

**Regulatory Disclosures,  
Policies**

**March 2024**

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## Anti-Money Laundering Notification

### Important Information You Need to Know about Opening a New Account

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.

RQD\* Clearing (“We”, “Us”, “RQD\*”, or the “Firm”) also instructs that when a client opens an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver’s license or other identifying documents.

This notice answers some questions about RQD\*’s Customer Identification Program.

#### 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:

We will ask for your name, address, date of birth and other information that will allow us to identify you, including identification number. We may also ask to see your driver’s license or other identifying documents.

- U.S. Citizen: taxpayer identification number (social security number or employer identification card)
- Non-U.S. Citizen: taxpayer identification number, passport number, and country of issuance, alien identification number or government issued identification showing nationality, residence and a photograph of you.

You may also need to show 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, FINRA and New York Stock Exchange rules already require you to provide most of this information. These rules also may require you to provide additional information, such as your net worth, annual income, occupation, employment information, investment experience and objectives, and risk tolerance.

### **What happens if I don't provide the information requested or my identity can't be verified?**

We may not be able to open an account or carry out transactions for you. If we have already opened an account for you, we may have to close it.

WE THANK YOU FOR YOUR PATIENCE AND HOPE THAT YOU WILL SUPPORT OUR EFFORTS TO DENY TERRORISTS' AND MONEY LAUNDERERS' ACCESS TO AMERICA'S FINANCIAL SYSTEM.

### **USA Patriot Act Section 311**

The USA Patriot Act was signed into law on October 26, 2001. Section 311 of the USA Patriot Act provides the U.S. Treasury Secretary with a range of options that can be adopted to target specific money laundering terrorist financing risks most effectively. These options provide the Treasury Department with powerful and flexible regulatory tools to take actions to protect the U.S. financial system from specific threats.

One such special measure is designating a foreign financial institution as a "primary money laundering concern" under Section 311. The designation, whether proposed or final, requires domestic financial institutions and financial agencies to take certain special measures against the entity of primary money laundering concerns which may include a prohibition or conditions on the opening or maintaining or correspondent or payable through accounts.

Pursuant to U.S. regulations issued under Section 311 of the USA PATRIOT Act a U.S. RQD\* is prohibited from opening or maintaining an account for, or on behalf of, any **entities listed at <https://www.fincen.gov/resources/statutes-and-regulations/311-special-measures>** that have been proposed or designated by the Financial Crimes enforcement Network (FINCEN), as a "primary money laundering concern".

The final rule prohibits a U.S. financial institution from maintaining a correspondent account on behalf of the entities listed in the above link and, all existing correspondent accounts maintained by, or on behalf of, the entities listed must be terminated immediately. The regulations also require RQD\* to notify you that your correspondent account with our Firm may be used to provide the listed entities with access to our Firm. If we become aware that any of the entities are indirectly using the correspondent account you hold at RQD\*, we will be required to take appropriate steps to prevent such access including terminating your account.

### **General Risks of Trading and Investing**

All securities trading, whether in stocks, exchange-traded funds (“ETFs”), options, or other investment vehicles, is speculative in nature and involves substantial risk of loss. RQD\* encourages you to invest carefully and to use the information available at the websites of the SEC at <http://www.sec.gov> and FINRA at <http://FINRA.org>.

You can review public companies’ filings at the SEC’s EDGAR page. FINRA has published information on how to invest carefully at its website. RQD\* believes it is very important that you understand all of the risks of any form of trading or investing prior to trading or investing real dollars. Past performance is not necessarily indicative of future results. By investing your money in securities you are taking full responsibility for all trading actions, and should make every effort to understand the risks involved.

