



**FUTURES AND DERIVATIVES  
CUSTOMER DISCLOSURES**

**MAREX CAPITAL MARKETS INC.**

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## COMBINED DISCLOSURE STATEMENT

The risk of loss in trading commodity futures contracts can be substantial. You should, therefore, carefully consider whether such trading is suitable for you in light of your circumstances and financial resources. You should be aware of the following points:

### FUTURES

(1) You may sustain a total loss of the funds that you deposit with your broker to establish or maintain a position in the commodity futures market, and you may incur losses beyond these amounts. If the market moves against your position, you may be called upon by your broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain your position. If you do not provide the required funds within the time required by your broker, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account.

(2) The funds you deposit with a futures commission merchant for trading futures positions are not protected by insurance in the event of the bankruptcy or insolvency of the futures commission merchant, or in the event your funds are misappropriated.

(3) The funds you deposit with a futures commission merchant for trading futures positions are not protected by the Securities Investor Protection Corporation even if the futures commission merchant is registered with the Securities and Exchange Commission as a broker or dealer.

(4) The funds you deposit with a futures commission merchant are generally not guaranteed or insured by a derivatives clearing organization in the event of the bankruptcy or insolvency of the futures commission merchant, or if the futures commission merchant is otherwise unable to refund your funds. Certain derivatives clearing organizations, however, may have programs that provide limited insurance to customers. You should inquire of your futures commission merchant whether your funds will be insured by a derivatives clearing organization and you should understand the benefits and limitations of such insurance programs.

(5) The funds you deposit with a futures commission merchant are not held by the futures commission merchant in a separate account for your individual benefit. Futures commission merchants commingle the funds received from customers in one or more accounts and you may be exposed to losses incurred by other customers if the futures commission merchant does not have sufficient capital to cover such other customers' trading losses.

(6) The funds you deposit with a futures commission merchant may be invested by the futures commission merchant in certain types of financial instruments that have been approved by the Commission for the purpose of such investments. Permitted investments are listed in Commission Regulation 1.25 and include: U.S. government securities; municipal securities; money market mutual funds; and certain corporate notes and bonds. The futures commission merchant may retain the interest and other earnings realized from its investment of customer funds. You should be familiar with the types of financial instruments that a futures commission merchant may invest customer funds in.

(7) Futures commission merchants are permitted to deposit customer funds with affiliated entities, such as affiliated banks, securities brokers or dealers, or foreign brokers. You should inquire as to whether your futures commission merchant deposits funds with affiliates and assess whether such deposits by the futures commission merchant with its affiliates increases the risks to your funds.

(8) You should consult your futures commission merchant concerning the nature of the protections available to safeguard funds or property deposited for your account.

(9) Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market reaches a daily price fluctuation limit ("limit move").

(10) All futures positions involve risk, and a "spread" position may not be less risky than an outright "long" or "short" position.

(11) The high degree of leverage (gearing) that is often obtainable in futures trading because the small margin requirements can work against you as well as for you. Leverage (gearing) can lead to large losses as well as gains.

(12) In addition to the risks noted in the paragraphs enumerated above, you should be familiar with the

futures commission merchant you select to entrust your funds for trading futures positions. The Commodity Futures Trading Commission requires each futures commission merchant to make publicly available on its Website firm specific disclosures and financial information to assist you with your assessment and selection of a futures commission merchant. Information regarding this futures commission merchant may be obtained by visiting our Website <https://www.marex.com>.

## **OPTIONS**

### **Variable degree of risk**

(13) Transactions in options carry a high degree of risk. Purchasers and seller of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

(14) The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable is ordinarily remote.

(15) Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the position is 'covered' by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

(16) Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

## **ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS**

### **Terms and conditions of contracts**

(17) You should ask the firm with which you deal about the term and conditions of the specific futures or options which you are trading and associated obligations (e.g., the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

### **Suspension or restriction of trading and pricing relationships**

(18) Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

(19) Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

### **Deposited cash and property**

(20) You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specified legislation or local rules. In some jurisdictions, property which has been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

### **Commission and other charges**

(21) Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

### **Currency risks**

(22) The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

### **Trading facilities**

(23) Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

### **Electronic trading**

(24) Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risk associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

### **Off-exchange transactions**

(25) In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.

### **ALL OF THE POINTS NOTED ABOVE APPLY TO ALL FUTURES TRADING WHETHER FOREIGN OR DOMESTIC. IN ADDITION, IF YOU ARE CONTEMPLATING TRADING FOREIGN FUTURES OR OPTIONS CONTRACTS, YOU SHOULD BE AWARE OF THE FOLLOWING ADDITIONAL RISKS:**

(26) Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, customers who trade on foreign exchanges may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. Before you trade, you should familiarize yourself with the foreign rules which will apply to your particular transaction.

(27) Finally, you should be aware that the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the foreign futures contract is liquidated or the foreign option contract is liquidated or exercised.

**THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF THE COMMODITY MARKETS.**

## **PRIVACY OF CONSUMER FINANCIAL INFORMATION**

### **YOUR PRIVACY IS IMPORTANT TO US**

Protecting your privacy is important to Marex Capital Markets Inc. (“MCM”) and our employees. We are committed to maintaining the confidentiality, integrity, and security of your personal information. When you provide personal information to us, we believe that you should be aware of our policies to protect the confidentiality of that information.

### **INFORMATION THAT WE COLLECT**

Information we may receive from you on applications or other forms or communications, or from other entities such as commodity exchanges or carrying brokers; information about your transactions with us, our affiliates, or others; and information we may receive from a consumer reporting agency. Collection of this information may be required pursuant to regulatory requirements.

### **INFORMATION**

We do not disclose any nonpublic personal information about our customers or former customers to anyone except as permitted by law. We may disclose nonpublic personal information to third parties, including, but not limited to, service bureau providers, in connection with the servicing, execution, clearing, and processing of your account and the transactions contained therein.

We may disclose the following kinds of nonpublic personal information about you to our affiliates in the ordinary course of business in accordance with the opening, supervision, and risk management of client accounts: (i) information we receive from you on applications or other forms, such as your name, address, social security number, assets, and income; (b) information about your transactions with us, our affiliates, or others, such as your account balance, financial information, parties to transactions, and other information; and (c) information we receive from consumer reporting agencies, such as your creditworthiness and credit history.

Customer information will be maintained according to industry standards and access to the information will be limited to personnel who need to know that information to provide products or services to you. MCM maintains physical, electronic and procedural safeguards to protect your personal information. If you decide to close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

If you have questions about our privacy policy, please contact our Compliance Department at (212) 618-2800.

## **CALIFORNIA RESIDENTS**

California residents should be aware that under the California Consumer Privacy Act (CCPA), Personal Information is information that identifies, relates to, or could reasonably be linked to directly or indirectly with a California resident. This section does not apply to Personal Information covered by certain sector-specific privacy laws, like the Gramm-Leach-Bliley Act (GLBA).

If you are a resident of California, you have certain rights in relation to your personal information pursuant to the California Consumer Privacy Act (CCPA). These include your right to:

- Request information about the personal information that we collect about you and the manner in which we process and disclose that information;
- Obtain the specific pieces of personal information that we have collected about in the 12 months preceding your request;
- Delete certain personal information that we have collected about you;
- Opt-out of disclosures of your personal information to third parties under certain circumstances; and
- Not be discriminated against as a result of exercising any of the aforementioned rights.

We are required under the CCPA to verify the requests we receive from you when you exercise any of the rights listed above. You may designate an authorized agent to exercise certain rights on your behalf by providing a power of attorney pursuant to California Probate Court. If we cannot verify your identity or verify you have authority to make the request on behalf of another individual, we will not honor your request.

If you have questions about our privacy policy, please contact our Compliance Department at (212) 618-2800.



## GDPR PRIVACY POLICY (FOR EU AND UK RESIDENTS ONLY)

### 1. THIS POLICY

- 1.1. This Policy is issued by Marex Capital Markets entities, identified as Controllers in the table in Section 12 below (together, "**MCM**", "**we**", "**us**" or "**our**"), and is addressed to individuals outside our organisation with whom we interact, including visitors to our websites (our "**Sites**"), customers, Personnel of corporate customers and vendors, and other recipients of our services (together, "**you**"). Defined terms used in this Policy are explained in Section 13 below.
- 1.2. This Policy may be amended or updated from time to time to reflect changes in our practices with respect to the Processing of Personal Data, or changes in applicable law or regulation. We encourage you to read this Policy carefully, and to regularly check this page to review any changes we might make in accordance with the terms of this Policy.

