



This letter is intended to disclose certain information required by regulatory authorities and clarify the execution policies of JonesTrading Institutional Services LLC (“JonesTrading” or the “Firm”) for your reference.

### **JonesTrading Annual Privacy Policy Disclosure (SEC Regulation S-P)**

#### **How and why we obtain personal information:**

JonesTrading Institutional Services LLC (“JonesTrading”) uses personal information collected about you in order to process transactions in your account, respond to inquiries from you or your representative, or to fulfill legal and regulatory requirements. JonesTrading may collect nonpublic personal information about you from any of the following sources:

- From its affiliates JonesTrading International Limited (“JonesTrading International”) and JonesTrading Canada Inc. (“JonesTrading Canada”).
- From you or your representative on applications or forms (for example, name, address, Social Security/Tax Identification number, birth date, assets, income)
- From transactional activity in your account (for example, trading history and balances)
- From other interactions with JonesTrading (for example, discussions with our operations staff)
- From verification services and consumer reporting agencies (to ensure the accuracy of application data, or assess creditworthiness if you apply for credit products)
- From other sources with your consent or with the consent of your representative (for example, from other institutions if you transfer positions to JonesTrading)

#### **How We Protect Your Information:**

JonesTrading has always considered the protection of sensitive information to be a sound business practice and a foundation of customer trust. We employ extensive information protection controls in keeping with industry standards and practices, and we regularly adapt these physical, electronic, and procedural controls to respond to changing requirements and advances in technology.

Within JonesTrading and among our service providers, we restrict access to information to those who require that access in order to provide products and services to you. We may share the personal information with the following entities:

- Our affiliates JonesTrading International and JonesTrading Canada
- Unaffiliated service providers (for example, securities clearinghouses)
- Government agencies and law enforcement officials (for example, for tax reporting or under court order)
- Other organizations, with your consent or as directed by your representative (for example, if you use JonesTrading as a financial reference in applying for credit with another institution)
- Other organizations, as permitted by the laws that protect your privacy (for example, for fraud prevention)

#### **Privacy Online**

JonesTrading considers privacy, security, and service in our online operations to be just as critical as in the rest of our business. We therefore employ all of the safeguards described above, along with the following Internet-specific practices.

JonesTrading uses a variety of proven protections to maintain the security of your online session. For example, we make extensive use of firewall barriers, encryption techniques and authentication procedures. We also use cookies and similar files that may be placed on your hard drive for security purposes, to facilitate site navigation and to personalize the appearance of our site.

When you visit the internet sites hosted by the JonesTrading group of companies, we may collect technical and navigational information, such as computer browser type, Internet protocol address, pages visited, and average time



spent on our Web sites. This information may be used, for example, to alert you to software compatibility issues, or it may be analyzed to improve our web design and functionality.

### **JonesTrading Annual Order Routing Practices Disclosure (SEC Rules 605 and 606)**

Jonestrading handles orders only on a “Not Held” basis, therefore, it does not have any covered orders pursuant to disclosure under SEC Rule 605.

For detailed information regarding JonesTrading’s order routing practices please see Order Routing Practices at <https://www.jonestrading.com/order-routing/> or send a written request to JonesTrading and the requested report will be provided to you.

### **JonesTrading Annual Payment for Order Flow Disclosure (SEC Rule 607)**

As defined under SEC Rule 10b-10, Payment for order flow shall mean any monetary payment, service, property, or other benefit that results in remuneration, compensation, or consideration to a broker or dealer from any broker or dealer, national securities exchange, registered securities association, or exchange member in return for the routing of customer orders by such broker or dealer to any broker or dealer, national securities exchange, registered securities association, or exchange member for execution, including but not limited to: research, clearance, custody, products or services; reciprocal agreements for the provision of order flow; adjustment of a broker or dealer's unfavorable trading errors; offers to participate as underwriter in public offerings; stock loans or shared interest accrued thereon; discounts, rebates, or any other reductions of or credits against any fee to, or expense or other financial obligation of, the broker or dealer routing a customer order that exceeds that fee, expense or financial obligation.

Pursuant to SEC Rule 607 of Regulation NMS requires broker-dealers to disclose, upon opening a new customer account and on an annual basis thereafter: (i) their policies regarding payment for order flow, including a statement as to whether any payment for order flow is received for routing customer orders and a detailed description of the nature of the compensation received; and (ii) their policies for determining, in the absence of specific customer instructions, where to route customer orders that are the subject of payment for order flow, including a description of the extent to which orders can be executed at prices superior to the National Best Bid and Offer (“NBBO”). JonesTrading may be a party to a standard Schedule of Transaction Fees (“schedule”) for US broker dealers with some Venues. Some venues may pass along rebates it receives for executions and reduce the amount of transaction fees owed to them pursuant to their schedule. The source and nature of any compensation received in connection with your particular transaction will be furnished upon written request.