1. **YOU MAY LOSE MONEY TRADING AND INVESTING. TRADING AND INVESTING IN SECURITIES IS ALWAYS RISKY.** For that reason, you should trade or invest only with money they can afford to lose. While this is an individual matter, typically an investor should risk no more than 10 percent of his or her liquid net worth--and, in many cases, you should risk less than that. For example, if 10 percent of your liquid net worth represents your entire retirement savings, you should not use that amount to buy and sell securities. Trading stocks, ETFs and stock options involves **HIGH RISK**, and **YOU** can **LOSE** a lot of money. Margin trading involves interest charges and additional risks, including the potential to lose more than deposited or the need to deposit additional collateral in a falling market. Before using margin, you must determine whether this type of trading strategy is right for you given your specific investment objectives, experience, risk tolerance, and financial situation.
2. **PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.** All investments carry risk, and all of your trading decisions remain the responsibility of you. There is no guarantee that systems, indicators, or trading signals will result in profits or that they will not result in losses. You are advised to fully understand all risks associated with any kind of trading or investing you choose to do.
3. **STOP ORDERS MAY REDUCE, BUT NOT ELIMINATE, YOUR TRADING RISK.** A stop market order is an order, placed with your broker, to buy or sell a particular stock at the market price if and when the price reaches a specified level. Stop orders are often used by traders in an effort to limit the amount they might lose. If and when the market reaches whatever price you specify, a stop order becomes an order to execute the desired trade at the best price immediately obtainable. There can be no guarantee, however, that it will be possible under all market conditions to execute the order at the price specified. In an active, volatile market, the market price may be declining (or rising) so rapidly that there is no opportunity to liquidate your position at the stop price you have designated. Under these circumstances, the broker’s only obligation is to execute your order at the best price that is available. Therefore, stop orders may reduce, but not eliminate, your trading risk.

### **Risks of Investing in Stocks and ETFs**

Investments always entail some degree of risk. Be aware that:

- Some investments in stock cannot easily be sold or converted to cash. Check to see if there is any penalty or charge if you must sell an investment quickly.
- Investments in stock issued by a company with little or no operating history or published information involves greater risk than investing in a public company with an operating history and extensive public information.
- Stock investments are not federally insured against a loss in market value.
- Stock you own may be subject to tender offers, mergers, reorganizations, or third-party actions that can affect the value of your ownership interest. Pay careful attention to public announcements and information sent to you about such transactions. They involve complex investment decisions. Be sure you fully understand the terms of any offer to exchange or sell your shares before you act. In some cases, such as partial or two-tier tender offers, failure to act can have detrimental effects on your investment.
- The greatest risk in buying shares of stock is having the value of the stock fall to zero. On the other hand, the risk of selling stock short can be substantial. "Short selling" means selling stock that the seller does not

own, or any sale that is completed by the delivery of a security borrowed by the seller. Short selling is a legitimate trading strategy, but assumes that the seller will be able to buy the stock at a more favorable price than the price at which they sold short. If this is not the case, then the seller will be liable for the increase in price of the shorted stock, which could be substantial.

- You should consider the investment objectives and unique risk profile of an ETF carefully before investing. ETFs are subject to risks similar to those of other diversified portfolios. Leveraged and Inverse ETFs may not be suitable for all investors and may increase exposure to volatility through the use of leverage, short sales of securities, derivatives and other complex investment strategies. Although ETFs are designed to provide investment results that generally correspond to the performance of their respective underlying indices, they may not be able to exactly replicate the performance of the indices because of expenses and other factors. A prospectus contains this and other information about the ETF and should be read carefully before investing. Customers should obtain prospectuses from issuers and/or their third party agents who distribute and make prospectuses available for review. ETFs are required to distribute portfolio gains to shareholders at year end. These gains may be generated by portfolio rebalancing or the need to meet diversification requirements. ETF trading will also generate tax consequences.

### **Options Disclosure Document**

Options involve risk and are not suitable for all investors. Prior to buying or selling an option, you must review a copy of the Characteristics and Risks of Standardized Options (ODD). This document is available on the OCC's website at <https://www.theocc.com/Company-Information/Documents-and-Archives/Options-DisclosureDocument>. Please contact your introducing broker's representative if you require a paper copy of the disclosure document.