### 2. PROCESSING YOUR PERSONAL DATA

- 2.1. **Collection of Personal Data:** We collect Personal Data about you from a variety of sources as follows:
  - (A) when you provide it to us (for example, where you contact us via email or telephone, or by any other means);
  - (B) in the ordinary course of our relationship with you (for example, in the course of managing your transactions or during the on-boarding process);
  - (C) that you choose to make public, including via social media (for example, we may collect information from your social media profile(s), to the extent that you choose to make your profile publicly visible);
  - (D) from third parties who provide it to us (for example, your employer; our customers; credit reference agencies; and law enforcement and regulatory authorities);
  - (E) from third parties, where you purchase any of our products or services through such third parties;
  - (F) when you visit any of our Sites or use any features or resources available on or through a Site. When you visit a Site, your device and browser may automatically disclose certain information (such as device type, operating system, browser type, browser settings, IP address, language settings, dates and times of connecting to a Site and other technical communications information), some of which may constitute Personal Data.
- 2.2. **Creation of Personal Data:** We create Personal Data about you, such as records of your interactions with us, and details of your accounts, subject to applicable law and regulation.
- 2.3. **Relevant Personal and Sensitive Personal Data:** The categories of Personal Data about you that we may Process, subject to applicable law, are as follows:
  - (A) personal details: given name(s); preferred name(s); nickname(s), gender; date of birth; age; marital status; Social Security or national insurance number; passport number(s); other government issued number(s) (tax identification number(s); driving licence number(s)); nationality; lifestyle and social circumstances; images of passports, driving licences and signatures; authentication data (passwords, mother's maiden name, challenge/response questions and answers, PINs, facial and voice recognition data); photographs; visual images; and personal appearance and behaviour;
  - (B) family details: names and contact details of family members and dependents;  
contact details: address; telephone number; email address; and social media profile details;
  - (C) employment details: industry; role; business activities; names of current and former employers; work address; work telephone number; work email address; and work-related social media profile details;
  - (D) education history: details of your education and qualifications;
  - (E) financial details: billing address; bank account numbers; credit card numbers; cardholder or accountholder name and details; instruction records; transaction details; and counterparty details;

- (F) views and opinions: any views and opinions that you choose to send to us, or publish about us (including on social media platforms); and
- (G) Electronic Identifying Data: IP addresses; cookies, activity logs, online identifiers, unique device identifiers, and geolocation data.

2.4. **Processing your Sensitive Personal Data:** We do not seek to collect or otherwise Process your Sensitive Personal Data except where:

- (A) the Processing is necessary for compliance with a legal obligation (for example, to comply with any relevant diversity reporting obligations);
- (B) the Processing is necessary for the detection or prevention of crime (including the prevention of fraud) to the extent permitted by applicable law and regulation;
- (C) you have manifestly made those Sensitive Personal Data public;
- (D) the Processing is necessary for the establishment, exercise or defence of legal rights;
- (E) we have, in accordance with applicable law, obtained your explicit consent prior to Processing your Sensitive Personal Data (as above, this legal basis is only used in relation to Processing that is voluntary- it is not used for Processing that is necessary or obligatory in any way); or
- (F) processing is necessary for reasons of substantial public interest and occurs on the basis of an applicable law that is proportionate to the aim pursued and provides for suitable and specific measures to safeguard your fundamental rights and interests.

2.5. **Purposes for which we may Process your Personal Data:** The purposes for which we may Process Personal Data, subject to applicable law are:

- (A) AML/KYC: fulfilling our regulatory compliance obligations, including 'Know Your Client' checks and confirming and verifying your identity (including by using credit reference agencies), screening against government, supranational bodies (including but not limited to the European Union, the Office of Foreign Assets Control and the United Nations Security Council) and/or law enforcement agency sanctions lists, internal sanctions lists and other legal restrictions;
- (B) Client on-boarding: on-boarding new clients and compliance with our internal compliance requirements, policies and procedures;
- (C) Credit worthiness: conducting credit reference checks and other financial due diligence;
- (D) Provision of products and services to you: administering relationships and related services; performance of tasks necessary for the provision of the requested services: communicating with you in relation to those services;
- (E) Marketing/Prospecting: communicating with you via any means (including via email, telephone, text message, social media, post or in person) subject to ensuring that such communications are provided to you in compliance with applicable law: and maintaining and updating your contact information where appropriate;
- (F) Operation of our Sites: operation and management of our Sites; providing content to you: displaying advertising and other information to you: and communicating and interacting with you via our Sites;
- (G) IT operations: management of our communications systems, operation of IT security/IT security audits;
- (H) Health and safety: health and safety assessments and record keeping: and compliance with related legal obligations;
- (I) *Financial management sales: finance; corporate audit; and vendor management;*
- (J) Research, conducting market or customer satisfaction research: and engaging with you for the purposes of obtaining your views on our products and services;
- (K) Security: physical security of our premises (including records of visits to our premises and CCTV recordings); and electronic security (including login records and access details, where you access our electronic systems);

- (L) Investigations: detecting, investigating and preventing breaches of policy, and criminal offences, in accordance with applicable law;
- (M) Legal compliance: compliance with our legal and regulatory obligations under applicable law, including the recording of telephone lines where required;
- (N) Legal proceedings: establishing, exercising and defending legal rights;
- (O) Improving our products and services: identifying issues with existing products and services: planning improvements to existing products and services; and creating new products and services; and / or
- (P) Risk Management Audit: compliance, controls and other risk management.

**2.6 The legal basis on which we may perform Processing of your Personal Data:** The legal basis on which we may Process Personal Data, subject to applicable law are:

- (A) the Processing is necessary in connection with any contract that you may enter into with us, or which we are required to take prior to entering into a contract with you;
- (B) we have a legitimate interest in carrying out the Processing for the purpose of improving our products or services (to the extent that such legitimate interest is not overridden by your interests or fundamental rights and freedoms); and / or
- (C) have obtained your prior consent to the Processing (this legal basis is only used in relation to Processing that is entirely voluntary, it is not used for Processing that is necessary or obligatory in any way).

### **3. Disclosure of Personal Data to third parties**

3.1 We may disclose your Personal Data to other entities within the Marex Group, for legitimate business purposes (including providing services to you and operating our Sites), in accordance with applicable law. In addition, we may disclose your Personal Data to:

- (A) you and where appropriate, your family, your associates and your representatives;
- (B) clients and customers of our businesses;
- (C) credit reference agencies;
- (D) anti-fraud services;
- (E) data aggregation services;
- (F) accreditation bodies;
- (G) governmental, legal, regulatory, or similar authorities, ombudsmen, and central and/or local government agencies, upon request or where required, including for the purposes of reporting any actual or suspected breach of applicable law or regulation;
- (H) accountants, auditors, financial advisors, lawyers and other outside professional advisors to MCM, subject to binding contractual obligations of confidentiality;
- (I) debt-collection agencies and tracing agencies;
- (J) third party Processors (such as payment services providers; shipping companies; etc.) located anywhere in the world, subject to the requirements noted below in this Section 4;
- (K) any relevant party, claimant, complainant, enquirer, law enforcement agency or court, to the extent necessary for the establishment, exercise or defence of legal rights in accordance with applicable law;
- (L) any relevant party for the purposes of prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, including safeguarding against and the prevention of threats to public security in accordance with applicable law;
- (M) any relevant third-party acquirer(s) if we sell or transfer all or any relevant portion of our business or assets (including in the event of a reorganisation, dissolution or liquidation);
- (N) the press and the media; and / or

(O) voluntary and charitable organisations.

- 3.1 Our Sites may use third party plugins or content. If you choose to interact with any such plugins or content, your Personal Data may be shared with the third-party provider of the relevant social media platform. We recommend that you review that third party's privacy policy before interacting with its plugins or content.
- 3.2 If we engage a third-party Processor to Process your Personal Data, the Processor will be subject to binding contractual obligations to: (i) only Process the Personal Data in accordance with our prior written instructions; and (ii) use measures to protect the confidentiality and security of the Personal Data; together with any additional requirements under applicable law.

#### **4 INTERNATIONAL TRANSFER OF PERSONAL DATA**

- 4.1 Because of the international nature of our business, we may need to transfer your Personal Data within MCM, and more broadly within the Marex Group, and to third parties, as noted in Section 3 above, in connection with the purposes set out in this Policy. For this reason, we may transfer your Personal Data to other countries that may have different laws and data protection compliance requirements, including data protection laws of a lower standard to those that apply in the country in which you are located.
- 4.2 Where we transfer your Personal Data to other countries, in accordance with our regulatory requirements [https://ec.europa.eu/info/strategy/justice-and-fundamental-rights/data-protection/data-transfers-outside-eu/adequacy-protection-personal-data-non-eu-countries\\_en](https://ec.europa.eu/info/strategy/justice-and-fundamental-rights/data-protection/data-transfers-outside-eu/adequacy-protection-personal-data-non-eu-countries_en) and;
- (A) adequacy decisions;
  - (B) suitable Standard Contractual Clauses; and / or
  - (C) other valid transfer mechanisms.
- 4.3 If you want to receive more information about the safeguards applied to international transfers of personal data, please use the contact details provided in Section 12 below.

#### **5 DATA SECURITY**

- 5.1 MCM has implemented appropriate technical and organisational security measures designed to protect your Personal Data against accidental or unlawful destruction, loss, alteration, unauthorised disclosure, unauthorised access, and other unlawful or unauthorised forms of Processing, in accordance with applicable law and regulation.
- 5.2 You are responsible for ensuring that any Personal Data that you send to us is sent securely.

#### **6 DATA ACCURACY**

- 6.1 We take reasonable steps designed to ensure that:
- (A) your Personal Data that we Process is accurate and, where necessary, kept up to date; and
  - (B) any of your Personal Data that we Process that is inaccurate (having regard to the purposes for which they are Processed) is erased or rectified without delay.
- 6.2 From time to time we may ask you to confirm the accuracy of your Personal Data.

