



**BNY Mellon Capital Markets, LLC (“BNYCM” or the “Firm”)**

**Disclosure of Additional General Terms and Conditions**

**Regulatory Disclosure Statement – October 2024**

The US 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, BNYCM is providing the following regulatory disclosures to its clients.

**Canadian Clients**

BNYCM is not registered in any province of Canada to act as a dealer and is trading with you in reliance upon the international dealer exemption in NI 31-103. BNYCM is organized under the laws of Delaware, is resident in New York, New York and is not resident in Canada. All or a substantial portion of the assets of BNYCM are located outside of Canada and all or substantially all of BNYCM’s directors and officers are located outside of Canada. As a result, it may not be possible generally for Canadian clients to effect service of process on BNYCM within Canada, there may be difficulty in enforcing legal rights against BNYCM and it may not be possible to satisfy a judgement against BNYCM in Canada or to enforce a judgement obtained in Canadian courts against BNYCM outside of Canada. The names and addresses of the agent for service of process of BNYCM in Canada for any proceeding arising out of BNYCM’s international dealer exemption are as follows:

- i. British Columbia: Borden Ladner Gervais LLP (Attention: Michael T. Waters), 1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, B.C. V7X 1T2;
- ii. Ontario: Borden Ladner Gervais LLP (Attention: Prema K. R. Thiele), Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Toronto, Ontario M5H 4E3; and
- iii. Québec: Borden Ladner Gervais LLP (Attention: Neil Hazan), 1000 de La Gauchetière Street West, Suite 900, Montréal, Québec H3B 5H4.

**SEC Rule Amendments to Shorten the Standard Settlement Cycle**

The SEC adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions in securities from two business days after the trade date (T+2) to one (T+1). The final rule is published at <https://www.sec.gov/files/rules/final/2023/34-96930.pdf>.



Pursuant to Rule 15c6-2 of the Securities Exchange Act of 1934, as amended, BNYCM may enter into written agreements to comply with the rule, as adopted, and/or will establish, maintain and enforce written policies and procedures reasonably designed to ensure the completion of the allocation, confirmation, affirmation or any combination thereof for transactions as soon as technologically practicable and no later than the end of the day on trade date in such form as necessary to achieve settlement of the transactions.

### **MSRB G-10 Disclosures: Investor and Municipal Advisory Client Education and Protection**

BNYCM is registered with the Municipal Securities Rulemaking Board (“MSRB”) and the SEC as a broker-dealer and as a municipal advisor. The MSRB website address is [www.msrb.org](http://www.msrb.org). An investor brochure and a municipal advisory client brochure that describes the protections available under the MSRB rules and how to file a complaint with an appropriate regulatory authority may be obtained on the MSRB website.

### **Best Execution**

BNYCM is committed to providing best execution of client orders consistent with applicable rules and regulations. When BNYCM receives a client order, it uses reasonable diligence to ascertain the best market for the security, including, among other things, the size and type of order, the terms and conditions of the order, the trading characteristics of the security, the character of the market for the security, the accessibility of quotations, transaction costs, the opportunity for price or size improvement, the speed of execution, the availability of efficient and reliable order handling systems, the level of service provided by the market venue, and the customer’s overall objectives and specific trading instructions. BNYCM regularly and rigorously reviews transactions for quality of execution.

### **Disclosure of Equity and Option Order Routing Information**

SEC Rule 606, requires broker-dealers (such as BNYCM) that route customer orders in equity and options to make publicly available quarterly reports that disclose venues to which they route non-directed orders. The rule also requires broker/dealers to disclose the nature of any relationship they have with those venues, including payment for order flow arrangements.

This information for BNYCM is available via the S3 website <http://public.s3.com/rule606/bkcm/> and in hard copy upon request for those who do not have access to the internet. The report is published by the end of the month following the prior calendar quarter reported. In addition to quarterly reports, information about the routing of identifiable customer orders is available to customers, upon request, for the prior six months trading activity.



### **Disclosure of Equity Order Execution Information**

SEC Rule 605, requires market centers to make available monthly electronic reports. The reports include information about each market center's quality of executions on a stock-by-stock basis, including how market orders of various sizes are executed relative to the public quotes. The reports must also disclose information about effective spreads (the spreads actually paid by investors whose orders are routed to a particular market center). In addition, market centers must include the extent to which they provide execution at prices better than the public quotes to investors using limit orders.

