



## DISCLOSURE CARRYING AGREEMENTS

### ❖ FINRA Rule 4311

The firm with which you have opened your securities account has retained Apex Clearing Corporation (“Apex”) to provide certain record keeping or operational services. These services such as the execution and settlement of securities transactions, custody of securities and cash balances, and extension of credit on margin transactions are provided under a fully disclosed Clearing Agreement between Apex and your firm.

As a member of FINRA, Apex is required (under NASD Rule 3230 and NYSE Rule 382) to disclose to you the details of its Fully Disclosed Clearing Agreement with your firm, which are summarized below.

### **Responsibilities of Your Broker-Dealer**

Your broker-dealer has the responsibility to:

- Approve the opening of your account
- Obtain necessary documentation to help fight the funding of terrorism and money laundering activities
- Service and supervise your account through its own personnel in accordance with its own policies, procedures, applicable laws, and regulators
- Know you and your stated investment objectives
- Provide appropriate investment advice, recommendations, or management services based on your investment objectives
- Determine whether particular kinds of transactions such as margin, option, and short sale are appropriate for you
- Obtain the initial margin as required by Regulation T if a margin account is opened for you
- Accept and, in certain instances, execute securities orders
- Know the facts about any orders for the purchase or sales of securities in your account
- Comply with fair pricing and disclosure responsibilities (if your firm is a market maker in any securities or otherwise trades as principal with you)
- Correctly identify and promptly forward funds or securities intended for your account to Apex
- Supervise the activities of any individual who services your account, resolve any complaints regarding the handling of your account and manage the ongoing relationship that it has with you

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

## Responsibilities of Apex

In general, Apex is only responsible to perform the services within the scope of the Fully Disclosed Clearing Agreement that your broker-dealer specifically requests Apex to perform. For example, Apex may fulfill the following responsibilities on behalf of your account at your broker-dealer's instruction:

- Create computer-based account records
- Process orders for the purchase, sale, or transfer of securities (Apex is not obligated to accept orders directly from you and will do so only at Apex's discretion in exceptional circumstances)
- Receive and deliver funds and securities
- Record such receipts and deliveries according to information provided either by your firm or directly, in writing, by you
- Hold securities and cash in custody (after it comes into Apex's physical possession or control)
- Collect and disburse dividends and interest
- Process reorganization and voting instructions with respect to securities held in custody
- Prepare and transmit confirmations of trades to you with the exception of the following transactions which will alternatively appear on account statements:
  - Systemic investments or withdrawals of investment company products
  - Transactions in money market funds that have no purchase or redemption fees
  - Dividend reinvestments
- Prepare and transmit periodic account statements summarizing transactions
- Provide your firm with written reports of all transactions processed for your account to enable your firm to carry out its responsibilities under the Fully Disclosed Clearing Agreement
- Assist you and your firm with any discrepancies or errors that may occur in the processing of transactions.

### **If your broker-dealer opened a margin account for you, Apex may:**

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

Apex maintains the books and records required by law and business practice. The Fully Disclosed Clearing Agreement does not encompass transactions in investments other than marketable securities, which Apex normally processes on recognized exchanges and over-the-counter ("OTC") markets. In furnishing services under the Fully Disclosed Clearing Agreement, Apex 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.

Further, regardless of whether our account has been introduced by a broker-dealer or registered investment advisor, Apex does not control, audit, or otherwise supervise the activities of your firm or its employees. Apex does not verify information provided by your firm regarding your account or transactions processed for your account. Apex does not undertake responsibilities for reviewing the appropriateness of transactions entered by your firm on your behalf.