The Firm’s clearing firm sends the Rule 607 disclosure to the Firm’s customers in a yearly mailing and upon the opening of a new account.

Customer orders associated with JonesTrading's receipt of payment for order flow will be subject to the same best execution requirements applicable to all customers orders. *Refer to the “JonesTrading’s Best Execution Policy” below.*

### **Large Trader Notification (SEC Rule 13h-1)**

In 2011 the U.S. Securities and Exchange Commission (“SEC”) adopted Rule 13h-1 Larger Trader Reporting System and related Form 13H under Section 13(h) of the Securities Exchange Act of 1934. The rule requires U.S. and non-U.S. market participants who meet the definition of “Large Trader” as of October 3, 2011, or at any point thereafter to:

- (i) File an electronic Form 13H with the SEC (via EDGAR) to obtain a large trader identification number (LTID); and



- (ii) Promptly disclose to U.S. broker-dealers that execute trades or carry accounts for the Large Trader, their LTIDs and the accounts to which the LTIDs apply.

A “Large Trader” is a legal entity or natural person who, directly or indirectly, through the exercise of investment discretion, effects transactions in NMS securities that equal or exceed either: (i) 2 million shares or \$20 million during any calendar day, OR (ii) 20 million shares or \$200 million over any calendar month.

If you are a “Large Trader” and have completed a Form 13H, you will receive an LTID from the SEC. In order to ensure that LTID’s are captured and reported as required under the Rule, you are required to promptly report your LTID to JonesTrading and identify each account to which the LTID should be applied. If you have any questions, please contact JonesTrading.

### **SEC Rule 15c3-5**

SEC Rule 15c3-5 requires broker-dealers with access to exchanges or Alternative Trading Systems (“ATS”) to establish, document and maintain a system of risk management controls and supervisory procedures that is reasonably designed to systematically limit financial exposure of the broker dealer. JonesTrading has implemented controls which may pause or reject certain orders that exceed certain pre-determined risk parameters. JonesTrading may intervene and review paused orders so that we may manage the overall risk and financial exposure of the Firm.

### **Suitability (FINRA Rule 2111)**

FINRA Rule 2111 requires that a member or associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer’s investment profile. A member or associated person can fulfill the customer-specific suitability obligation for an institutional account, as defined in FINRA Rule 4512(c), if (1) the member or associated person has a reasonable basis to believe that the institutional customer is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies involving a security or securities and (2) the institutional customer affirmatively indicates that it is exercising independent judgment in evaluating the member’s or associated person’s recommendations.

JonesTrading does not offer equity research to clients nor does JonesTrading make recommendations to clients. However, JonesTrading does prepare and distribute institutional sales material that is a compilation of market color and trader commentary with input provided by equity trading, market making and/or sales personnel.

In sending an order to JonesTrading, the Firm assumes that any decisions to purchase and/sell securities and the associated risks have been independently evaluated by its client.

### **JonesTrading’s Self-Regulatory Organization (FINRA Rule 2210(e))**

JonesTrading is a member of FINRA, the Financial Industry Regulatory Authority, Inc. The main FINRA telephone number is (301) 590-6500 and the website address is [www.finra.org](http://www.finra.org).

### **Disclosure of Financial Condition (FINRA Rule 2261)**

JonesTrading shall make available to inspection by any bona fide regular customer, upon request, the information relative to the Firm’s financial condition as disclosed in its most recent balance sheet prepared either in accordance with the Firm’s usual practice or as required by any state or federal securities laws, or any rule or regulation thereunder.



### **JonesTrading Annual Margin Disclosure for Non-Institutional Accounts (FINRA Rule 2264(b))**

Securities purchased on margin are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account. It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account.
- The firm can force the sale of securities or other assets in your account(s).
- The firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.
- The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

### **JonesTrading Annual Extended Hours Trading Risk Disclosure (FINRA Rule 2265)**

Customers should be aware of the following points before engaging in extended hours trading. "Extended hours trading" means trading outside of "regular trading hours." "Regular trading hours" generally means the time between 9:30 a.m. and 4:00 p.m. Eastern Standard Time. The common risks are: (1) Risk of Lower Liquidity. (2) Risk of Higher Volatility. (3) Risk of Changing Prices. (4) Risk of Unlinked Markets. (5) Risk of News Announcements. And (6) Risk of Wider Spreads. For detailed information please see our website: [www.jonestrading.com/Extended-Hours.php](http://www.jonestrading.com/Extended-Hours.php).