#### **7 DATA MINIMISATION**

We take reasonable steps designed to ensure that Personal Data that we Process is limited to the Personal Data reasonably required in connection with the purposes set out in this Policy.

#### **8 DATA RETENTION**

- 8.1 MCM takes reasonable steps designed to ensure that your Personal Data is only Processed for the minimum period necessary for the purposes set out in this Policy. The criteria for determining the duration for which we will retain your Personal Data is as follows:
- (A) we will retain copies of your Personal Data in a form that permits identification only for as long as:

- (i) we maintain an ongoing relationship with you (for example, where you are a recipient of our services, or you are lawfully included in our mailing list and have not unsubscribed); or
  - (ii) your Personal Data is necessary in connection with the lawful purposes set out in this Policy, for which we have a valid legal basis (for example, where your Personal Data is included in a contract between you and MCM, and we have a legitimate interest in processing those data for the purposes of operating our business and fulfilling our obligations under that contract; or where we have a legal or regulatory obligation to retain your Personal Data); and
- (B) for the duration of:
- (i) any applicable limitation period under applicable law or regulation (for example, any period during which any person could bring a legal claim against MCM in connection with your Personal Data, or to which your Personal Data may be relevant); and
  - (ii) an additional three (3) month period following the end of such applicable limitation period (so that, if a person brings a claim at the end of the limitation period, we are still afforded a reasonable amount of time in which to identify any Personal Data that are relevant to that claim); and
- (C) if any relevant legal claims or regulatory investigations are applicable to your Personal Data, MCM may continue to Process your Personal Data for such additional periods as are necessary in connection with such claim or investigation.

8.2 During the periods noted in paragraphs (B)(i) and (B)(ii) above, MCM will restrict its Processing of your Personal Data to storage of, and maintaining the security of the data, except to the extent that the data needs to be reviewed in connection with any legal claim, or any obligation under applicable law or regulation.

8.3 Once the periods in paragraphs (A) - (C) above, each to the extent applicable, have concluded, we will either:

- (A) permanently delete or destroy the relevant Personal Data;
- (B) archive your Personal Data so that it is beyond use; or
- (C) anonymise the relevant Personal Data.

## 9 YOUR LEGAL RIGHTS

9.1 Subject to applicable law, you have a number of rights regarding the Processing of your Personal Data, including:

- (A) the right to request access to, or copies of, your Personal Data that we Process or control, together with information regarding the nature, processing and disclosure of those Personal Data;
- (B) the right to request rectification of any inaccuracies in your Personal Data that we Process or control;
- (C) the right to request, on legitimate grounds:
  - (i) erasure of your Personal Data that we Process or control; or
  - (ii) restriction of Processing of your Personal Data that we Process or control;
- (D) the right to have your Personal Data that we Process or control transferred to another Controller, to the extent applicable;
- (E) where we Process your Personal Data with your consent, the right to withdraw that consent;
- (F) the right to lodge complaints with a Data Protection Authority regarding the Processing of your Personal Data by us or on our behalf.

9.2 This Policy does not affect your statutory rights.

9.3 Subject to applicable law, you may also have the following additional rights regarding the Processing of your Personal Data:

- (A) the right to object, on grounds relating to your particular situation, to the Processing of your Personal Data by us or on our behalf; and
- (B) the right to object to the Processing of your Personal Data by us or on our behalf for direct marketing purposes.

9.4 To exercise one or more of these rights, or to ask a question about these rights or any other provision of this Policy, or our Processing of your Personal Data, please use the contact details provided in Section 12 below.

## 10 COOKIES

A cookie is a small file that is placed on your device when you visit a website (including our Sites) which records information about your device, your browser and, in some cases, your preferences and browsing habits. MCM may Process your Personal Data through cookie technology, in accordance with our Cookie Policy.

## 11 DIRECT MARKETING

11.1 We may Process your Personal Data to contact you, primarily by mail and email and on occasion by telephone, so that we can provide you with information concerning products and services that may be of interest, provided that we have first obtained your consent, to the extent required by, and in accordance with, applicable law and regulation.

11.2 If you do not wish to receive marketing communications from us you can opt out at any time by contacting your MCM Account Executive. After you unsubscribe, we will not send you further promotional emails, but we may continue to contact you to the extent necessary for the purposes of any services you have requested.

## 12 CONTACT DETAILS

12.1 For the purpose of this Policy, the relevant Controllers are noted below and the Data Managers can be contacted using the following link [dataprotectionoffice@marex.com](mailto:dataprotectionoffice@marex.com).

CONTROLLER ENTITY	CONTACT DETAILS
Marex Hong Kong Limited	Suites 3204-5, 32/F Champion Tower, No. 3 Garden Road, Central, Hong Kong
Marex Capital Markets Inc.	140 East 45th Street, 42nd Floor, New York, NY 10017
Marex Financial	3 London Bridge Street, London, SE1 9SG, United Kingdom
Marex Capital Markets MENA Limited	Office OT 17-42, Level 17, Central Park Offices, Dubai International Financial Centre, P.O. Box 507074 Dubai, United Arab Emirates

If you have any comments, questions or concerns about any of the information in this Policy, or any other issues relating to the Processing of Personal Data by MCM, please contact your regular Account Executive.

### 13. DEFINED TERMS

<b>“Company Data”</b>	Any type of information created, received, or transmitted in the transaction of Company business, including Personal Data, regardless of physical format.
<b>“Controller”</b>	The entity that decides how and why Personal Data is Processed. In many jurisdictions, the Controller has primary responsibility for complying with applicable data protection laws.
<b>“Customers” or “Clients”</b>	Parties with whom the Group enters into contractual arrangements, whether as a provider or recipient of products or services.
<b>“Data Breach”</b>	A breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, Company Data or the physical, technical, administrative or organisational safeguards that we or our third-party service providers put in place to protect Company Data.
<b>“Data Manager”</b>	The appointed individual responsible for each Controller.
<b>“Data Protection Authority”</b>	An independent public authority that is tasked with overseeing compliance with applicable data protection laws.
<b>“Data Subject”</b>	A living, identified or identifiable individual about whom we hold Personal Data.
<b>“Marex Group”</b>	All direct and indirect subsidiaries of Marex Financial.
<b>“Personnel”</b>	All current, former and prospective directors, officers, consultants, employees, temporary staff, individual contractors, interns, secondees and other personnel.
<b>“Personal Data”</b>	Information in any format from which a Data Subject can be (directly or indirectly) identified. Personal Data includes both factual Information and statement of opinion relating to a Data Subject.
<b>“Process”, “Processed” or “Processing”</b>	Any activity that involves the use of Personal Data whether or not by automated means. It includes obtaining, recording or holding the data, or carrying out any operation or set of operations on the data including consulting, organising, amending, retrieving, using, disclosing, aligning or combining, erasing or destroying it. Processing also includes transmitting or transferring Personal Data to third parties.
<b>“Processor”</b>	Any person or entity that Processes Personal Data on behalf of the Controller (other than employees of the Controller).
<b>“Sensitive Personal Data”</b>	Personal Data about race or ethnicity, political opinions, religious or philosophical beliefs, trade union membership, physical or mental health, sexual life, or any other information that may be deemed to be sensitive under applicable law or regulation.

## **ELECTRONIC TRADING AND ORDER ROUTING SYSTEMS DISCLOSURE STATEMENT**

*Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade.*

### **1. Differences Among Electronic Trading Systems**

Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of Internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

### **2. Risks Associated with System Failure**

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority.

### **3. Simultaneous Open Outcry Pit and Electronic Trading**

Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.

### **4. Limitation of Liability**

Exchanges offering an electronic trading or order routing system and/or listing the contract may have adopted rules to limit their liability, the liability of futures commission merchants, and software and communication system vendors and the amount of damages you may collect for system failure and delays. These limitations of liability provisions vary among the exchanges. You should consult the rules and regulations of the relevant exchange(s) in order to understand these liability limitations.



# **ELECTRONIC ORDER ENTRY AND ACCOUNT ACCESS AGREEMENT**

## **1. License Grant and Right of Use**

This Agreement sets forth the terms and conditions under which we, Marex Capital Markets Inc., shall permit you to have access to one or more terminals, including terminal access through your internet browser, for the electronic transmission of orders for your accounts with us. This Agreement also sets forth the terms and conditions under which we shall permit you electronically to monitor the activity and positions in your account (collectively, the "Service"). The Service may be a proprietary service offered by us or a third party system offered by another broker, vendor or exchange. For purposes of this Agreement, the term "Service" includes all software and communication links. By this Agreement, where we are supplying you with software for use with the Service, we grant you non-exclusive and non-transferable license to use such software subject to the terms hereof. You may use the software solely for your own internal business purposes. Neither the software nor the Service may be used to provide computer time sharing, third party training, virtual or actual hosting or as a service bureau for any third parties. If your account has been introduced to us, all references to us in this Agreement shall include your broker, and your broker shall enjoy all benefits and rights hereunder. Nothing in this Agreement alters or modifies the terms of any other agreement between us. If the Service is sponsored by a third party, you agree that we shall enjoy all of the rights and benefits under the terms of any agreements between the third party Service sponsor and you as if we were a party to such agreement.