This information for BNYCM is available via the S3 website <http://public.s3.com/rule605/bkcm/> and in hard copy upon request for those who do not have access to the internet. The report is published monthly by the end of the prior month reported.

### **Order Routing and Payment for Order Flow**

Under SEC Rule 607, BNYCM is required to inform clients of the Firm's policy regarding receipt of payment for order flow from various third parties in connection with the routing of customer orders in NMS Stocks and certain other equity securities.

BNYCM receives payment for order flow in NMS securities or other equity securities in the form of discounts, rebates, reductions of fees or credits received as a result of sending orders to certain trading centers. In some circumstances the amount of such remuneration may exceed the amount that BNYCM is charged by such trading centers. This does not alter BNYCM's policy to route customer orders to the trading center where it believes clients will receive the best execution, taking into account price, reliability, market depth, quality of service, speed and efficiency. The trading centers that pay for order flow may provide the opportunity for execution of orders at prices better than the National Best Bid or National Best Offer.

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

### **SEC Rule 611 Order Protection Rule**

Regulation NMS ("Reg NMS") is a series of SEC rules related to the operation of the national market system ("NMS") for equity securities. Under Reg NMS's Order Protection Rule, BNYCM has implemented procedures that are designed to prevent "trade-



throughs” of NMS Stocks – the execution of trades during regular trading hours at prices inferior to protected quotations displayed by trading centers. To be protected, the quotation must be (1) automated and immediately accessible and (2) the best bid or offer (“top of book”) on any exchange of the Financial Industry Regulatory Authority’s (“FINRA”) Alternative Display Facility (“ADF”). Specially, NMS Stocks include exchange-listed equities, exchange-traded funds (“ETFs), and other securities (excluding options) that are reported to the Consolidated Tape.

One of the exceptions to the Order Protection Rule involves the use of Intermarket Sweep Orders (“ISOs”). An ISO is a type of limit order that allows BNYCM to trade through a protected quote provided certain conditions are met. When executing an order, BNYCM must route an ISO to execute against the full displayed size of any protected quotation with a price that is superior to the proposed execution price of the order that BNYCM plans to execute. The ISO designation allows the receiving exchange of ADF participant to immediately execute the order without regard to better-priced quotes displayed in other markets. Unless another exception under the Order Protection Rule applies, it will be necessary for BNYCM to route an ISO, or multiple ISOs, whenever executing your orders outside the national best bid or offer.

As a general matter, BNYCM will route ISOs as agent on behalf of the customer and attribute any better prices received from such executions to the customer’s order. ISOs will be marked as Immediate or Cancel (“IOC”). Once responses to the ISOs are received, BNYCM will execute the remaining balance of the order at the agreed upon trade execution price and report it to the Consolidated Tape. The size of the trade will be reduced to reflect any executed ISOs and the trade will be reported with an ISO exemption modifier. ISO executions will be reported as separate agency executions. The customer may “opt-out,” however, by informing BNYCM on a trade-by-trade basis that the customer does not want to receive the benefit of any better prices obtained from the ISOs; in which case BNYCM will execute your entire trade at the agreed upon trade execution price and size. BNYCM then will report the trade immediately when the ISOs are routed. In this case, any required ISOs will be routed on a principal basis and retained by BNYCM or allocated to other customer orders in accordance with NYSE and FINRA rules. Notwithstanding your decision to opt-out, where regulatory requirements dictate, BNYCM may apply any better prices obtained from the ISOs to your order.

From time to time, BNYCM may not receive a response within a reasonable period of time (e.g. within five seconds) to the ISOs that are routed as agent on your behalf. BNYCM anticipates that instances of “lost” ISOs should not occur frequently because of the immediate response requirement for IOC orders. Nonetheless, in such cases, BNYCM will consider the lost ISO to be unexecuted and will include its size in the remaining balance of the order to be executed at the previously agreed upon execution price. Should the customer inform BNYCM that the customer does not consent to treating lost ISOs as such, BNYCM reasonably will attempt to adjust the size and price of the trade to reflect the lost ISO, pending ultimate resolution.