Spreads, straddles, and other multiple-leg options strategies can entail substantial transaction costs, including multiple commissions, which may impact any potential return. These are advanced option strategies and often involve greater and more complex risk than basic options trades.

### **RQD\* Offers No Trading Advice**

You are solely responsible for any and all orders placed in your account and understand that all orders entered by you are not solicited by RQD\* and based on your own investment decisions or the investment decisions of your duly authorized representative or agent. Consequently, you understand that neither RQD\* nor any of its employees, agents, principals or representatives:

- provide investment advice in connection with a your account;
- recommend any security, transaction or order;  solicit orders;
- act as a market maker in any security, however a control affiliate of the Firm, RQD\* Liquidity, LLC, does act as a market maker;
- make discretionary trades; and  produce or provide research.

### **FINRA Rule 2165: Financial Exploitation of Specified Adults**

In February 2017, the SEC approved (1) the adoption of new FINRA Rule 2165 (Financial Exploitation of Specified Adults) to permit members to place temporary holds on disbursements of funds or securities from the account of specified customer where there is a reasonable belief of financial exploitation of these customers and (2) amendments to FINRA Rule 4512 (Customer Account Information) to require members to make reasonable efforts to obtain the name of and contact information for a trusted contact person for a customer's account. Each customer should be provided a Trusted Contact Person Form upon opening a new account with RQD\*. You can learn more about your rights under FINRA Rule 2165 here: <https://www.finra.org/rules-guidance/notices/17-11>.

### **FINRA Rule 2264: Margin Disclosure Statement**

RQD\* is furnishing this document to you to provide some basic facts about purchasing securities on margin and alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the Margin Supplement Agreement provided by RQD\*. Further, RQD\* encourages you to consult your introducing broker with any questions or concerns you may have regarding margin accounts, and in particular, 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 RQD\*. If you choose to borrow funds from RQD\*, you will open a margin account with RQD\*. The securities purchased are RQD\*'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. As a result, RQD\* can act by issuing a margin call, selling securities in the account, or selling other assets held in the account. RQD\* may implement a combination of any of the stated actions 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.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to RQD\* to avoid the forced sale of those securities or other securities or assets in your account(s).

**RQD\* can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the minimum margin requirements or RQD\*'s higher "house" requirements, RQD\* can sell the securities or other assets in any of your accounts held at RQD\* to cover the margin deficiency. You will also be responsible for any shortfall in the account after such a sale.

**RQD\* can sell your securities or other assets without contacting you.** Some investors mistakenly believe that RQD\* must contact them for a margin call to be valid, and that RQD\* cannot liquidate securities or other assets in their accounts to meet the call unless RQD\* has contacted them first. This is not the case. RQD\* may attempt to notify you of a margin call(s) but is not required to do so. However, even if RQD\* contacts you and provides you with a specific date by which you may meet a margin call(s), RQD\* may still take necessary steps to protect its financial interests, including immediately selling the securities without notice to 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.** RQD\* has the right to decide which security to sell in order to protect its interests, because the securities are collateral for the margin loan

**RQD\* can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.** These changes in RQD\*'s policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause RQD\* to liquidate or sell securities in your account(s).

**You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to you under certain conditions, you do not have a right to an extension.

### **FINRA Rule 2265: Extended Trading Hours**

You should consider 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.

**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 or 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 trading hours. As a result, your order may only be partially executed, or not at all.

**Risk of Higher Volatility.** Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular trading hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price when engaging in extended hours trading than you would during regular trading 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 trading hours, or upon the opening the next morning. As a result, you may receive an inferior price when engaging in extended hours trading than you would during regular trading 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 trading hours. Similarly, important financial information is frequently announced outside of regular trading 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.