## **2. Access**

Where access is controlled by us, we shall provide you with access to the Service. If the Service is sponsored by a third party you may need additional consents in order to access the Service. The Service may be used to transmit, receive and confirm execution of orders, subject to prevailing market conditions and applicable exchange rules and regulations. We consent to your access and use in reliance upon your having adopted procedures to prevent unauthorized access to and use of the Service, and in any event, you agree to any financial liability for trades executed through the Service.

If permitted by the Service, you may send and receive electronic mail, engage in conferences and chats, download and upload files and otherwise use the Service as permitted herein, our policies, applicable law and, if a third party sponsored Service, the Service's terms of use and access agreement. Files that you upload and your activity in conferences and chats are subject to review, modification and deletion without notice to you. We reserve the right in our sole and absolute discretion to institute or change policies at any time. Files uploaded to a bulletin board may be subject to posted limitations on usage, reproduction and/or dissemination, and you are responsible for adhering to such limitations if you download them.

## **3. Use of Passwords**

You acknowledge, represent and warrant that: (a) you have received a number, code or other sequence which provides access to the Service (the "Password"); (b) you are the sole and exclusive owner of the Password; (c) you are the sole and exclusive owner of any identification number, code or other sequence which allows access to the Service via computerized online service (the "ID"); and (d) you accept full responsibility for use and protection of the Password and the ID as well as for any transaction occurring in an account opened, held or accessed through the ID or the Password.

You shall be legally bound by any electronic order entry and account access agreement with us upon clicking the "I ACCEPT" button (or other similar indicia of acceptance) after entering the required Password or ID. You represent, warrant and agree that any individual who has possession of any Password or ID is your duly authorized representative, having the power and authority to legally bind you in this manner. Such acceptance shall be deemed to be as effective as a written signature performed manually by you and shall be deemed to satisfy any writings requirements of any applicable law despite being written and accepted electronically. Our electronically or other properly stored copy of any such agreement shall be deemed to be the true, complete, valid, authentic and enforceable copy of any such agreement. Our electronically stored record of the date on which you accept such an agreement shall be conclusive evidence as to the effective date. Except if there is obvious tampering or loss of data, you shall not contest the admissibility or enforceability of our copy of any such agreement.

## **4. Warranties and Limitation of Liability**

You accept responsibility for selection and use of the Service and for any trading and other decisions made by you based on its use. You shall not use any Password or ID we supply to you for clearing any transaction with another broker.

You accept responsibility for the monitoring of your account. You will immediately notify your broker and us in writing if you become aware of the following: (a) any loss, theft or unauthorized use of your Password(s), IDs and/or account number(s); or (b) any failure by you to receive a message indicating that an order was received and/or executed; or (c) any failure by you to receive an accurate confirmation of an execution; or (d) any receipt of confirmation of an order and/or execution which you did not place; or (e) any inaccurate information in your account balances, positions, or transaction history; or (f) any unauthorized access to your account or of your account information.

THE SERVICE IS PROVIDED "AS IS" AND WE MAKE NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES TO YOU REGARDING THE USABILITY, CONDITION OR OPERATION THEREOF. WE MAKE NO REPRESENTATIONS OR WARRANTIES REGARDING THE GOODS OR SERVICES PROVIDED BY ANY THIRD PARTIES WHO MAY PROVIDE CONTENT OR OFFER OTHER SERVICES. WE DO NOT WARRANT THAT ACCESS TO OR USE OF THE SERVICE WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT THE SERVICE WILL MEET ANY PARTICULAR CRITERIA OF PERFORMANCE OR QUALITY. WE EXPRESSLY DISCLAIM ALL IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, TITLE, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, COMPATIBILITY, SECURITY OR ACCURACY.

UNDER NO CIRCUMSTANCES, INCLUDING NEGLIGENCE, SHALL WE OR ANYONE ELSE INVOLVED IN CREATING, PRODUCING, DELIVERING OR MANAGING THE SERVICE BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES THAT RESULT FROM THE USE OF OR INABILITY TO USE THE SERVICE, OR OUT OF ANY BREACH OF ANY WARRANTY, INCLUDING, WITHOUT LIMITATION, THOSE FOR BUSINESS INTERRUPTION OR LOSS OF PROFITS. THIS EXCLUSION OR LIMITATION OF LIABILITY WILL NOT APPLY TO THE EXTENT THAT ANY APPLICABLE STATUTE PROHIBITS SUCH EXCLUSION OR LIMITATION OF LIABILITY. ANY LIABILITY ARISING OUT OF ANY ACTION OR OMISSION BY US SHALL BE LIMITED TO AN AMOUNT EQUAL TO THE AMOUNT OF USER FEES PAID TO US BY YOU FOR SERVICE ACCESS.

YOU EXPRESSLY AGREE THAT YOUR USE OF THE SERVICE IS AT YOUR SOLE RISK. YOU ASSUME FULL RESPONSIBILITY AND RISK OF LOSS RESULTING FROM USE OF, OR MATERIALS OBTAINED THROUGH, THE SERVICE. NEITHER WE NOR ANY OF OUR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, CONTRACTORS, AFFILIATES, THIRD PARTY VENDORS, FACILITIES, INFORMATION PROVIDERS, LICENSORS, EXCHANGES, CLEARING ORGANIZATIONS OR OTHER SUPPLIERS PROVIDING DATA, INFORMATION, OR SERVICES, INCLUDING BUT NOT LIMITED TO THE NEW YORK STOCK EXCHANGE, INC. (EACH A "PROVIDER"), WARRANT THAT THE SERVICE WILL BE UNINTERRUPTED OR ERROR FREE; NOR DO WE OR THEY MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE SERVICE OR AS TO THE TIMELINESS, SEQUENCE, ACCURACY, COMPLETENESS, RELIABILITY OR CONTENT OF ANY INFORMATION, SERVICE, OR TRANSACTION PROVIDED THROUGH THE SERVICE.

#### **THIS AGREEMENT DEFINES YOUR SOLE AND EXCLUSIVE REMEDY.**

Neither we nor any Provider shall be liable in any way to you or to any other person for: (a) any inaccuracy, error or delay in, or omission of (i) any such data, information or message, or (ii) the transmission or delivery of any such data, information or message; or (b) any loss or damage arising from or occasioned by (i) any such inaccuracy, error, delay or omission, (ii) non-performance, or (iii) interruption in any such data, information or message, due either to any negligent act or omission or to any condition of "force majeure" (e.g., flood, extraordinary weather condition, earthquake or other act of god, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, equipment or software malfunction) or any other cause, whether or not within our or any Provider's control.

We shall not be deemed to have received any order or communication electronically transmitted by you until we have actual knowledge of such order or communication. The terms contained in any confirmation issued to you through the Service are subject to change or correction based on the trade data supplied to us by the relevant exchange or market on which the trade was transacted.

The use and storage of any information including, without limitation, the Password, the ID, portfolio information, transaction activity, account balances and any other information or orders available to you through your use of the Service is your sole risk and responsibility. You are responsible for providing and maintaining the communications equipment (including personal computers and modems) and telephone or alternative services required for accessing and using the Service, and for all communications service fees and charges incurred by you in accessing the Service.

## **5. Representations**

You acknowledge that from time to time, and for any reason, the Service may not be operational or otherwise available for your use due to servicing, hardware malfunction, software defect, service or transmission interruption or other cause, and you agree to hold us and any Provider harmless from liability or any damage which results from the unavailability of the Service. You acknowledge that you have alternative arrangements which will remain in place for the transmission and execution of your orders, by telephone, facsimile transmission, or otherwise, in the event, for any reason, circumstances prevent the transmission and execution of all, or any portion of, your orders through the Service. In the event the Service is not operational, you agree to contact your account executive to make alternative order entry arrangements.

You are responsible for your communications via the Service. You may not, under any circumstances, do any of the following: (a) publish, post, distribute or disseminate defamatory, infringing, obscene or other unlawful or offensive material or information via the Service; (b) use the Service to threaten, harass, stalk, abuse, or otherwise violate the legal rights (including rights of privacy and publicity) of others; (c) intercept or attempt to intercept electronic mail; (d) upload files that contain software or other material protected by intellectual property laws (or by rights of privacy or publicity) unless you own or control the rights thereto or have received all necessary consents; (e) upload files that contain a virus or corrupted data; (f) delete any author attributions, legal notices or proprietary designations or labels in a file that you upload to a bulletin board; (g) falsify the source or origin of software or other material contained in a file that you upload to a bulletin board; (h) use the Service in a manner that adversely affects the availability of its resources to other members; (i) send electronic mail to other users of the Service for any purpose other than personal communication, including to advertise or offer to sell goods or services (except as otherwise expressly permitted by us); (j) download a file that you know (or reasonably should know) cannot be legally distributed via the Service (a file may have been uploaded notwithstanding such illegality); or (k) act, or fail to act, in your use of the Service, in a manner that is contrary to applicable law or regulation. Your failure to observe any of the foregoing limitations may result in civil or criminal liability, as well as termination of your use of the Service.

You represent and warrant that you are fully authorized to enter into this Agreement and are under no legal disability which would prevent you from trading, and that you are and shall remain in compliance with all laws, rules and regulations applicable to your business. You agree that you are familiar with and will abide by any rules or procedures adopted by us and any Provider in connection with use of the Service. Finally, you agree that you shall permit no person access to the Service until you have provided necessary training in its use.

