



June 2019

IMPORTANT REGULATORY & ORDER HANDLING DISCLOSURES

Macquarie Capital (USA) Inc. (“MCUSA or the firm”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). This document is to advise clients of MCUSA transacting in equity securities of important regulatory and order handling disclosures. This and other important disclosures can be found [here](#).

SEC Rule 605

SEC Rule 605 of Regulation NMS provides that market centers trading National Market System (NMS) securities must publicly disclose monthly electronic reports that are required to include uniform statistics regarding execution quality. The SEC requires such disclosures to be made available for free and readily accessible to the public. Information regarding MCUSA’s most recent quality-of-executions disclosure pursuant to SEC Rule 605 is available at <https://vrs.vista-one-solutions.com/sec605rule.aspx>

SEC Rule 606

SEC Rule 606 of Regulation NMS provides that market centers trading National Market System (NMS) securities must publicly disclose quarterly reports that are required to identify the venues to which such orders are routed for execution. The SEC also requires broker-dealers to disclose the venues to which an individual’s client’s orders were routed upon request by the client. MCUSA’s disclosures pursuant to SEC Rule 606 are available at <https://vrs.vista-one-solutions.com/sec606rule.aspx>. Other information, including the identity of the venue to which your orders were routed for execution, whether the orders were directed or non-directed, and the time of the transactions, if any, that resulted from such orders is available by contacting you MCUSA sales or trading representative.

ELECTRONIC TRADING

MCUSA or its affiliates may provide you with access to national securities exchanges, alternative trading systems or other market centers for the purpose of executing your orders. These services are provided through FIX connections or Macquarie’s products, including but not limited to, electronic algorithms. When these services are utilized in connection with your order, the relevant algorithmic trading technology may break down your order into smaller orders over a specified time period and route the resulting smaller orders to one or more national securities exchanges, alternative trading systems or other market centers, each according to the applicable embedded routing logic.

SEC RULE 15c3-5 AND MARKET ACCESS

SEC Rule 15c3-5 (the “Market Access Rule”) provides that broker-dealers with access to trading securities on exchanges or alternative trading systems (“ATSS”), or who provide such access to clients, must establish, document and maintain appropriate risk management controls and supervisory procedures designed to oversee the financial and regulatory risks related to market access. MCUSA has developed controls and procedures that are reasonably designed to comply with the Market Access Rule, which will reject or block orders that are determined to exceed previously defined risk parameters.

PAYMENT FOR ORDER FLOW

As of the date of this disclosure, MCUSA does not receive payments in return for directing client order flow to any specific broker-dealer or market center. MCUSA does not accept compensation for routing orders to any broker or market maker nor does MCUSA distribute payment for order flow to any such market venue; thus, there is no bias related to best execution for its clients. MCUSA acknowledges that it may receive standard fee credits for placing liquidity orders with exchanges, ECNs and ATSS but it is not direct payment for flow, immaterial in amount and has no impact on MCUSA’s best execution obligations

FINRA RULE 5320 & HANDLING OF CLIENT ORDERS

FINRA Rule 5320 generally prohibits a broker-dealer that accepts and holds a client order in an equity security from trading for its own account at a price that would satisfy the client order, unless the broker-dealer immediately executes the client’s order at the same price or better than it traded for its own account. This disclosure outlines the Firm’s order handling practices in relation to FINRA Rule 5320.

MCUSA's Cash Equities Desk trades principally for its own account in connection with principal trading activities, predominantly client facilitation, and may therefore trade principally for its own account at prices that would satisfy client orders. Consistent with the "No-Knowledge Exception", MCUSA has implemented controls, including information barriers, designed to prevent the Cash Equities Desk from obtaining knowledge of client orders received by other equities desks. Under certain circumstances, such as crossing opportunities, other MCUSA desks may route client orders to the Cash Equities Desk, which may trade as described above. **If you do not consent to the handling of your orders in this manner, please notify your MCUSA sales or trading representative.**

FINRA RULE 5270 - HANDLING OF CLIENT BLOCK TRANSACTIONS

FINRA Rule 5270 generally prohibits a broker-dealer from trading for its own account while in possession of material, non-public information concerning an imminent customer block transaction. Supplementary Material .04 to FINRA Rule 5270 does, however, recognize certain permitted transactions, including (a) transactions unrelated to the customer order; (b) transactions undertaken for the purpose of fulfilling, or facilitating the execution of, the customer block order; and (c) transactions undertaken in compliance with the marketplace rules of a national securities exchange where at least one leg of the trading activity is executed on the exchange.