### **FINRA Rule 2266: SIPC Disclosure**

As a member of the Securities Investor Protection Corporation (“SIPC”), funds are available to you’re your claims up to a ceiling of \$500,000, including a maximum of \$250,000 for cash claims. RQD\* is providing notice to you that information pertaining to the Securities Investors Protection Corporation (“SIPC”) including an SIPC Brochure, may be obtained by contacting the below or on the web at: <https://www.sipc.org/>.

Securities Investor Protection Corporation 805 15th Street, N.W. Suite 800  
Washington, D.C. 20005-2215 202-371-8300

### **FINRA Rule 2267: Broker Check**

FINRA Rule 2267 requires RQD\* to provide information about FINRA’s BrokerCheck program. An investor brochure that includes information describing FINRA BrokerCheck may be obtained from FINRA. The FINRA BrokerCheck Hotline Number is (800) 289-9999. The FINRA website address is [finra.org](http://finra.org).

### **FINRA Rule 2267: Investor Education and Protection Disclosure**

Pursuant to FINRA Rule 2267, please note that the toll-free number for the Public Disclosure Program of FINRA (which provides certain information about the disciplinary history of FINRA members and their associated persons) is 1-800-289- 9999, the FINRA website is [www.finra.org](http://www.finra.org), and an investor brochure that includes information describing the Public Disclosure Program is available upon request from FINRA. You can also find information on RQD\* and your introducing broker, and their registered representatives here: <https://brokercheck.finra.org/>.

### **FINRA Rule 2270: Day-Trading Risk Disclosure Statement**

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a “day-trading strategy” means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

**Day trading can be extremely risky.** Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more will in no way guarantee success.

**Be cautious of claims of large profits from day trading.** You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large immediate financial losses.

**Day trading requires knowledge of securities markets.** Day trading requires in-depth knowledge of securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.

**Day trading requires knowledge of securities firm’s operations.** You should be familiar with a securities firm’s business practices, including the operation of the firm’s order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example if the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures.

**Day trading will generate substantial commissions, even if the per trade cost is low.** Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs \$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$111,360 just to cover commission expenses

**Day trading on margin or short selling may result in losses beyond your initial investment.** When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

**Potential Registration Requirements.** Persons providing investment advice for others or managing securities accounts for others may need to register as either an “Investment Adviser” under the Investment



advisers Act of 1940 or as a “Broker” or “Dealer” Under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

### **FINRA Rule 4311: Carrying Agreements:**

As a correspondent clearing firm, RQD\* acts as the clearing, settlement, and carrying agent for your brokerage firm (“introducing broker”) and provides certain services in that capacity. This document outlines what responsibilities of your Introducing Broker with respect to your account and what responsibilities lie with RQD\*.

### **Responsibilities of the introducing broker**

Your introducing broker has the responsibility to:

- Obtain and verify account information and documentation and approve the opening of your account.
- Obtain necessary documentation to fight the funding of terrorism and money laundering activities.
- Service and supervise your account through its own employees in accordance with its own policies, procedures, and any applicable laws and regulators.
- Know you and your stated investment objectives.
- Determine whether certain transactions such as margin, options, and short sales are suitable for you.
- Monitor trading and other activity in your account(s).
- Determine those persons placing instructions for your account are authorized to do so.
- Operate in compliance with all applicable laws, rules and regulations relating to its own operations, the supervision of its sales representatives and other personnel, and the supervision of transactions and other activity in your account.
- Investigate and respond to any questions or concerns you have about your account(s), confirmations, your periodic statement or any other matter related to your account(s).
- Provide notice of commission rates and fees, including margin.
- Obtain initial margin (when applicable) if a margin account is opened for you  Accept and, in certain instances, execute securities orders.
- Know the facts about any orders placed for 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 funds or securities intended for your account to RQD\*.
- 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.

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

### **Responsibilities of RQD\***

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

- Create and maintain electronic account and transaction records.
- Process orders for the purchase, sale or transfer of securities (RQD\* is not obligated to accept orders directly from you or your introducing broker).
- Clear and settle acceptable trades for your account.
- Receive, deliver, segregate, and safeguard funds and securities.