You shall not (and shall not permit any third party) to copy, use, analyze, modify, decompile, disassemble, reverse engineer, translate or convert any software provided to you in connection with use of the Service or distribute the software or the Service to any third party.

## **6. Termination of Access and License**

We may, in our sole and absolute discretion, terminate or restrict your access to the Service, and may terminate this Agreement at any time. Upon termination, any software license granted to you herein shall automatically terminate and you shall return to us promptly any hardware, software, manuals or other items provided to you by us in connection with Service access. You will remain responsible for the payment of all charges incurred before termination becomes effective.

## **7. Indemnity**

You agree to indemnify and hold harmless us and each Provider and their respective principals, affiliates and agents from and against all claims, demands, proceedings, suits and actions and all losses (direct, indirect or otherwise), liabilities, costs and expenses (including attorney's fees and disbursements), paid in settlement, incurred or suffered by us and/or a Provider and/or our or their respective principals, affiliates and agents arising from or relating to your use of the Service or the transactions contemplated hereunder. This indemnity provision shall survive termination of this Agreement.

## **8. Miscellaneous**

(a) You may not amend the terms of this Agreement. We may amend the terms of this Agreement upon notice to you (including by electronic delivery), or if this Agreement is contained as part of a web site by posting the amended terms to that web site. By continued access to and use of the Service, you agree to any such amendments to this Agreement.

(b) You shall permit us by any reasonable and appropriate means to verify that you have complied with the terms of this agreement and you agree to cooperate fully with any such verification process.

(c) This Agreement is the entire agreement between the parties relating to the subject hereof, and, except with respect to the brokerage agreement between the parties, all prior negotiations and understandings between the parties, whether written or oral, are hereby merged into this Agreement. Nothing in this Agreement shall be deemed to supersede or modify a party's rights and obligations under the brokerage agreement.

(d) This Agreement shall be governed by the laws of the State of Illinois (USA) without reference to its conflict of laws principles.

## **UNIFORM NOTIFICATION REGARDING ACCESS TO MARKET DATA**

As a market user you may obtain access to Market Data available through an electronic trading system, software or device that is provided or made available to you by a broker or an affiliate of such. Market Data may include, with respect to products of an exchange ("Exchange") or the products of third party participating exchanges that are traded on or through the Exchange's electronic trading platform ("Participating Exchange"), but is not limited to, "real time" or delayed market prices, opening and closing prices and ranges, high-low prices, settlement prices, estimated and actual volume information, bids or offers and the applicable sizes and numbers of such bids or offers.

You are hereby notified that Market Data constitutes valuable confidential information that is the exclusive proprietary property of the applicable exchange, and is not within the public domain. Such Market Data may only be used for your firm's internal use. You may not, without the written authorization of the applicable exchange, redistribute, sell, license, retransmit or otherwise provide Market Data, internally or externally and in any format by electronic or other means, including, but not limited to the Internet. Further, you may not, without the written authorization of the applicable exchange, use Exchange Market Data for purposes of determining any price, including any settlement price, for any futures product, options on futures product, or other derivatives instrument traded on any exchange other than an Exchange or a Participating Exchange; or in constructing or calculating the value of any index or indexed product. Additionally, you agree you will not, and will not permit any other individual or entity to, (i) use Exchange Market Data in any way so as to compete with an Exchange or to assist or allow a third party to compete with an Exchange; or (ii) use that portion of Exchange Market Data which relates to any product of a Participating Exchange in any way so as to compete with that Participating Exchange or to assist or allow a third party to compete with such Participating Exchange.

You must provide upon request of the broker through which your firm has obtained access to Market Data, or the applicable exchange, information demonstrating your firm's use of the Market Data in accordance with this Notification. Each applicable exchange reserves the right to terminate a market user's access to Market Data for any reason. You also agree that you will cooperate with an exchange and permit an exchange reasonable access to your premises should an exchange wish to conduct an audit or review connected to the distribution of Market Data.

NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER, NOR THEIR RESPECTIVE MEMBERS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, GUARANTEE THE TIMELINESS, SEQUENCE, ACCURACY OR COMPLETENESS OF THE DESIGNATED MARKET DATA, MARKET INFORMATION OR OTHER INFORMATION FURNISHED NOR THAT THE MARKET DATA HAVE BEEN VERIFIED. YOU AGREE THAT THE MARKET DATA AND OTHER INFORMATION

PROVIDED IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED AS AN OFFER OR SOLICITATION WITH RESPECT TO THE PURCHASE OR SALE OF ANY SECURITY OR COMMODITY.

NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER NOR THEIR RESPECTIVE MEMBERS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BE LIABLE TO YOU OR TO ANY OTHER PERSON, FIRM OR CORPORATION WHATSOEVER FOR ANY LOSSES, DAMAGES, CLAIMS, PENALTIES, COSTS OR EXPENSES (INCLUDING LOST PROFITS) ARISING OUT OF OR RELATING TO THE MARKET DATA IN ANY WAY, INCLUDING BUT NOT LIMITED TO ANY DELAY, INACCURACIES, ERRORS OR OMISSIONS IN THE MARKET DATA OR IN THE TRANSMISSION THEREOF OR FOR NONPERFORMANCE, DISCONTINUANCE, TERMINATION OR INTERRUPTION OF SERVICE OR FOR ANY DAMAGES ARISING THEREFROM OR OCCASIONED THEREBY, DUE TO ANY CAUSE WHATSOEVER, WHETHER OR NOT RESULTING FROM NEGLIGENCE ON THEIR PART. IF THE FOREGOING DISCLAIMER AND WAIVER OF LIABILITY SHOULD BE DEEMED INVALID OR INEFFECTIVE, NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER, NOR THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS SHALL BE LIABLE IN ANY EVENT, INCLUDING THEIR OWN NEGLIGENCE, BEYOND THE ACTUAL AMOUNT OF LOSS OR DAMAGE, OR THE AMOUNT OF THE MONTHLY FEE PAID BY YOU TO BROKER, WHICHEVER IS LESS. YOU AGREE THAT NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER NOR THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BE LIABLE TO YOU OR TO ANY OTHER PERSON, FIRM OR CORPORATION WHATSOEVER FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST PROFITS, COSTS OF DELAY, OR COSTS OF LOST OF DAMAGED DATA.

## **NOTICE REGARDING AVERAGE PRICE SYSTEM (“APS”)**

You should be aware that certain US and non-US exchanges, including the CME and CBOT, may now or in the future allow a futures commission merchant (“FCM”) such as MCM to confirm trades executed on such exchanges to some or all of their customers on an average price basis regardless of whether the exchanges have average price systems of their own. Average prices that are not calculated by an exchange system will be calculated by your FCM. In either case, trades that are confirmed to you at average prices will be designated as such on your daily and monthly statements.

APS enables a clearing firm to confirm to customers an average price when multiple execution prices are received on an order or series of orders for the same accounts. For example, if an order transmitted by an account manager on behalf of several customers is executed at more than one price, those prices may be averaged and the average may be confirmed to each customer. Customers may choose whether to use APS, and may request that APS be used for discretionary or non-discretionary accounts.

An order subject to APS must be for the same commodity. An APS order may be used for futures, options or combination transactions. An APS order for futures must be for the same commodity and month, and for options, it must be for the same commodity, month, put/call and strike.

An APS indicator will appear on the confirmation and monthly statement for a customer whose positions have been confirmed at an average price. This indicator will notify the customer that the confirmed price represents an average price or rounded average price.

The average price is not the actual execution price. APS will calculate the same price for all customers that participate in the order.

APS may be used when a series of orders are entered for a group of accounts. For example, a bunched APS order (an order that represents more than one customer account) executed at 10:00 a.m. could be averaged with a bunched APS order executed at 12:00 p.m. provided that each of the bunched orders is for the same accounts. In addition, market orders and limit orders may be averaged, as may limit orders at different prices, provided that each order is for the same accounts.

The following scenario exemplifies what occurs if an APS order is only partially executed. At 10:00 a.m. an APS order to buy 100 Dec S & P 500 futures contracts is transmitted at a limit price of 376.00; 50 are executed at 376.00, and the balance is not filled. At 12:00 p.m. an APS order to buy 100 Dec S & P 500 futures contracts is transmitted at a limit price of 375.00; 50 are executed at 375.00, and the balance is not filled. Both orders are part of a series for the same group of accounts. In this example, the two prices will be averaged. If the order was placed for more than one account, the account controller must rely on pre-existing allocation procedures to determine the proportions in which each account will share in the partial fill.

Upon receipt of an execution at multiple prices for an order with an APS indicator, an average will be computed by multiplying the execution prices by the quantities at those prices divided by the total quantities. An average price for a series of orders will be computed based on the average prices of each order in that series. The actual average price or the average price rounded to the next price increment may be confirmed to customers. If a clearing member confirms the rounded average price, the clearing member must round the average price up to the next price increment for a sell order. The rounding process will create a cash residual of the difference between the actual average price and the rounded average price that must be paid to the customer.

APS may produce prices that do not conform to whole cent increments. In such cases, any amounts less than one cent may be retained by the clearing member. For example, if the total residual to be paid to a customer on a rounded average price for 10 contracts is \$83.333333, the clearing member may pay \$83.33 to the customer.

If you would like more information on APS orders, please contact the MCM Compliance Department.