### **Alternative Uptick Rule (Regulation SHO Rule 201)**

The SEC implemented the “alternative uptick rule” for short sales (Rule 201 of Regulation SHO), which imposes restrictions on short selling when a stock has triggered a circuit breaker when the price of a security decreases by 10% or more from the previous day’s closing price. The rule triggers the uptick rule, where a short sale order can only be displayed or executed at a price higher than the current national best bid. The uptick rule remains in place for the effected security for the remainder of the trading session and the following trading day.

Additional information can be found at the SEC website:

<http://www.sec.gov/news/press/2010/2010-26.htm>. Should you have any questions please contact the BNY Mellon Capital Markets, LLC Compliance Department.

### **Limit Up/Limit Down Rule**

FINRA Rule 6190, known as Limit-Up Limit-Down (“LULD”) rule, creates a market-wide limit-up limit-down mechanism designed to prevent trades in individual securities from occurring outside of the specified Price Bands, across all US markets (including both exchanges and other execution venues), while allowing the product to continue to trade. When BNYCM is unable to execute within the LULD price bands, orders will be handled in accordance with the parameters below and consistent with best execution:

#### **Held Orders**

- Market Orders. BNYCM will route the unexecuted portion of market orders to trading centers that will display the unexecuted portion of the buy (sell) orders at or below (above) the upper (lower) price band.
- Marketable Limit Orders. BNYCM will route the unexecuted portion of marketable limit orders to trading centers that will display the unexecuted portion of the buy (sell) orders at or below (above) the upper (lower) price band while not breaching the limit price.
- Non-Marketable Limit Orders. BNYCM will route the unexecuted portion of non-marketable limit orders to trading centers that accept non-marketable limit orders. Non-marketable limit orders are non-executable if their limit price is outside the LULD bands.
- Immediate-or-Cancel (“IOC”) Orders. BNYCM will cancel the unexecuted portion of IOC Orders.

All other orders will be handled by BNYCM in accordance with the order terms agreed upon with clients at or within the LULD price bands, when applicable. When BNYCM routes orders to other trading centers for execution, the orders will be processed in



accordance with the LULD protocols established by the trading center to which they are routed.

### **FINRA Rule 5320 – Prohibition Against Trading Ahead of Customer Orders**

Rule 5320 generally prohibits a member firm that accepts and holds a customer order from trading a security on the same side of the market of its own account at a price that would satisfy the customer order, unless it immediately executes the customer order up to the size of and at an equal or better price than it traded for its own account.

BNYCM maintains internal controls known as information barriers between its trading units. The information barriers are designed to prevent one trading unit from having knowledge of customer orders held by a different trading unit. Additionally, BNYCM may trade for its own account while handling orders for institutional accounts or large orders of 10,000 shares or more (unless such orders are less than \$100,000 in value) unless the institutional client opts-in to Rule 5320 protection by notifying their BNYCM sales representative.

### **FINRA Rule 5270**

FINRA Rule 5270 prohibits a broker-dealer from trading for its own account while taking advantage of knowledge of an imminent client block transaction. Rule 5270 recognizes certain exceptions to this general prohibition. Among the exceptions, the Rule does not preclude a broker-dealer from trading for its own account for purpose of fulfilling or facilitating the execution of a client's block transaction. Consistent with this exception, BNYCM may engage in trading to hedge the risk of a client's block transaction using market data and other forms of permissible information. This hedging activity may coincidentally impact the market prices of the securities or financial instruments you are buying or selling. As always, BNYCM will conduct this trading in a manner designed to limit market impact and consistent with our best execution obligations and will not place its financial interests ahead of those of its customers. Unless you inform BNYCM otherwise in writing ("opt out"), we will conclude that you understand that BNYCM may engage in risk-mitigating transactions in connection with your orders and we will conclude that you have given your consent to BNYCM and/or its affiliates to handle your block transactions as described above. You may choose to opt out by contacting your sales representative.

### **"Held" or "Not Held" Orders**

When an order is placed with BNYCM for execution in the equity market, it may be specified that BNYCM handle the order on either a "Held" or a "Not Held" basis. A "held" order means BNYCM does not have discretion in the handling of the order. If an order is a "Held" market order or marketable limit order, BNYCM must execute the order at the then prevailing market price; if an order is a "Held" limit order, any execution has to occur at the limit price or better, if available.



