



## DISCLOSURE REQUIRED BY FINRA RULE 4311

The Firm with which you have opened your securities account (account) has retained Velox Clearing LLC (Velox) to provide certain record keeping or operational services.

These services—such as the execution and settlement of securities transactions, custody of securities and cash balances, and extension of credit on margin transactions—are provided under a written Clearing Agreement between Velox and your Firm.

As a member of FINRA, Velox is required (under FINRA Rule 4311) to disclose to you the details of its Clearing Agreement with your Firm, which are summarized below.

### **Your Firm has the responsibility to:**

- Approve the opening of your account
- Obtain necessary documentation to help fight the funding of terrorism and money laundering activities (Note: U.S. law and international best practices require Firms to obtain, verify and record information that identifies each person who opens an account. This information may be used to perform a credit check and verify your identity through internal sources or third-party vendors)
- Service and supervise your account through its own personnel in accordance with its own policies, procedures, applicable laws, regulations and rules
- Know you and your stated investment objectives
- Provide appropriate investment advice, recommendations or management services based on your investment objectives
- Determine whether particular kinds of transactions—such as margin, options and short sales—are appropriate for you
- Obtain the initial margin as required by Regulation T if a margin account is opened for you
- Accept and, in certain instances, execute securities orders
- Know the facts about any orders for the purchase or sale of securities in your account
- Comply with fair pricing and disclosure responsibilities (if your Firm is a market maker in any securities or otherwise trades as principal with you)
- Correctly identify and promptly forward cash or securities intended for your account to Velox
- Supervise the activities of any individual who services your account
- Resolve any complaints regarding the handling of your account
- Manage the ongoing relationship that it has with you

Velox has no involvement and assumes no responsibility in all of the above matters relating to the servicing of your account.

### **Responsibilities of Velox:**

In general, Velox is only responsible for the services within the scope of the Clearing Agreement that is provided at the request of your Firm and contains specific direction regarding your account. As such, Velox may fulfill the following responsibilities on behalf of your account:

- Create computer-based account records
- Process orders for the purchase, sale or transfer of securities (Velox is not obligated to accept orders directly from you and will do so only in exceptional circumstances)
- Receive and deliver cash and securities
- Record such receipts and deliveries according to information provided either by your Firm or directly, in writing, by you
- Hold securities and cash in custody (after they come into Velox's physical possession or control)
- Collect and disburse dividends, capital gains and interest
- Process reorganization and voting instructions with respect to securities held in custody
- Prepare and transmit confirmations of trades to you (or provide facilities to your Firm to provide these functions), with the exception of the following transactions, which will alternatively appear on account statements:
  - Systematic purchase and redemption transactions of mutual funds or unit investment trusts



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- Purchase and redemption transactions of money market funds processed through Velox 's Cash Management platform, provided that there are no purchase and redemption fees
- Dividend and other distribution reinvestment transactions of mutual funds, equities and unit investment trusts
- Dividend and other distribution reinvestment transactions of money market funds, provided that there are no reinvestment fees
- Prepare and transmit periodic account statements summarizing transactions
- Provide your Firm with written reports of all transactions processed for your account to enable your Firm to carry out its responsibilities under the Clearing Agreement
- Assist you and your Firm with any discrepancies or errors that may occur in the processing of transactions

### **If your Firm opens a margin account for you, Velox may:**

- Loan you money for the purpose of purchasing or holding securities (subject to the terms of Velox 's written Margin Agreement, margin policies and applicable margin regulations)
- Calculate the amount of maintenance margin required and advise you of those requirements (usually through your Firm)
- Calculate any interest charged on your debit balance

In connection with all of the functions that Velox performs, Velox maintains the books and records required by law and business practice. The Clearing Agreement does not encompass transactions in commodities futures contracts or investments other than marketable securities, which Velox normally processes on recognized exchanges and over-the-counter (OTC) markets. In furnishing Velox 's services under the Clearing Agreement, Velox may use and rely upon the services of clearing agencies, automatic data processing vendors, proxy processing vendors, transfer agents, securities pricing services and other similar organizations.

This document addresses the basic allocation of functions regarding the handling of your account. It is not meant as a definitive enumeration of every possible circumstance, but only as a general disclosure.

Velox does not control, audit or otherwise supervise the activities of your Firm or its employees.

Velox does not verify information provided by your Firm regarding your account or transactions processed for your account.

Velox does not undertake responsibility for reviewing the appropriateness of transactions entered by your Firm on your behalf.

### **Clear-Through Relationships:**

In certain circumstances, your account may be introduced to Velox through an intermediary other than the Firm with which you opened your account. This intermediary is commonly called a "clear-through broker," with the agreement between the clear-through broker and your Firm called a "clear-through relationship."

In this situation, the clear-through broker is the agent of the Firm with which you opened your account and will be identified on your confirmations and statements in the upper left-hand corner.

This disclosure statement should be read to encompass the fact that the two financial intermediaries exist. Therefore, where the context requires, "Firm" should be read to cover both the clear-through broker and the Firm with which you opened your account.

If you have any questions about this, please contact the Firm with which you opened your account.