- Collect and disburse dividends and interest.
- Process reorganization and voting instructions received with respect to securities held in custody.
- Prepare and transmit confirmations of trades to you.
- Prepare and transmit periodic account statements summarizing transactions.
- Provide your introducing broker with electronic reports of all transactions processed for your account.
- Assist you and your introducing broker with any discrepancies or errors that may occur in the processing of transactions.
- Accept from your introducing broker instructions to:
  - View, update, or change account information, account settings, passwords or security access information, trading permissions, and tax forms
  - Impose restrictions, limits, and/or security measures on your account, including freezing, limiting, or restricting access to your account or funds
  - Initiate payments, wires, or transfers to you

If your introducing broker opened a margin account for you, RQD\* may:

- Loan you money for the purpose of purchasing or holding securities (subject to the terms of RQD\*'s, margin agreement, margin policies and applicable margin regulations).
- Calculate the amount of maintenance margin required and advise you of those requirements (through your introducing broker).
- Calculate any interest charged on your debit or margin balances.

Neither RQD\* nor its employees provide any investment, tax, legal, or trading advice, nor does RQD\* nor its employees solicit orders. Additionally, RQD\* does not advise you or your introducing broker on any matters pertaining to the suitability of any order, offer an opinion, judgment, or other type of information pertaining to the nature, value, potential, or suitability of any particular investment, or review the appropriateness of investment advice or transactions entered by you or your introducing broker on your behalf.

RQD\* maintains the books and records required by law and business practice. The Clearing Agreement does not encompass transactions in investments other than marketable securities, which RQD\* normally processes on recognized exchanges and over-the-counter ("OTC") markets. In furnishing RQD\* services under the Clearing Agreement, RQD\* may use and rely upon the services of clearing agencies, automatic data processing vendors, proxy processing, 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 definite enumeration of every possible circumstance, but only as a general disclosure.

**RQD\* may not control, audit, or otherwise supervise the activities of your introducing broker or its employees. RQD\* does not verify information provided by your introducing broker regarding your account or transactions processed for your account. RQD\* does not undertake responsibilities for reviewing the appropriateness of transactions entered by your introducing broker on your behalf.**

#### **FINRA Rule 4340: Callable Securities**

Once a security is deemed callable (callable security) by the issuer, DTC or the custodian will notify RQD\* of the call and we will implement a random lottery call process, based on account eligibility. Eligibility for the random lottery process is based on the securities call classification of 'favorable redemption call' or 'unfavorable redemption call'. The term favorable or unfavorable is based on a comparison between the call price and the market price. When the comparison between the call price and market price are beneficial to the account, the call is deemed favorable. Favorable redemption calls will exclude any account in which RQD\* or its associated persons have an interest until all other customers' positions in such securities have been satisfied.

An unfavorable redemption call is when the comparison between the call price and market price are not as beneficial to the account and therefore deemed unfavorable. RQD\* will not exclude its positions or those of its associated persons (including those persons performing solely clerical and ministerial functions) from the pool of any securities deemed unfavorable and eligible to be called.

A determination will be made as to which redemption call the security is subject to (favorable or unfavorable) prior to commencement of the lottery process.

Once the terms of the call have been determined and eligible accounts have been selected, the random lottery process will occur to select accounts for the partial call redemption. A random start and jump number is executed at the beginning of the lottery to ensure the process is impartial, fair and consistent with the call allocation. When the redemption call has ended for each security, RQD\* will inform your firm who will notify you of your account status, if applicable.

### **FINRA Rule 4370: Business Continuity Plan**

RQD\*'s business continuity plan was developed to provide reasonable assurance that RQD\*, in the event that there are disruptions of normal business operations, can maintain business continuity. The plan was developed to anticipate various types of potential disruptions to ensure that the Firm can react appropriately and timely should a business disruption occur. RQD\* may periodically update the plan in an effort to maintain as comprehensive a plan as possible.