MCUSA may trade the same security and one or more related financial instruments for its own account while in possession or after completion of your block order, including trades undertaken to hedge the risk associated with facilitating your block order. Affiliates of MCUSA may also trade in this manner when facilitating your block orders in certain securities, such as ADRs. These activities, including anticipatory hedging or positioning transactions, may be at prices better than your transaction price and may adversely impact the price you receive in subsequent transactions in the security and the market price of the security generally; however, MCUSA and its affiliates will conduct these activities in a way that attempts to minimize their market impact. **If you do not consent to the handling of your block orders in this manner, please notify your MCUSA sales or trading representative.**

GUARANTEED BENCHMARK TRADES

MCUSA may accept an order for execution from clients where both parties contractually agree to execute the order at a price that is tied to a particular benchmark or price level for certain transactions (e.g. the official closing price, or the Volume Weighted Average Price (VWAP) over an agreed upon interval). In these instances, MCUSA will attempt to mitigate the risk associated with such orders by engaging in pre-hedging activities and/or trading principally for its own account in the benchmark security or related instruments. As such, MCUSA will assume any losses or gains from the hedging transactions. In addition, while MCUSA will utilize reasonable measures to minimize the impact, the hedging transactions can affect the market price of the security. **If you do not consent to the handling of your orders in this manner, please notify your MCUSA sales or trading representative.**

NET TRANSACTIONS WITH CLIENTS

At your request, MCUSA will execute your US equity and/or ADR Conversion orders on a "net" basis. The net price at which MCUSA executes such orders will include compensation to MCUSA or its affiliates and differ from the price at which MCUSA or its affiliates traded principally for their own account or facilitated your order. To request that MCUSA execute your US equity and/or ADR Conversion orders on a "net" basis, please contact your MCUSA sales or trading representative and review MCUSA's Net Trading disclosure, which is available at the link provided above.

EXECUTION VENUES & COUNTERPARTIES

MCUSA may be a market maker or otherwise transact principally on venues to which MCUSA routes client orders, and may therefore trade with client orders on or through such venues. Client orders may be routed to and/or executed by affiliates of MCUSA, who may act as agent or principal and therefore derive remuneration from client orders.

EXTENDED HOURS TRADING

Clients may transact or receive executions outside of normal market hours, which are generally from 9:30am to 4:00pm EST. Please review the Extended Hours Trading disclosure available at the link provided above.

TRANSACTIONS EFFECTED BY NON-US AFFILIATES

MCUSA serves as intermediary in connection with securities transactions effected by MCUSA's non-US affiliates for or with MCUSA's U.S. clients when doing so is inappropriate and in accordance with Rule 15a-6 of the Securities Exchange Act of 1934.

NOT HELD ORDERS

Excluding on-close/open orders (e.g., MOC), all orders transmitted to MCUSA are handled on a “not held” basis, which provides the Firm discretion in the handling and execution of your orders to seek best execution. **If you do not consent to the handling of your orders as not held, please notify your MCUSA sales or trading representative.**

NON-REGULAR WAY SETTLEMENT

In order to facilitate orders for non-regular way settlement, clients are asked to notify their MCUSA sales trader at or prior to order transmission. MCUSA may not be able to facilitate requests for non-regular way settlement received post-execution.

INDICATIONS OF INTEREST

MCUSA disseminates indications of interest (“IOI”) through Bloomberg and other means. For IOIs disseminated through Bloomberg, MCUSA adheres to the AFME/IA Framework for IOIs by categorizing each IOI as client interest, house interest or potential interest and appending the applicable IOI qualifier to identify the sub-category the interest represents (i.e., C1/C2, H1/H2/H3 or P1). Clients wishing to receive IOIs through other means should contact their MCUSA sales or trading representative to discuss classification of IOIs.

USE OF ORDER & TRADE INFORMATION

MCUSA may disseminate indications of interest that are based, in whole or in part, on your orders or expressed interest, and may disseminate post-trade information in the form of “trade advertisements” that are based, in whole or in part, on the executed volume associated with your orders. MCUSA may use client order and trade information for other bona-fide business purposes, such as execution quality analysis. **If you do not consent to the handling of your information in this manner, please notify your MCUSA sales or trading representative.**

ALPHA CAPTURE PLATFORMS

MCUSA sales representatives communicate trade ideas to third-party alpha capture platforms (“ACPs”).