### **JonesTrading Annual Securities Investor Protection Corporation (SIPC) Information Disclosure (FINRA Rule 2266)**

Please be advised that you may obtain information about SIPC, including the SIPC brochure, by calling 202-371-8300 or visiting [www.sipc.org](http://www.sipc.org).

### **JonesTrading Annual Investor Education and Protection Disclosure (FINRA Rule 2267)**

The Financial Industry Regulatory Authority (FINRA) requires JonesTrading to provide its customers with the following information: (1) FINRA's BrokerCheck Hotline Number: 800-289-9999; (2) FINRA's web site address: <https://brokercheck.finra.org>; and (3) that FINRA publishes an investor brochure which includes information describing FINRA BrokerCheck and is available to you by calling 800-289-9999.

### **Predispute Arbitration Agreements for Customer Accounts (FINRA Rule 2268)**

JonesTrading shall provide a customer with a copy of any predispute arbitration clause or customer agreement executed between the customer and the Firm, or inform the customer that the member does not have a copy thereof, within 10 business days of receipt of the customer's request. If a customer requests such a copy before the Firm has provided the customer within 30 days of signing pursuant to (b)(2) of this rule, the Firm will provide a copy to the customer within the 10 business days of receipt of customer's request or within 30 days of signing.

### **JonesTrading's Anti-Money Laundering Program / Customer Identification Program & FinCEN's Customer Due Diligence ("CDD Rule") Requirements (FINRA Rule 3310)**

Introduced in 1970, the Bank Secrecy Act ("BSA") requires financial institutions to work with the US government to combat financial crime. The BSA is administered by FinCEN, a bureau of the Department of Treasury. The BSA is also known as the "Currency and Foreign Transactions Reporting Act", the BSA is primarily concerned with



preventing money laundering, although it has been amended over the years by legislation such as the USA PATRIOT Act of 2001 (“Patriot Act”), which expanded its scope to include terrorist financing activities.

The Patriot Act was enacted in order to prevent the use of the U.S. financial system to facilitate terrorism and other criminal activity by imposing anti-money laundering requirements on brokerage firms. Furthermore, on May 11, 2018, FINRA amended Rule 3310 to align with FinCEN’s CDD Rule requirements.

JonesTrading and management are firmly committed to comply with all applicable laws and regulations relating to combating money laundering activity. To this end, JonesTrading has established a compliance program which includes: (1) internal policies, procedures and controls; (2) the designation of a compliance officer dedicated to oversee its anti-money laundering efforts; (3) an ongoing employee training program; (4) provisions for an independent person or auditor to test the implementation of the Firm’s program; and (5) appropriate risk-based procedures for conducting ongoing customer due diligence, that include, but are not limited to understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information (e.g. information regarding the beneficial owners of legal entity customers..

As part of our compliance program, JonesTrading is required to obtain, verify, and record customer information that identifies each individual or entity that opens an account. When you open an account, we will ask for your name, address, date of birth (for individuals), identification number, and other information that will allow us to identify you and the beneficial owners of the legal entity, unless exempt. We may also ask you to provide copies of identifying documents as necessary to enable the Firm to verify your identity and of the beneficial owners, if applicable. While we may be required to disclose this information pursuant to applicable laws, rules, or regulations, it will otherwise be retained in confidence according to the Firm’s Privacy Policy.

#### **JonesTrading Institutional Investor Notice (FINRA Rule 4512)**

If you are an Institutional Account as defined by FINRA Rule 4512(c), you acknowledge that you: (1) are capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving securities; and (2) will exercise independent judgment in evaluating the recommendations, if applicable, by a JonesTrading associated person, unless you have otherwise notified JonesTrading in writing.

#### **Customer Complaints (FINRA Rule 4513)**

Customer complaints must be in writing and should be directed to the Firm’s Compliance department – [compliance@jonestrading.com](mailto:compliance@jonestrading.com).

#### **JonesTrading’s Business Continuity Plan (FINRA Rule 4370)**

JonesTrading has a business continuity plan on how the firm will respond to events that significantly disrupt our business. If a significant business interruption occurs and you cannot contact us as you normally do, please call our Customer Business Continuity Information Line at 800-700-6160 or visit <https://www.jonestrading.com/our-companies/jonestrading-institutional-services-llc/>. The Firm’s current summary of the BCP available via the aforementioned link is intended to satisfy the disclosure requirements set forth in FINRA Rule 4370.