## **DIRECT ORDER TRANSMITTAL DISCLOSURE STATEMENT**

This statement applies to the ability of authorized customers of Marex Capital Markets Inc. (“MCM”) to place orders for foreign futures and options transactions directly with non-US entities (each, an “Executing Firm”) that execute transactions on behalf of MCM’s customer omnibus accounts.

Please be aware of the following should you be permitted to place the type of orders specified above:

1. The orders you place with an Executing Firm are for MCM’s customer omnibus account maintained with a foreign clearing firm. Consequently, MCM may limit or otherwise condition the orders you place with the Executing Firm.
2. You should be aware of the relationship of the Executing Firm and MCM. MCM may not be responsible for the acts, omissions, or errors of the Executing Firm, or its representatives, with which you place your orders. In addition, the Executing Firm may not be affiliated with MCM. If you choose to place orders directly with an Executing Firm, you may be doing so at your own risk.
3. It is your responsibility to inquire about the applicable laws and regulations that govern the foreign exchanges on which transactions will be executed on your behalf. Any orders placed by you for execution on that exchange will be subject to such rules and regulations, its customs and usages, as well as any local laws that may govern transactions on that exchange. These laws, rules, regulations, customs and usages may offer different or diminished protection from those that govern transactions on US exchanges. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. Before you trade, you should familiarize yourself with the foreign rules which will apply to your particular transaction. United States regulatory authorities may be unable to compel the enforcement of the rules of regulatory authorities or markets in non-US jurisdictions where transactions may be effected.
4. It is your responsibility to determine whether the Executing Firm has consented to the jurisdiction of the courts in the United States. In general, neither the Executing Firm nor any individuals associated with the Executing Firm will be registered in any capacity with the Commodity Futures Trading Commission. Similarly, your contacts with the Executing Firm may not be sufficient to subject the Executing Firm to the jurisdiction of courts in the United States in the absence of the Executing Firm's consent. Accordingly, neither the courts of the United States nor the Commission's reparations program will be available as a forum for resolution of any disagreements you may have with the Executing Firm, and your recourse may be limited to actions outside the United States.

Unless you object within five (5) days by giving notice as provided in your customer agreement after receipt of this disclosure, MCM will assume your consent to the aforementioned conditions.

## **CME DISCLOSURE STATEMENT FOR PAYMENT FOR ORDER FLOW**

When firms provide execution services to customers, either in conjunction with clearing services or in an execution only capacity, they may, in some circumstances, direct orders to unaffiliated market makers, other executing firms, individual floor brokers or floor brokerage groups for execution. When such unaffiliated parties are used, they may, where permitted, agree to price concessions, volume discounts or refunds, rebates or similar payments in return for receiving such business. Likewise, on occasion, in connection with exchanges that permit pre-execution discussions and “off-floor” transactions such as block trading, exchanges of physicals, swaps or options for futures or equivalent transactions, a counterparty solicited to trade opposite customers of an executing firm may make payments described above and/or pay a commission to the executing firm in connection with that transaction. This could be viewed as an apparent conflict of interest. In order to determine whether transactions executed for your account are subject to the above circumstances, please contact your executing firm account representative.

## **NON-CASH MARGIN DISCLOSURE STATEMENT**

THIS STATEMENT IS FURNISHED TO YOU BECAUSE RULE 190.10(c) OF THE COMMODITY FUTURES TRADING COMMISSION REQUIRES IT FOR REASONS OF FAIR NOTICE UNRELATED TO THIS COMPANY'S CURRENT FINANCIAL CONDITION:

1. YOU SHOULD KNOW THAT IN THE UNLIKELY EVENT OF THIS COMPANY'S BANKRUPTCY, PROPERTY, INCLUDING PROPERTY SPECIFICALLY TRACEABLE TO YOU, WILL BE RETURNED, TRANSFERRED OR DISTRIBUTED TO YOU, OR ON YOUR BEHALF, ONLY TO THE EXTENT OF YOUR PRO RATA SHARE OF ALL PROPERTY AVAILABLE FOR DISTRIBUTION TO CUSTOMERS.
2. NOTICE CONCERNING THE TERMS FOR THE RETURN OF SPECIFICALLY IDENTIFIABLE PROPERTY WILL BE BY PUBLICATION IN A NEWSPAPER OF GENERAL CIRCULATION.
3. THE COMMISSION'S REGULATIONS CONCERNING BANKRUPTCIES OF COMMODITY BROKERS CAN BE FOUND AT 17 CODE OF FEDERAL REGULATIONS, PART 190.



## **FOREIGN TRADER DISCLOSURE STATEMENT**

In accordance with Rules 15.05 and 21.03 of the Commodity Futures Trading Commission ("CFTC"), 17 C.F.R. §§15.05 and 21.03, we are considered to be your agent for purposes of accepting delivery and service of communications from or on behalf of the CFTC regarding any commodity futures contracts or commodity option contracts which are or have been maintained in your account(s) with us. In the event that you are acting as agent or broker for any other person(s), we are also considered to be their agent, and the agent of any person(s) for whom they may be acting as agent or broker, for purposes of accepting delivery and service of such communications. Service or delivery to us of any communication issued by or on behalf of the CFTC (including any summons, complaint, order, subpoena, special call, request for information, notice, correspondence or other written document) will be considered valid and effective service or delivery upon you or any person for whom you may be acting, directly or indirectly, as agent or broker.

You should be aware that Rule 15.05 also provides that you may designate an agent other than Marex Capital Markets Inc. Any such alternative designation of agency must be evidenced by a written agency agreement which you must furnish to us and which we, in turn, must forward to the CFTC. If you wish to designate an agent other than us, please contact us in writing. You should consult 17 C.F.R. §15.05 for a more complete explanation of the foregoing.

Upon a determination by the CFTC that information concerning your account(s) with us may be relevant in enabling the CFTC to determine whether the threat of a market manipulation, corner, squeeze, or other market disorder exists, the CFTC may issue a call for specific information from us or from you. In the event that the CFTC directs a call for information to us, we must provide the information requested within the time specified by the CFTC. If the CFTC directs a call for information to you through us as your agent, we must promptly transmit the call to you, and you must provide the information requested with the time specified by the CFTC. If any call by the CFTC for information regarding your account(s) with us is not met, the CFTC has authority to restrict such account(s) to trading for liquidation only. You have the right to a hearing before the CFTC to contest any call for information concerning your account(s) with us, but your request for a hearing will not suspend the CFTC's call for information unless the CFTC modifies or withdraws the call. Please consult 17 C.F.R. §21.03 for a more complete description of the foregoing (including the type of information you may be required to provide).

Certain additional regulations may affect you. Part 17 of the CFTC Regulations, 17 C.F.R. Part 17, requires each futures commission merchant and foreign broker to submit a report to the CFTC with respect to each account carried by such futures commission merchant or foreign broker which contains a reportable futures position. (Specific reportable position levels for all futures contracts traded on U.S. exchanges are established in Rule 15.03.) In addition, Part 18 of the CFTC Regulations, 17 C.F.R. Part 18, requires all traders (including foreign traders) who own or control a reportable futures or options position and who have received a special call from the CFTC to file a Large Trader Reporting Form (Form 103) with the CFTC within one day after the special call upon such trader by the CFTC. Please consult 17 C.F.R. 17 and 18 for more complete information with respect to the foregoing.

## **DISCLOSURE OF FUTURES COMMISSION MERCHANT MATERIAL CONFLICTS OF INTEREST**

The purpose of this document is to provide you with information about some of the material conflicts of interest that may arise between you and Marex Capital Markets Inc. (“MCM”) in connection with MCM performing services for you with respect to futures, options on futures, swaps (as defined in the Commodity Exchange Act), forwards or other commodity derivatives (“Contracts”). Conflicts of interests can arise in particular when MCM has an economic or other incentive to act, or persuade you to act, in a way that favors MCM or its affiliates.

Under applicable law, including regulations of the Commodity Futures Trading Commission (“CFTC”), not all swaps are required to be executed on an exchange or swap execution facility (each, a “Trading Facility”), even if a Trading Facility lists the swap for trading. In such circumstances, it may be financially advantageous for MCM or its affiliate to execute a swap with you bilaterally in the over-the-counter market rather than on a Trading Facility and, to the extent permitted by applicable law, we may have an incentive to persuade you to execute your swap bilaterally.

Applicable law may permit you to choose the CFTC-registered derivatives clearing organization (“Clearing House”) to which you submit a swap for clearing. You should be aware that MCM may not be a member of, or may not otherwise be able to submit your swap to, the Clearing House of your choice. MCM consequently has an incentive to persuade you to use a Clearing House of which MCM or its affiliate is a member.

You also should be aware that MCM or its affiliate may own stock in, or have some other form of ownership interest in, one or more U.S. or foreign Trading Facilities or Clearing Houses where your transactions in Contracts may be executed and/or cleared. As a result, MCM or its affiliate may receive financial or other benefits related to its ownership interest when Contracts are executed on a given Trading Facility or cleared through a given Clearing House, and MCM would, in such circumstances, have an incentive to cause Contracts to be executed on that Trading Facility or cleared by that Clearing House. In addition, employees and officers of MCM or its affiliate may also serve on the board of directors or on one or more committees of a Trading Facility or Clearing House.

