

REGULATORY DISCLOSURE STATEMENT

The U.S. Securities and Exchange Commission (“SEC”), the Financial Industry Regulatory Authority, Inc. (“FINRA”), and other regulators have various rules and regulations that require broker-dealers to disclose certain policies and procedures including, but not limited to, client identification, business continuity, order routing and investor protection.

In accordance with these various regulatory requirements and industry best practices, and to give its clients transparency into the Firm’s policies and procedures, CastleOak Securities, L.P. (“CastleOak” or the “Firm”) is providing the following regulatory disclosures to its clients.

NEW ACCOUNT OPENING – VERIFYING YOUR IDENTITY

To assist the government’s fight against the funding of terrorism and to prevent money laundering activities, federal laws and regulations require financial institutions to obtain and verify information that identifies each client who opens an account.

When opening an account, CastleOak is required to obtain your name, address, tax information and other information and documentation that will be utilized to verify your identification. For accounts other than natural persons (e.g.: a corporation, partnership or trust) CastleOak will request identifying documents evidencing the existence of the entity, such as articles of incorporation, a government-issued business license, a partnership agreement or a trust agreement. CastleOak may also request to see a valid government issued form of identification evidencing nationality or residence and bearing a photograph such as a driver’s license, passport or other identifying documents for the Control persons or beneficiaries of the account.

As required by federal law, if CastleOak is unable to verify your identity, CastleOak will not be able to open an account or establish a relationship with you. CastleOak reserves the right to request additional information or documentation at any time at its sole discretion. Material changes in account information should be forwarded in writing to CastleOak’s Compliance Department at the following address:

CastleOak Securities, L.P.
110 East 59th Street, 2nd Floor
New York, NY 10022
Attention: Chief Compliance Officer

EXECUTION QUALITY & ORDER ROUTING

SEC RULE 606

In accordance with SEC Rule 606 of Regulation NMS, CastleOak is required to disclose on a quarterly basis the identity of the market centers to which CastleOak routed orders for certain equity securities and the nature of any relationships with those market centers. CastleOak’s most recent quarterly SEC Rule 606 order routing information is available at www.castleoaklp.com.

A written copy of where your orders were routed for execution is available by contacting your sales representative.

PAYMENT FOR ORDER FLOW

CastleOak does **not** receive payment or remuneration of any kind for directing order flow on any transaction.

POLICY FOR DETERMINING WHERE TO ROUTE CLIENT ORDERS

CastleOak may, depending on several factors, route a client order to source additional liquidity in efforts to achieve best execution on behalf of our client. The following are examples of such factors: (i) the character of the market for the security (e.g., price, volatility, and relative liquidity); (ii) the size and type of transaction; accessibility of the quotation; and (iii) the terms and conditions of the client order as communicated by the client. CastleOak may route a client order to other broker-dealers (including market makers), ATs or “dark pools”, and to national securities exchanges for execution.

CastleOak does not operate an algorithmic trading platform; however, the Firm does maintain the ability to access other broker-dealer’s algorithmic platforms (“algorithms”) for certain trading strategies. Client orders may interact with such algorithms based on client order instructions and current market conditions.

SEC RULE 611

CastleOak has policies and procedures reasonably designed to comply with Rule 611 of Regulation NMS (the “Order Protection Rule”) and apply best execution principles and best practices for handling client orders. When executing client orders principally in a capital commitment scenario, CastleOak will route intermarket sweep orders (ISOs) to execute against protected quotations if necessary to comply with the Order Protection Rule. Unless explicitly agreed to prior to execution, any fills from these ISOs will not be passed along to the client, but instead will be for CastleOak’s principal account.

EXTENDED HOURS TRADING RISK DISCLOSURE STATEMENT

In accordance with FINRA Rule 2265, the Firm is providing the following regarding the risk associated with trading in the pre-market session or the post-market session of extended hours trading. Clients should consider the following points before engaging in extended hours trading. “Regular trading hours” generally means the time between 9:30 AM and 4:00 PM. “Extended hours trading” means trading outside of regular trading hours.

- **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 at. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

“HELD” OR “NOT HELD” ORDERS

When an order is placed with CastleOak for execution in the equity markets, clients may specify that CastleOak handle your order on either a “held” or “not held” basis. All client orders will be handled on a not held basis unless explicitly instructed by the client. A “held” order means that CastleOak does not have discretion over the time and price at which a client’s order is to be executed. If a client instructs CastleOak to handle its order on a “held” basis, the trader must execute that order at the prevailing market price at the time the order is eligible for execution. Further, if a client submits a “held” limit order, the trader must execute that order at the prevailing market price at the time the order is eligible for execution subject to the limit price or better, if available. By contrast, a “not held” order means a client is giving CastleOak discretion over the time and price at which the order is to be executed. “Not held” order instructions give CastleOak traders the ability to work the order so as to obtain the best execution terms that are reasonably available within market conditions. “Not held” limit order instructions give CastleOak traders the ability to work the order so as to obtain the best execution terms that are reasonably available within market conditions, subject to the limit price.