A “not held” order means BNYCM is given time and price discretion in seeking to obtain the best execution of your orders. “Not held” orders give BNYCM the flexibility and discretion to work your order to seek to obtain the best execution reasonable available. BNYCM only accepts orders with volume limitations or special handling instructions (e.g., VWAP, market on close; percent of volume) on a “not held” basis.

### **Guaranteed and Benchmark Orders**

BNYCM may receive orders from clients where both parties agree to transact at a price based upon a particular benchmark. These benchmarks could be based upon the closing price on a national securities exchange, the Volume-Weighted Average Price (“VWAP”) or Time-Weighted Average Price (“TWAP”) of such securities over a specified period. BNYCM will generally attempt to offset the risk of such agreements by entering other principal transactions. This means that BNYCM may be at risk on all or part of the subject order. Nonetheless, any resulting profit or loss from the hedge or principal position/execution will accrue to BNYCM, unless otherwise agreed to with a client on a case-by-case basis.

Although BNYCM’s hedging activities may influence the benchmark price, the Firm will employ reasonable means in an attempt to minimize market impact, where reasonably practicable under the circumstances, market conditions permitting. Other principal or client activity executed by BNYCM in the same securities or related instruments may impact the benchmark and your execution price.

### **ETF Disclosures**

BNYCM may have interests different than yours relating to Exchange Traded Funds (“ETFs”) that you may purchase from or sell to us. The following sets forth a non-exhaustive list of such interests that may arise:

I. BNYCM may, pursuant to an agreement with the ETF trust, transfer agent, and distributor, act as an authorized participant (“AP”) in the purchase or sale of fund shares directly from an ETF and may, from time to time, act in such capacity. As an AP or otherwise, BNYCM may have information about pending creations and/or redemptions of ETF shares. Similarly, BNYCM may act as a market maker, or block positioner in the ETF shares, or in securities or other instruments that comprise the ETF or are part of the index whose performance the ETF seeks to track. BNYCM may buy or sell ETF shares, the underlying securities of a fund, derivatives, or other instruments, for other customers or for its own account while you are selling or buying ETF shares. BNYCM may receive customary brokerage commissions, mark-ups/mark-downs, or other charges and fees from these transactions and, when acting as principal, may also benefit from any spread. Therefore, by acting in such capacities, BNYCM may have positions in financial instruments mentioned herein, may have acquired such positions at prices no longer available and may have interests different than your interests.



II. Unless otherwise agreed between an ETF trust and BNYCM, pursuant to the terms on an AP agreement and the prospectus of a fund, ETF shares may only be redeemed in such aggregate units and not individually. Therefore, you understand and agree that any ETF shares you hold are not individually redeemable and may only be redeemed in such aggregate units (Creation units) through an AP and in accordance with such fund's prospectus.

III. BNYCM may publish desk commentary, sales commentary, reports and data with respect to ETF in-flows and out-flows, or otherwise express long-term or short-term views about an ETF, an index, the performance of which an ETF seeks to track, and/or the underlying securities and other instruments that comprise the index and/or ETF. The information contained in such content is subject to change and does not purport to contain all of the information that may be required to evaluate the ETF shares. BNYCM and its affiliates undertake no obligation to provide recipients of such content with any additional information or any update to, or correction of, the information contained therein. Thus, you are strongly encouraged to read any offering documents, including the prospectus, registration statements and other regulatory filings related to such ETF shares.

IV. In the short run, BNYCM's activities may impact the performance of the ETF, the underlying index securities, derivative instruments and/or the price at which you will be able to transact in your ETF shares in the secondary market. BNYCM's trading activities will, at times, be contrary to the trading activities of the ETF or ETF shareholders and BNYCM's interests will, at times, be inconsistent with those of the ETF and ETF shareholders. It is also possible that the Firm's activities could result in trading gains for BNYCM while the value of the ETF shares declines.

### **Average Price Confirmations**

Subject to applicable regulatory requirements, BNYCM may execute the customers' order in more than one transaction over a period of time, or, in certain markets, aggregate your order with other orders. In such instances, BNYCM will provide you with a confirmation noting that the aggregate amount of securities purchased or sold in the customers' account receive a single "average" price. BNYCM will provide the customer with information regarding individual executions upon request.