In addition, Trading Facilities and Clearing Houses may from time to time have in place other arrangements that provide their members or participants with volume, market-making or other discounts or credits, may call for members or participants to pre-pay fees based on volume thresholds, or may provide other incentive or arrangements that are intended to encourage market participants to trade on or direct trades to that Trading Facility or Clearing House. MCM or its affiliate may participate in and obtain financial benefits from such incentive programs.

When we provide execution services to you (either in conjunction with clearing services or in an execution-only capacity), we may direct orders to affiliated or unaffiliated market-makers, other executing firms, individual brokers or brokerage groups for execution. When such affiliated or unaffiliated parties are used, they may, where permitted, agree to price concessions, volume discounts or refunds, rebates or similar payments in return for receiving such business. Likewise, where permitted by law and the rules of the applicable Trading Facility, we may solicit a counterparty to trade opposite your order or enter into transactions for its own account or the account of other counterparties that may, at times, be adverse to your interests in a Contract. In such circumstances, that counterparty may make payments and/or pay a commission to MCM in connection with that transaction. The results of your transactions may differ significantly from the results achieved by us for our own account, our affiliates, or for other customers.

In addition, where permitted by applicable law (including, where applicable, the rules of the applicable Trading Facility), MCM, its directors, officers, employees and affiliates may act on the other side of your order or transaction by the purchase or sale for an account, or the execution of a transaction with a counterparty, in which MCM or a person affiliated with MCM has a direct or indirect interest, or may affect any such order with a counterparty that provides MCM or its affiliates with discounts related to fees for Contracts or other products. In

cases where we have offered you a discounted commission or clearing fee for Contracts executed through MCM as agent or with MCM or its affiliate acting as counterparty, MCM or its affiliate may be doing so because of the enhanced profit potential resulting from acting as executing broker or counterparty.

MCM or its affiliate may act as, among other things, an investor, research provider, placement agent, underwriter, distributor, remarketing agent, structurer, securitizer, lender, investment manager, investment adviser, commodity trading advisor, municipal advisor, market maker, trader, prime broker or clearing broker. In those and other capacities, MCM, its directors, officers, employees and affiliates may take or hold positions in, or advise other customers and counterparties concerning, or publish research or express a view with respect to, a Contract or a related financial instrument that may be the subject of advice from us to you. Any such positions and other advice may not be consistent with, or may be contrary to, your interests or to positions which are the subject of advice previously provided by MCM or its affiliate to you, and unless otherwise disclosed in writing, we are not necessarily acting in your best interest and are not assessing the suitability for you of any Contract or related financial instrument. Acting in one or more of the capacities noted above may give MCM or its affiliate access to information relating to markets, investments and products. As a result, MCM or its affiliate may be in possession of information which, if known to you, might cause you to seek to dispose of, retain or increase your position in one or more Contracts or other financial instruments. MCM and its affiliate will be under no duty to make any such information available to you, except to the extent we have agreed in writing or as may be required under applicable law.

# A GUIDE TO THE STRUCTURE, MARKET TERMINOLOGY AND ORDER EXECUTION OF THE LONDON METAL EXCHANGE

## INTRODUCTION AND PURPOSE

1. This document is designed to provide customers of the London Metal Exchange (LME) with an overview of the structure of the LME, market terminology, and order execution. It is not a comprehensive trading guide, nor a complete guide to market terminology. Customers should always ensure that their requirements are explained in detail to the member responsible for order execution.

## THE LME

### Principal Nature

2. There are two types of contracts traded on the LME - Exchange Contracts and Client Contracts. Exchange Contracts are contracts between clearing members of the LME. Client Contracts are contracts between customers and ring dealing members (RDMs), or associate broker clearing members (ABCMs), or associate broker members (ABMs)<sup>1</sup>. Only RDMs, ABCMs and ABMs may issue Client Contracts. Open Position Statements issued to clients must state clearly '**THIS IS AN LME REGISTERED CLIENT CONTRACT**'. Contract criteria relating to LME contracts, including metal specifications, acceptable currencies, prompt dates, option strike prices for metals etc. are detailed in the LME rulebook and appropriate notices.
3. Exchange Contracts are traded between members, **matched** in LMEsmart (the LME matching system) and cleared by the Exchange's clearing house. Client Contracts are **registered** in LMEsmart and transmitted to the Exchange's clearing house but clearing arrangements are left to members to agree with their customers (subject to LME rules). Further details as to clearing arrangements are set out below.
4. All LME contracts are between parties acting as principals. This prevents any party entering into an LME Contract as agent for someone else but does not prevent an agent effecting a contract between two parties if the resulting LME contract is between disclosed parties, each acting as a principal. It is an essential requirement of an LME Client Contract that one party must be an RDM, ABCM or ABM. A list of members is available from the LME, and on the LME website: [www.lme.com](http://www.lme.com). A principal relationship does not mean that members do not take on quasi-fiduciary responsibilities when they effect trades for customers. In particular, if a member undertakes to deliver a particular service, for example deal a specific number of lots 'in the Ring' (see below), then it should take care to ensure that it complies with all the terms of such a transaction.
5. In respect of Exchange Contracts, an LME broker buying metal under an Exchange Contract from another LME broker cannot do so as agent for his customer. Where an LME broker buys metal under an Exchange Contract with a view to selling that metal to his customer, this is achieved by entering into a back-to-back Client Contract with the customer. Brokers and customers can agree the conditions that apply to their Client Contracts. For example, a customer may make it a condition of his Client Contract that the broker must enter into a back-to-back Exchange Contract for the metal being bought or sold. This does not make the customer a party to the Exchange Contract but does create additional duties and obligations owed by the broker under the Client Contract.
6. Customers should be clear about conditions that apply to their Client Contracts and about the obligations and duties that the broker owes as a result of those conditions.
7. Brokers should be clear about the duties and obligations they owe as a result of conditions attaching to their Client Contracts. They should also be clear about the duties they owe to their customers under the FCA's Conduct of Business Rules (COB).

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<sup>1</sup> For the purposes of this document these categories of members will be referred to as LME members, members or by the appropriate abbreviation

## Dual Capacity

8. LME members may act both in the capacity of market maker and broker. They may act in a particular manner depending on a number of circumstances, including the size of the order, the liquidity of the market at the time the order was placed, and, not least, the customer's instructions. Customer orders may be filled directly from a member's 'book' or following the purchase/sale of metal in the LME market. Furthermore, customer orders may be offset, amalgamated, broken-up or netted for execution. These methodologies apply equally to orders whether any resulting Exchange Contract is effected in the ring, in the interoffice market, or on LMEselect.
9. Customers with specific order requirements must make these known to the member at the time the order is placed. Customers wishing to know how their order was executed should request such information from the member.

## Trading on the LME

10. Trading takes place on the LME by open outcry in the rings and kerbs, between members in the inter-office, and over the Exchange's electronic trading system LMEselect.

## Open Outcry

11. Historically, during ring and kerb sessions, the majority of customer business reflects prices traded in the open outcry sessions. Customers can follow the market activity by monitoring quoted and traded prices disseminated via the LME market data dissemination system, or by listening to the simultaneous floor commentary provided by member(s). The LME market data dissemination system publishes prices traded during ring and kerb times on price vendor information services such as Reuters.
12. Members can continue to 'make a market' when requested by a customer during the ring and kerb sessions, although this is entirely at the member's discretion. Alternatively, the customer can decide whether to place an order using the 'order styles' mentioned below.

## Inter-office

13. Inter-office trading is conducted between members by telephone or by electronic means. On contacting an LME member for a quote, customers will usually be provided with the member's current bid and offer. The customer may trade on this quote, call another member in an attempt to improve the quote, leave a resting order with a member, or wait and monitor prices on the LME market data dissemination system. If an order cannot be filled from the member's book, it may be executed via a back-to-back Exchange Contract agreed via a telephone deal with another member or executed via LMEselect.

## LMEselect

14. LMEselect allows members to trade LME futures contracts, traded options and traded average price options, LMEswaps, LMEminis and index futures. Some brokers offer their customers an order-routing facility via an API<sup>1</sup> where they can view LMEselect prices, execute trades, and place resting orders. All trading on LMEselect is in US dollars.
15. LMEselect replaces neither inter-office trading nor trading in the ring. Depending on the time of day, it is possible for members to deal by telephone or electronically in the inter-office, by LMEselect, or in the rings. Customers should specify which mechanism their broker should use to effect an order, where they have a preference.

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<sup>1</sup> API Application Protocol Interface

16. Information vendors will display, amongst other things, firm prices of the best bid and offer available on LMEselect, the total volumes available at these prices, and the price and volume of each trade. Only LMEselect prices are displayed, not those of other third party electronic trading systems providing LME prices. Only RDMs and ABCMs are eligible to become LMEselect participants and to have direct access to the system. Customers may effect back-to-back Client Contracts with RDMs and ABCMs based upon prices available on LMEselect, whether on the telephone or via electronic order-routing systems.