FINRA RULE 5320 DISCLOSURE

FINRA Rule 5320 generally provides that a broker-dealer that accepts and holds an order in an equity security from its client or a client of another broker-dealer without immediately executing the order is prohibited from trading that security on the same side of the market for its account at a price that would satisfy the client order, unless it immediately thereafter executes the client order up to the size and at the same or better price at which it traded for its account. CastleOak avails itself of certain exceptions permissible under this rule, as described below.

I. LARGE ORDERS AND INSTITUTIONAL ACCOUNTS

FINRA Rule 5320 permits broker-dealers to negotiate terms and conditions on the acceptance of certain large-sized orders (**orders of 10,000 shares or more and greater than \$100,000 in value**) and orders from institutional accounts that would permit broker-dealers to trade ahead of, or along with, such orders, provided that firms give clear and comprehensive written disclosure to such client at account opening and annually thereafter. The Firm hereby discloses that it may trade on a principal basis at a price that would satisfy the client order.

Institutional accounts and persons placing orders for 10,000 shares or more not otherwise subject to the protections afforded by Rule 5320 may “**opt in**” to the Rule 5320 protections by providing written notice with respect to **all** orders to CastleOak’s Compliance Department at 110 East 59th Street, 2nd Floor New York, NY 10022. If a client does not opt in to the Rule 5320 protections with respect to all or any portion of its order(s), the Firm may reasonably conclude that the client has consented to the firm trading a security on the same side of the market for its own account at a price that would satisfy the client’s order. Even when a client has opted in to the FINRA Rule 5320 protections, a broker-dealer may still obtain consent on an order-by-order basis to trade ahead of or along with an order from that client.

II. NO-KNOWLEDGE EXCEPTION

FINRA Rule 5320 provides an exception for a broker-dealer’s principal trading in NMS stocks where the principal trading unit does **not** have knowledge of the client order, where the broker-dealer has implemented internal controls, such as appropriate information barriers that prevent one trading unit from obtaining knowledge of client orders held by a separate trading unit. In such case, the other trading units trading in a principal capacity may continue to trade at prices that would satisfy a client order held by the separate trading unit.

III. “NOT HELD” ORDERS

When clients place a “not held” order with CastleOak and leave the price and time of execution to the discretion of the trader, CastleOak may trade in the security for its own account prior to the completion of the client order.

IV. PRE-MARKET & POST-MARKET ORDERS

CastleOak does not ordinarily accept orders for execution outside of normal market hours (before 9:30 am or after 4:00 pm). Unless otherwise agreed, all orders received prior to 9:30 am will be executed through the primary market opening mechanism. Should CastleOak accept an order for execution outside of normal market hours, the business practices discussed above will apply to the handling of such orders.

FINRA RULE 5270 DISCLOSURE

FINRA Rule 5270 prohibits FINRA member broker-dealers from executing orders to buy or sell certain securities or related financial instruments when the member has material, non-public information (“MNPI”) concerning an imminent block transaction in those securities, related financial instruments, or securities underlying the related financial instruments, prior to the time information concerning the block transaction has been made publicly available or has otherwise become stale or obsolete.

Rule 5270 permits certain exceptions to the foregoing prohibition, including transactions that are undertaken to fulfill or facilitate the execution of a client block order. CastleOak may rely on the rule’s exceptions while effecting block orders for its clients. In connection with the handling of a client’s block order, CastleOak may engage in hedging, offsetting, liquidating, facilitating, or positioning transactions (“risk-mitigating transactions”) that may occur at the same time or in advance of this order. These activities may have an impact on market prices. Beyond these risk-mitigating transactions, CastleOak will refrain from any conduct that could disadvantage or harm the execution of client’s orders or that would place CastleOak’s financial interests ahead of clients. Unless client informs CastleOak otherwise in writing (“opt out”), the Firm will conclude that client understands that CastleOak may engage in risk-mitigating transactions in connection with client orders and the Firm will conclude that client has given its consent to CastleOak to handle the block transactions as described above. Client may choose to opt out by providing written notice to CastleOak’s Compliance Department at 110 East 59th Street, 2nd Floor New York, NY 10022. Please direct any questions regarding FINRA Rule 5270 to a CastleOak equity sales representative.