### **Stop Orders**

Clients should be aware that while stop orders may be a useful tool for investors who are unable to regularly monitor the price of their positions, they are not without potential risks. Stop prices are not guaranteed execution prices. A "stop order" becomes a "market order" when the "stop price" is reached and firms are required to execute a market order fully and promptly at the current market price. When the national best bid reaches the stop order



price for sell orders, and the national best offer reaches the stop order price for buy order, BNYCM will execute the stop order. Therefore, the price at which a stop order ultimately is executed may be very different from the investor's "stop price." Accordingly, while a customer may receive a prompt execution of a stop order that becomes a market order, during volatile market conditions, the execution may be at a significantly different price from the stop price if the market is moving rapidly.

### **"Net" Trading Orders**

At the time an order is placed with BNYCM, the customer may request to trade on a "net" basis. Pursuant to FINRA Rule 2124, a "net" transaction means a principal transaction in which BNYCM, after having received the customer order to buy (sell) an equity security, purchases (sells) the equity security at one price (from (to) another broker-dealer or another customer) and then sells to (buys from) the customer at a different price. In such case, BNYCM does not charge a commission, but rather collect the price difference between its principal transaction to buy (sell) the equity security and its subsequent sale (purchase) of the equity securities to (from) the customer as compensation for executing the transaction. BNYCM will only execute trades on a net basis at the request of a customer.

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

SEC Rule 15c3-5 requires broker-dealers with access to exchanges to establish, document and maintain a system of risk management controls and supervisory procedures that are reasonably designed to systematically limit financial exposure of the broker-dealer. Clients should be aware that these parameters may reject certain orders that exceed pre-determined risk parameters.

### **Regulation SHO Rule 204 Customer Fails to Deliver in U.S. Equity Securities**

Pursuant to Rule 204 of Regulation SHO, in connection with any customer sale transaction that results in a fail to deliver of a U.S. equity security at a registered clearing agency, BNYCM, prior to the open of trading on the first settlement day following the settlement date (in the case of short sales) or the third consecutive settlement day following the settlement date (in the case of long sales or sales attributable to bona-fide market making activity), immediately seek to resolve the fail by borrowing securities to make delivery or by engaging in a "buy-in" transaction in which BNYCM purchases the securities of like kind in the market in satisfaction of its delivery obligation. BNYCM reserves the right to charge the seller for the cost of such close-out borrows or buy-in transactions. To the extent we are unable to timely resolve the fail, our customers' ability to effect short sales through BNYCM in the failing security will be prohibited.

### **FINRA Rule 5131**



FINRA Rule 5131 prohibits the acceptance of market and market open orders for the purchase of shares of a new issue in the secondary market prior to the commencement of trading such shares in the secondary market. Accordingly, BNYCM will reject a customer market order for a new issue prior to the commencement of trading.

### **Request for Quote**

BNYCM, upon the customer's request and at BNYCM's discretion, may provide request for quote or indicative valuations of certain financial instruments. BNYCM provides indicative valuations for informational purposes only – they are not bids or offers or solicitations to conduct transactions. BNYCM will not undertake to update any indicative valuation provided to you, and the indicative valuation may differ from values used in BNYCM's books and records and from trading prices. Providing an indicative valuation is not meant to imply that an actual trading market exists for the financial instrument at the valuation provided.

Information from which such indicative quotations are based will be obtained from sources believed to be reliable. At no time shall BNYCM be deemed to guarantee the accuracy of such prices, make any representation or warranty or be held responsible for any losses or damages arising out of errors, omissions, changes in market factors or conditions, or any circumstances beyond BNYCM's control.

### **ERISA Section 408(b)(2)**

Section 408(b)(2) of the Employee Retirement Income Security Act ("ERISA") generally requires service providers to covered plans to disclose certain services and compensation in respect of arrangements covered thereunder. ERISA clients who trade through the BNYCM should read through the ERISA Section 408(b)(2) disclosure, which can be accessed on the BNYCM website

<https://www.bny.com/content/dam/bnymellon/documents/pdf/disclaimers/bny-mellon-capital-markets-llc-erisa-408b2-disclosure.pdf>. Text of ERISA rules may be obtained from the Global Compliance Division or from the Department of Labor's website at <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/erisa>.

### **After Hours Trading**

In accordance with FINRA Rule 2265, BNYCM may not accept a client order in pre or post-market session without disclosing that extended hours trading involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and any other relevant risk. The absence of an updated underlying index value or intraday indicative value is an additional trading risk in extended hours for Derivative Securities products.