The Firm's plan focuses on identifying potential risks that may inhibit the Firm's ability to provide execution or clearing services and implements the processes that are to be followed in order to reestablish business operations. The plan is designed to address key areas of concern including but not limited to the following:

- Data back-up and recovery;
- Mission critical systems;
- Financial and operational assessments;
- Alternate means of communication between the firm and its customers;
- Alternate means of communication between the firm and its employees;
- Alternate physical locations for employees;
- Critical business constituent, bank and counter-party impact; □ Regulatory reporting; and
- Communications with regulators.

Should there be a serious business disruption, you are encouraged to contact RQD\* at [compliance@RQDclearing.com](mailto:compliance@RQDclearing.com) or 212-686-8650, or your introducing broker

### **FINRA Rule 4513: Customer Complaint Information**

Pursuant to SEC Rule 17a-3(a)(18)(ii) and FINRA Rule 4513, please be advised that any complaints may be directed to the following:

RQD\* Clearing  
One World Trade Center, Suite 47M  
New York, NY 10007  
Attn: Compliance

You may also call RQD\* at 212-686-8650.

### **Statement of Financial Condition**

The Exchange Act of 1934 requires that RQD\* annually disclose a statement of financial condition. RQD\*'s Statement of Financial Condition can be found on its website at [www.rqdclearing.com](http://www.rqdclearing.com).

### **SEC Rule 10b-10**

SEC Rule 10b-10 requires that you are provided with prior written notification if certain transactions are not reported immediately through a trade confirmation. You will not receive an immediate trade confirmation for automatic reinvestments of money market dividends if there are no other transactions in your brokerage account on the day the automatic reinvestment occurs. A summary of these transactions will instead be reported in your quarterly brokerage account statement.

### **SEC Rule 14b-1(c): Shareholder Communications**

Under SEC Rule 14b-1(c), RQD\* is required to disclose to an issuer, upon request, the name, address and security positions of account holders (i.e. you) who are beneficial owners of that issuer's securities unless the account owner specifically objects to such disclosure.

### **Regulation E**

Regulation E of the Board of Governors of the Federal Reserve System requires disclosure regarding electronic transfers.

Electronic transfers include:

- Authorized Debits – You provide your checking account information to a company (such as mortgage, utility) and the company electronically sends debits directly to your checking account, which debits the brokerage account.
- Debit Card Transactions – Any merchant purchase, automatic teller machine (ATM) withdrawal or cash advance done with the debit card issued from the account.
- Check conversion – You provide checks for deposit into your RQD\* account which RQD\* scans and converts into either an image replacement document (IRD) or ACH file.

Questions concerning electronic transfers may be directed to your introducing broker.

### **Lien & Levy**

If, for any reason, your account(s) is/are subject to a lien or levy directed RQD\*, RQD\* will comply by the directions of the federal, state, or other levying authority unless it receives:

- A court order staying or quashing the lien or levy, or
- Some other form of release from the levying authority.

If RQD\* receives a lien or levy on your account, you may be assessed a processing fee. Questions concerning liens or levies can be directed to RQD\*'s Compliance Group at [compliance@RQDclearing.com](mailto:compliance@RQDclearing.com).

### **Cybersecurity Statement**

RQD\* takes cybersecurity seriously and has implemented several measures to safeguard y our information and assets. These measures include:

- Two-factor authentication for access to RQD\*'s systems, for both customers as well as employees.

- Hosting all data in isolated virtual networks, limiting the ability of bad actors to gain access to our systems and your data.
- Encryption of all data at-rest and in-transit, including utilizing the latest in Transparent Data Encryption
- Use of secure communication protocols over the internet like TLS 1.2
- No plain-text passwords
- Extensive real-time monitoring of system statuses
- Security compliance alerts to make sure RQD\*'s systems are always in compliance with the latest security standards

**If you have any questions regarding these disclosures please reach out to RQD\* or your introducing broker.**