RULE 15C3-5 AND MARKET ACCESS

Rule 15c3-5 (the “Market Access Rule”) requires broker-dealers with or providing access to trading securities on exchanges or alternative trading systems (“ATSS”) to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory and other risks in connection with market access. CastleOak has developed controls to comply with the Market Access Rule which will reject or block orders that exceed previously defined risk parameters.

NET BASIS ORDERS

At the time a client places an order with CastleOak, a client may request to trade on a “net” basis. A “Net Trade” is a principal transaction in which CastleOak may perform either of the following actions:

- After having received an order to buy an equity security, CastleOak then purchases that equity security at one price and then sells it to you at a different price; or,
- After having received an order to sell an equity security, CastleOak then sells that equity security at one price and then buys it from you at a different price.

In either case, CastleOak does not charge client, a disclosed commission. Instead, CastleOak will receive the price difference between the principal transaction to buy (or sell) the security and the subsequent sale (or purchase) of the same security to (or from) client as compensation for executing the transaction.

Net trades are not eligible for an exemption under the Order Protection Rule. The net price that is reported to the Consolidated Tape is the price of the trade. If necessary, CastleOak will route intermarket sweep orders (ISOs) to execute against protected quotations to comply with the Order Protection Rule. Unless explicitly agreed to prior to execution, any fills from these ISOs will not be passed along to the client, but instead will be for CastleOak principal account.

SALES PURSUANT TO RULE 144

A client must inform CastleOak prior to sending any order in a security which is deemed to be “restricted” under the Securities Act of 1933, as amended, and the client agrees that any such order shall be effected only in accordance with the policies and requirements prescribed from time to time by CastleOak (including, but not limited to, execution of appropriate documentation and receipt of opinion of counsel).

MUNICIPAL ADVISOR RULE

As a result of the SEC’s Municipal Advisor Rule (effective July 1, 2014), if a firm acts as a municipal advisor to a municipal entity or obligated person with respect to certain investment advice described below, it must be registered as a municipal advisor. A municipal advisor owes a fiduciary duty to the municipal entity to which investment advice is given and must not take any action inconsistent with its fiduciary duty to the municipal entity. Accordingly, firms and their affiliates may be prohibited from effecting certain principal transactions for a municipal entity and obligated person if they serve as their municipal advisor.

It is CastleOak’s intention not to act as a municipal advisor, but to conduct arm’s-length commercial transactions with you. CastleOak is acting in a principal capacity and not as an advisor and as such, does not owe a fiduciary duty pursuant to Section 15B (Rule 15Ba-1 et seq.), as amended in the Securities Exchange Act of 1934 to you as a municipal entity or obligated person with respect to any securities brokerage transactions executed by or through CastleOak on your behalf.

For purposes relating to the registration of municipal advisors, CastleOak will assume that none of the funds currently invested in or through the account(s) that the municipal entity or obligated person has with CastleOak, or that the municipal entity or obligated person seeks to invest in these accounts, constitute (i) proceeds of municipal securities or (ii) municipal escrow investments. When the client relationship is established (*i.e.* opening of the account) and on an annual basis, the Firm conducts a review of all accounts of municipalities to ensure the Firm’s activities do not constitute advice.

FINRA BROKERCHECK

FINRA BrokerCheck is a free tool that assists investors by providing background and regulatory information on current and former FINRA member firms and registered representatives. This information can be obtained at www.brokercheck.finra.org or by calling the FINRA BrokerCheck Hotline toll-free number at 1-800-289-9999. A copy of an investor brochure that includes information describing FINRA BrokerCheck can be obtained by calling the FINRA BrokerCheck Hotline number or accessing the FINRA website.

INFORMATION ON THE SECURITIES INVESTOR PROTECTION CORPORATION (“SIPC”)

SIPC was created by the Securities Investor Protection Act of 1970 (“SIPA”) and its primary purpose is to provide protection within the limits of the SIPA to securities clients of failed brokers or dealers who are members of the SIPC. CF&Co. is a member of the SIPC.

Information on SIPC and the SIPC Brochure is available at either www.sipc.org, or by contacting SIPC at (202) 371-8300, or by sending an email request to asksipc@sipc.org.

PRIVACY POLICY NOTICE

CastleOak's privacy policy is available at www.castleoaklp.com.

BUSINESS CONTINUITY PLAN

CastleOak's Business Continuity information can be requested by calling (646) 521-6700.

COMPLAINTS

In accordance with SEC Rule 17a-3(a)(18)(ii), please be advised that any complaints may be directed to the following:

CastleOak Securities, L.P.
110 East 59th Street, 2nd Floor
New York, NY 10022
Attention: Chief Compliance Officer

QUESTIONS

Should you have any questions or require any additional information regarding this statement, please contact your client sales representative.