#### **JonesTrading’s Best Execution Policy (FINRA Rule 5310)**

JonesTrading has policies and procedures in place to ensure the Firm is using reasonable diligence to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions.



The Firm has established a Best Execution Committee(s) that meets at least quarterly to conduct regular and rigorous reviews of the quality of the executions of its customers' orders. The Firm considers the following factors when conducting the reviews: market conditions, availability of liquidity/volume and volatility, the Firm's/trading desk's risk tolerance in the stock, price improvement/disimprovement, speed of execution, size of execution, transaction costs, customer needs and expectations (e.g. manual vs automated handling, etc.); and the existence of internalization or payment for order flow arrangements, if any.

### **JonesTrading Prohibition Against Trading Ahead of Customer Orders Notice (FINRA Rule 5320)**

JonesTrading treats all your orders as "Not Held" and consequently, FINRA Rule 5320 would not be applicable to any order given as there is no specific price parameter limitation to apply to any firm trading account. This does not, however, relieve our requirement to use reasonable diligence to ascertain the best market under the prevailing market conditions for your orders.

### **JonesTrading's Erroneous Execution Policy**

A "bona fide error" is defined as: (1) the inaccurate conveyance or execution of any term of an order including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market; (2) the unauthorized or unintended purchase, sale, or allocation of securities, or the failure to follow specific client instructions; (3) the incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or (4) a delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.

Such errors can occur at or outside of JonesTrading at an exchange, an ATS or at other market centers utilized by the Firm in connection with the execution of your order. Such errors can also result from general market volatility, communications or system breakdowns or other conditions over which the Firm has no control. JonesTrading reserves the right at its sole discretion to cancel or price-adjust any trade that is deemed by the Firm to have been the result of an error, including the result of any of the above or an incorrect security symbol or name, size and/or prices that are unrelated to the market. JonesTrading also reserves the right at its sole discretion to cancel any execution that was effected based upon incorrect or unreliable market data. In the event that JonesTrading exercises this right, the Firm will use reasonable efforts to inform its clients in a timely manner.

### **Transactions in Restricted and Control Securities**

Restricted securities are securities acquired in unregistered, private sales from the issuing company or from an affiliate of the issuer. Refer to SEC Rule 144(b)(3) for a list of the types of sales that produce restricted securities. Control securities are those held by an affiliate of the issuing company. An affiliate is a person, such as an executive officer, a director or large shareholder, in a relationship of control with the issuer. Control means the power to direct the management and policies of the company in question, whether through the ownership of voting securities, by contract, or otherwise. If you buy securities from a controlling person or "affiliate," you acquire restricted securities, even if they were not restricted in the affiliate's hands.

Sales of securities that are offered pursuant to an effective registration statement filed with the Securities and Exchange Commission must be accompanied by or preceded by a registration statement. Under certain conditions, restricted and control securities may be sold to the public.

Unless the Firm expressly agrees otherwise in advance of any transaction, it is the Firm's expectation that you will not send JonesTrading orders to sell securities that are restricted or control securities or offered pursuant to an effective registration statement such that JonesTrading would be required to deliver a prospectus to its counterparties.



In the event that the Firm expressly agrees to accept such orders, the Firm will first determine whether we can appropriately handle the transaction in compliance with relevant laws and regulations. We will likely contact the issuer, their counsel and the transfer agent and will typically ask you the following types of questions:

- How long have you held the securities?
- How did you acquire the securities?
- Have you recently sold, or do you intend to sell additional securities of the same class?
- Have you solicited or made arrangements for the solicitation of buyers of your securities or made payments to any other persons in connection with the transactions?

Due to the fact the securities that are, or at one time were, restricted frequently bear a legend on the certificates that serves to restrict their transfer, clearance and settlement such transactions may be delayed beyond the normal settlement cycle. Under these circumstances, orders may be required to be marked short. Proper marking of such orders will allow for additional time beyond the normal settlement cycle to make delivery, while improperly marked orders put you at risk of being bought in.

As with all transactions, JonesTrading reserves the right to refuse to accept orders and may cancel trades to the extent we are able if we suspect the transaction involves the types described above and you have not cooperated in informing the Firm of the nature of the transactions in advance and provided appropriate information to help us ensure we can handle the transactions in compliance with applicable regulations.