LLC you may obtain the identity of the venue to which your orders were routed for the six months prior to your request and the time of the transactions that may have resulted from such orders.

Notwithstanding the above paragraph regarding the payment for order flow, TSD is committed to providing you with the best execution of your orders. To accomplish this TSD selects certain market makers which agree to accept orders to provide the execution of OTC securities transactions, up to a specified size and to execute them at or better than the national best bid or offer (NBBO).

TSD regularly reviews reports for quality of execution purposes.

### **FINRA Rule 5320 Disclosure – Concurrent Firm and Customer Trading**

Rule 5320 generally provides that a broker-dealer that accepts and holds an order in an equity security from its own customer or customer of another broker-dealer 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 it immediately thereafter executes the customer order up to the size and at the same or better price at which it traded for its own account. With respect to orders for institutional accounts, or for orders of 10,000 shares or more that are greater than \$100,000 in value, a broker-dealer is permitted to trade a security on the same side of the market for its own account at a price that would satisfy such customer order, provided that the broker-dealer has provided clear and comprehensive written disclosure to such customer at account opening and annually thereafter that:

- (a) discloses that it may trade proprietarily at prices that would satisfy the customer order, and
- (b) provides the customer with a meaningful opportunity to opt in to the Rule 5320 protections with respect to all or any portion of the customer's order.

Pursuant to Rule 5320 as described above, you may choose to withhold your consent and disallow Tradition from trading alongside your customer orders. If you choose to withhold your consent, you must notify Tradition by calling 1-(800) 221-3263 and asking for "Compliance Opt-Out" extension 3497, however we may obtain your consent on an order-by-order basis. If you choose not to opt in at this time, you may still choose to withhold your consent by notifying Tradition on an order-by-order basis.

### **Extended Hours Trading Risk Disclosure**

**Risk of Lower liquidity.** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy and sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

**Risk of Higher Volatility.** Volatility refers to changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater the price swings. There may be greater volatility in extended hours trading than in regular markets. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular market hours.

**Risk of Changing Prices.** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.

**Risk of Unlinked markets.** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

**Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

**Risk of Wider Spreads.** The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

#### **ISE Solicited Order Mechanism Notification**

When handling an order of 500 contracts or more on your behalf, Tradition Securities & Derivatives, Inc. may solicit other parties to execute against your order and may thereafter execute your order using the International Securities Exchange's Solicited Order Mechanism. This functionality provides a single-price execution only, so that your entire order may receive a better price after being exposed to the Exchange's participants, but will not receive partial price improvement. For further details on the operation of this Mechanism, please refer to International Securities Exchange Rule 716, which is available at [www.ise.com](http://www.ise.com) under "Membership, Rules & Fees – Regulatory – ISE Rules."

#### **Margin Accounts**

Interest you pay on a loan to Pershing LLC may be shared with TSD

#### **Business Continuity Plan Disclosure Required by FINRA Rule 4370**

TSD has developed a Business Continuity Plan that describes how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur.

If after a significant business disruption, you cannot contact us as you usually do at (212) 791-4500, you should call our alternative number – (212) 943-8700. Or, you can go to our web site at <http://www.traditionamericas.com> for information. If you still cannot access us through either of those means due to a significant business interruption, information may be obtained from Pershing LLC at the Business Continuity and Other Disclosures link at the bottom of the home page at the Pershing web site at [www.pershing.com](http://www.pershing.com) or call (201) 413-3635 for recorded instructions. If you cannot access the instructions from the web-site or previously noted telephone number, Pershing may be contacted at (213) 624-6100, extension 500, as an alternative telephone number from recorded instructions.

We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our Business Continuity

Plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our Business Continuity Plan addresses the following: data backup and recovery; all mission critical systems; financial and operational assessments; alternate communications with customers, employees, and regulators; alternative physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Our clearing firm, Pershing LLC, backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing transactions and payments within as short a timeframe as possible. Your orders and requests for funds and securities could be delayed during this period.

Significant business disruptions can vary in their scope, such as involving only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed, and expect to recover and resume business as soon as possible. In a disruption affecting our business district, city or region, we will transfer our operations to a site outside of the affected area, and will recover and resume business when that facility and communication links are available. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customers prompt access to their funds and securities through our clearing agent.

## **Privacy Statement**

We are committed to protecting our customers' personal and financial information. In the course of providing you with financial products and services, we need to collect and maintain certain nonpublic personal information about you. This Privacy Statement answers some questions about what nonpublic personal information we collect, what we do with it, and how we protect it.

We do not sell your personal information to anyone.

We collect nonpublic information about you from the following sources:

- Information we receive from you on applications or other forms.
- Information about your transactions with Tradition.

We do not disclose any nonpublic information about you or former customers to anyone other than affiliates, except to vendors servicing your account or as permitted or required by law. For example, this may include providing information to companies that perform support services on our behalf or to providing tax information to the IRS.

We restrict access to your nonpublic information to those employees who need to know that information to provide products or services to you.

We maintain physical, electronic, and procedural safeguards to protect nonpublic personal information.

## **Consumers – OPT-OUT Procedures.**

We do not share consumer information for marketing with our affiliates or non-affiliates. However, you are offered the opportunity to Opt-Out of such sharing should it ever occur by calling 1-(800) 221-3263 and asking for "Compliance Opt-Out" extension 3497.

## **SIPC Information**

We are a member of SIPC. You may obtain information about SIPC, including the SIPC brochure by contacting SIPC. The Web site address for SIPC is [www.sipc.org](http://www.sipc.org). The telephone number for SIPC is (202) 371-8300.

### Correspondent Account Holders

Pursuant to U.S. regulations issued under section 311 of the USA Patriot Act, we are prohibited from opening or maintaining a correspondent account for, or on behalf of certain designated financial institutions of primary money laundering concern. The regulations also require us to notify you that your correspondent account with our financial institution may not be used to provide the banks on the Section 311 List with access to our financial institution. If we become aware that any banks on the Section 311 List are indirectly using the correspondent account you hold at our financial institution, we will be required to take appropriate steps to prevent such access, including terminating your account. Currently on the Section 311 List, which may be amended over time, are:

- Al-Huda Bank
- Bank Of Dandong
- Bitzlato
- CIBanco S.A., Institution de Banca Multiple (CIBanco)
- Commercial Bank of Syria (including Syrian Lebanese Commercial Bank)
- Convertible Virtual Currency Mixing
- Democratic People's Republic of Korea
- FBME Bank Ltd.
- Halawi Exchange Co.
- Huione Group
- Institucion de Banca Multiple (Intercam)
- Islamic Republic of Iran
- Kassem Rmeiti & Co For Exchange
- MBaer Merchant Bank AG
- Mexican Gambling Establishments
- PM2BTC
- Vector Casa de Bolsa, S.A. de C.V. (Vector)
- Burma/Myanmar – any Burmese/Myanmar banking institution chartered or licensed by Burma/Myanmar (including branches and offices located outside Burma/Myanmar)

Should have any questions regarding your account, please contact the Compliance Department at telephone number (212) 791-4500.

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