### Material Trading Risks

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

2. 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 market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular markets hours.

3. Risk of Changing Prices – The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading versus what you would receive during regular market hours.

4. Risk of Unlinked Markets – Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours 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 versus what you would receive in another extended hours trading system.

5. Risk of News Announcements – Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. These announcements may occur during extended hours trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated effect on the price of a security.

6. 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.

7. Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (“IIV”) – For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions, an investor who is unable to



calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

### **Use of Information and Hedging Activities**

Under certain circumstances, BNYCM may use information concerning customer orders or proposed transactions to facilitate the execution of those orders or transactions and may, subject to applicable rules and regulations, take the information into account in limiting the risks to which the Firm is subject in the course of its activities. In addition, the Firm traders that facilitate customer orders and engage in proprietary trading activities are exposed to customer information in connection with their facilitation activities.

In particular, BNYCM may engage in different types of trading strategies for its customers, either as agent or principal. In the latter case, BNYCM may seek to purchase or sell individual or related securities or derivatives to unwind the facilitation position, or to hedge (i.e., reduce or eliminate) its risk. For example, the customer may from time to time place orders with BNYCM to be executed at an agreed upon price. By their nature, guaranteed benchmark orders generally require BNYCM to conduct positioning/facilitation transactions in the subject securities for a portion of or throughout the day.

### **US Treasury Securities, Agency Debt, and Agency Mortgaged-Backed Securities Fails Charge Trading Practice**

The Treasury Market Practices Group (the “TMPG”) and the Securities Industry and Financial Markets Association (“SIFMA”) have published the “US Treasury Security Fails Charge Trading Practices” and the “Agency Debt and Agency Mortgage-Backed Securities Fails Charge Trading Practices” standard procedure (as modified and in effect from time to time and published by the TMPG and SIFMA at <https://www.sifma.org/resources/general/fails-charge-trading-practices/> the “Fails Charge Trading Practices”), with respect to US Treasury Securities, debentures issued by Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, and agency mortgage-backed securities issued or guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae (“Treasuries,” “Agency Debt,” and “Agency MBS,” respectively). BNYCM has adopted these Fails Charge Trading Practices for purposes of our transactions with you. Delivery-versus-payment or delivery-versus-transfer transactions in Treasuries, Agency Debt, or Agency MBS entered into between the client and BNYCM shall be deemed to be subject to the Fails Charge Trading Practices, unless otherwise agreed in respect of a particular transaction, as described more fully below. In addition, if the customer has a prime brokerage relationship with BNYCM, BNYCM may offer contractual settlement on non-delivery-versus-payment and delivery-versus-transfer transactions in Treasuries. Although funds and securities may have been credited to the customer’s account, the underlying transaction may not have settled. Accordingly, if BNYCM is held liable for a Fails Charge in connection with an unsettled trade, BNYCM may seek to obtain reimbursement from you delivering broker or may seek reimbursement from the customer.



By entering into any transactions with BNYCM for the delivery of Treasuries, Agency Debt, or Agency MBS against the payment of funds or the transfer of securities (including any cash purchases or sale, forward purchase or sale (including with respect to Agency MBS any to-be-announced transaction, specified pool transaction, or dollar roll), option, repurchase (“repo”) or reverse repo transaction, or bonds borrow or loan transaction), the customer will be deemed to have agreed for any such transactions that the failure to enforce such a Fails Charge in any one transaction or in multiple transactions shall not constitute a waiver of the foregoing rights with regard to any other transactions subject to a Fails Charge. The claim of a Fails Charge shall be without prejudice to any other rights or remedies under the applicable law and shall not constitute a waiver of the non-failing party’s right to exercise any other remedy.



## **Privacy Statements and Privacy Notices**

BNYCM's privacy statements and privacy notices are available at <https://www.bny.com/corporate/global/en/disclaimers/business-disclaimers.html#capmarkets-us>

## **Complaints**

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

BNY Mellon Capital Markets, LLC  
240 Greenwich Street  
New York, NY 10286  
Attn: Chief Compliance Officer

## **Questions**

Should you have any questions or require any additional information regarding this statement, please contact your BNYCM Sales Contact.