MCUSA sales representatives may, under certain circumstances, determine that it is appropriate to share trade ideas, in whole or in part, with you and other users on one or more ACPs. As a result, trade ideas provided to you through those platforms may also be shared with other customers that participate in those platforms.

In addition, as a registered broker-dealer, MCUSA reserves the right to review any trade idea submission and reject, close or modify such submission. **If you have any questions regarding, or to the extent that you object to the manner in which MCUSA is handling, the use of trade ideas that are submitted to ACPs, please contact your MCUSA sales representative.**

AVAILABILITY OF IEX RULEBOOK TO CUSTOMERS

Pursuant to IEX Rule 8.110, MCUSA makes available a current copy of the IEX Rulebook for examination by customers on its Regulatory Disclosures page <https://www.macquarie.com/us/about/disclosures/us-disclosures> with a direct link to the IEX [Rules](#). In addition, it provides notice of the rule book availability through its disclosures to its customers upon on boarding.

PRIVACY NOTICE

MCUSA follows the same guidelines and principals of the Macquarie Group Privacy Policy which can be found here: <https://www.macquarie.com/us/about/disclosures/privacy-and-cookies>.

FINRA RULE 4370 - BUSINESS CONTINUITY MANAGEMENT

Business Resilience (“BR”) planning is centrally managed across Macquarie by a dedicated team in furtherance of Macquarie’s global policy. MCUSA maintains Business Continuity Plan (“BCP”) procedures that identify a BR manager responsible for the coordination of communications and recovery in accordance with the relevant Business Resilience Plans (“BRP”) for each of MCUSA’s business and operational functions. Each plan identifies key personnel, their alternates and recovery strategies, including relevant alternate recovery facilities. MCUSA’s procedures are reviewed on a regular basis by management to ensure they reflect current operations, business structure, and location of key staff. Both the Macquarie global policy and MCUSA’s procedures are made available to regulators upon their request.

The primary objective of MCUSA’s BCP procedures is to ensure that Macquarie is adequately prepared to continue business critical functions in the event of an emergency or significant business disruption relating to

MCUSA's operations, so that MCUSA may meet its regulatory requirements and perform its contractual obligations to clients and third parties.

Testing of plans, systems and recovery facilities is an integral component of Macquarie's BR program. Disaster Recovery plans for all critical technology applications and systems are tested on a regular basis. Servers for critical applications are backed up in alternate locations. Tests of primary and back-up servers are conducted on a periodic basis. Annual tests are conducted in all key locations, and test scopes include building evacuations, relocation to recovery facilities where appropriate, fail over of information technology systems/applications and general crisis management procedures. Test results are documented and reported to Macquarie senior management.

FINRA RULE 2267 - INVESTOR EDUCATION & PROTECTION

Under the "BrokerCheck" program established by the Financial Industry Regulatory Authority ("FINRA"), records of securities firms and professionals are available to the public. This program is designed to help investors learn about the professional backgrounds, business practices and conduct of registered broker-dealers and their brokers. In connection with this program, FINRA has established a toll-free BrokerCheck hotline at (800) 289-9999 and a website that may be accessed at brokercheck.finra.org or www.finra.org. An investor brochure that includes information describing FINRA BrokerCheck is available from either of these sources.

FINRA RULE 2266 - SECURITIES INVESTOR PROTECTION CORPORATION ("SIPC")

MCUSA is a member of SIPC. Clients may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at www.sipc.org or (202) 371-8300.

FINRA RULE 2262 - DISCLOSURE OF CONTROL RELATIONSHIP WITH ISSUER

For trade confirmations with "Macquarie Security - See Disclosures," MCUSA is either controlled by or under common control with the issuer of the security.

STATEMENT OF FINANCIAL CONDITION – SEC RULE 17a-5(c)

MCUSA makes available to customers its annual and semi-annual statements of financial condition. You may access such information for the most recent period by clicking <http://www.macquarie.com/us/about/disclosures/us-disclosures>. For additional information, please contact our Middle Office Operations hotline at (212) 231-2600.

CLIENT COMPLAINTS

Please be advised that complaints may be directed to the following address and telephone number: Macquarie Capital (USA) Inc. | Attn: Compliance Department | 125 W. 55th Street, Level 22 | New York, NY 10019 | (212) 231-1571

Please contact your MCUSA sales or trading representative with any questions regarding the above disclosures.

These disclosures do not alter the terms or conditions of any contractual agreements you have with Macquarie.