## ORDER STYLES

### Ring

17. **Customer orders are not traded in the rings or kerbs**, so an order using the term 'in/on/during the ring/kerb' will be executed on the basis of the prices traded/quoted during the particular session. If a customer requires their order to be 'shown' or traded across the ring/kerb then they should make this requirement known to their executor, who may or may not accept this as a term of the order. The equivalent Exchange Contract for a customer order may not replicate its terms. As the customer is **not** a party to any Exchange Contracts i.e. those traded in open outcry between members in the ring/kerb sessions, in specifying ring/kerb, the customer is merely identifying a pricing mechanism. A member which undertakes to match a price traded in the ring/kerb is not necessarily undertaking that it will trade during that ring/kerb, only that it may do so. However, a customer may place an order with the specific request that the member trades an Exchange Contract replicating its order in the ring. In such circumstance the RDM can only trade this order by open outcry in the ring.
18. If a customer trades at the prevailing market quote proffered in the ring/kerb, their executor is not necessarily obliged to effect an Exchange Contract at the same price. This can lead to situations where the customer has traded at the prevailing market quote, without that same price trading in open outcry across the floor of the Exchange. However, if the instructions from the customer are to achieve a specific price i.e. close of ring 2, then this is the price that should be given, if that specific order is accepted.

### Market

19. In normal circumstances a market order is one executed on a timely basis at the prevailing market price. As mentioned above, at certain times of the business day, trading is taking place simultaneously in the ring or kerb, on LMEselect, and in the inter-office market. Traditionally, when open outcry trading is in session, the market is defined by activity within the ring/kerb. At other times, the market is split between inter-office trading and trading on LMEselect. During inter-office sessions, indicative quotes are available on the LME market data dissemination system; firm prices are available on LMEselect and the LMEselect page on information vendors' systems. The indicative prices might not be available to all parties.

### Best

20. Order styles on the LME using the word 'best' confer some discretion upon the members when executing the order, requiring them to use their 'best endeavours' on the customer's behalf. The extent of the discretion is fixed by the terms of the order. This type of order is distinct from 'best execution' as defined by the FCA.
21. Best orders may be executed both in rings/kerbs, inter-office and on LMEselect. Inter-office trades rely upon the members' skill in determining the level of the market at any particular time. Best orders received during ring/kerb times may not result in the customer receiving the 'best' price achieved during the session if the price improves after the member has booked the metal intended to fill the order. At any given time, the best price on LMEselect will be displayed on the system and by the information vendors. Customers should be

aware that depending on market conditions, the best price may move during the period from when the order was placed and when it was executed.

### **Close**

22. Most orders placed 'on the close' are for either the close of the second ring (official LME prices) or the final kerb (closing prices). Both these prices are demonstrable because of the publication of official and closing prices. Closing prices for other sessions are harder to determine, although the LME does publish unofficial prices which are established at the close of the fourth ring. In all circumstances, customers and members need to agree the style of execution i.e. bid/offer, mean or traded price. Members may not always be able to guarantee execution (price or volume) due to prevailing market conditions. A closing price on LMEselect is the last price traded before the system closes.

### **Open**

23. Customers placing orders to trade on the opening of a market session must provide clear instructions to the LME member which indicate how this order should be activated i.e. basis the opening bid/offer or basis the first trade in the session. Customers will also need to inform their executor of their requirements if the executor is unable to fill the order basis the 'opening' price in its entirety, due to market constraints such as insufficient liquidity. Customers may place orders with members for LMEselect that can be placed into the system for activation when the market opens.

### **Resting Orders**

24. When placing resting orders such as 'good 'til cancelled' ('GTC', or any derivations thereof) or stop loss orders, customers should ensure that they are in agreement with their executor's definition of the 'trigger' point of the order. Usually, this is interpreted as being the point when the order price is seen to be trading in the market, but it is possible to request the order be activated when the order level is either bid or offered as appropriate, via the prevailing market quote. Stop loss orders become market orders when a trade, or a bid or an offer triggers the stop, with members then executing the order at the current market price.
25. It is possible for a customer not to receive a 'fill' on a resting order despite the 'trigger' point being 'touched'. This could be due to a number of circumstances such as order priority, illiquidity, prevailing market conditions etc. Whatever the reason, the executor should be able to provide the customer with a full explanation of why it was unable to fill the order.
26. Customers should be aware that resting orders might be activated during periods of illiquidity in the market. As previously mentioned, this could result in the trade not being filled, or for 'stop' orders, a worse fill than anticipated ('slippage'). Customers should ensure the executor is fully aware of their requirements regarding the execution of an order, and adheres to any limitations, especially if the customer is not in contact with the market/member when the trigger point is reached.

### **LMEselect**

27. It is possible for customers to ask members to place resting orders in LMEselect. Where the broker has an order-routing system into LMEselect, customers will be able to place orders directly. The system accepts GTC orders (for Cash and 3 Month prompt dates only) and will also permit other variations such as Good for

Day. There are also certain other LMEselect-specific order types such as Iceberg<sup>1</sup>, Discretionary<sup>2</sup>, Scaling<sup>3</sup> and Fill or Kill orders<sup>4</sup>.

## **Conclusion**

28. The above order styles do not represent all possible methods of order execution on the LME. Members and customers should ensure that orders are communicated in meaningful terms that deliver the required execution in accordance with LME rules.

## **CLEARING ARRANGEMENTS**

### **Segregation**

29. The LME rules specify that Client Contracts must be registered in the Exchange's matching system (LMEsmart) and such registration must align the contract to a specific "omnibus" or "individually segregated" account at the Exchange's clearing house. LME Members are required to offer clients a choice of either type of account. The distinguishing factor between the two is: either (i) an "omnibus" account which has assets and positions allocated to it for multiple customers; or (ii) an "individually segregated" account which has assets and positions allocated to it for a single customer.

### **Portability**

30. Where there is an Event of Default (as defined in the LME rules) in relation to an LME Member and a customer wishes to transfer its positions from an account maintained with the defaulting LME Member to a solvent LME Member, it must notify the Exchange's clearing house in accordance with the procedures set out by the Exchange's clearing house from time to time. Failure to adhere to the procedures of the Exchange's clearing house within the prescribed timescales will result in the positions of a customer being closed out by the Exchange's clearing house.

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<sup>1</sup> Iceberg orders allow a trader to place an order without disclosing the full order quantity to the market. The trader specifies the open quantity amount seen by the market and the subsequent open order amounts at the time of the order placement. Any subsequent amendments to open quantity amount only take affect with the next order quantity to be placed, the current open quantity seen by the market does not change

<sup>2</sup> A discretionary order allows a trader to place an order with a discretionary price. This discretionary price remains hidden from view by the market. A discretionary Bid order will only trade when an opposing order is placed with an order price equal to or less than the discretionary price. For an Ask order the opposing order price must equal to or exceed the discretionary order price.

<sup>3</sup> A scaling order allows the user to automatically place repeat orders for an outright valid prompt date with a scaled order price. i.e. scaled down buying or scaled up selling; although the user is not forced to change the order price and therefore can enter repeat order at the same price level. This function will place an order with the same quantity and prompt date with an adjusted order price if desired, once the previous order has traded in the LMEselect system.

<sup>4</sup> A Fill and Kill Order is entered at a specific price with the intention to execute immediately and therefore fill all or part of, the order and immediately cancel any unfulfilled balance.





## Customer Advisory: Understand the Risks of Virtual Currency Trading

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The U.S. Commodity Futures Trading Commission (CFTC) is issuing this customer advisory to inform the public of possible risks associated with investing or speculating in virtual currencies or recently launched Bitcoin futures and options.

Virtual currency is a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Virtual currencies are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not currently backed nor supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional fiat currencies. Profits and losses related to this volatility are amplified in margined futures contracts.

For hedgers – those who own Bitcoin or other virtual currencies and who are looking to protect themselves against potential losses or looking to buy virtual currencies at some point in the future – futures contracts and options are intended to provide protection against this volatility. However, like all futures products, speculating in these markets should be considered a high-risk transaction.

### Bitcoin is a Commodity

Bitcoin and other virtual currencies have been determined to be commodities under the **Commodity Exchange Act (CEA)**. The Commission primarily regulates commodity derivatives contracts that are based on underlying commodities. While its regulatory oversight authority over commodity cash markets is limited, the CFTC maintains general anti-fraud and manipulation enforcement authority over virtual currency cash markets as a commodity in interstate commerce.

### What makes virtual currency risky?

Purchasing virtual currencies on the cash market – spending dollars to purchase Bitcoin for your personal wallet, for example – comes with a number of risks, including:

- most cash markets are not regulated or supervised by a government agency;
- platforms in the cash market may lack critical system safeguards, including customer protections;
- volatile cash market price swings or flash crashes;
- cash market manipulation;
- cyber risks, such as hacking customer wallets; and/or
- platforms selling from their own accounts and putting customers at an unfair disadvantage.

It's also important to note that market changes that affect the cash market price of a virtual currency may ultimately affect the price of virtual currency futures and options.

**When customers purchase a virtual currency-based futures contract, they may not be entitled to receive the actual virtual currency, depending on the particular contract.** Under most futures contracts currently being offered, customers are buying the right to receive or pay the amount of an underlying commodity value in dollars at some point in the future. Such futures contracts are said to be “cash settled.” Customers will pay or receive (depending on which side of the contract they have taken long or short) the dollar equivalent of the virtual currency based on an index or auction price specified in the contract. Thus, customers should inform themselves as to how the index or auction prices used to settle the contract are determined.

**Entering into futures contracts through leveraged accounts can amplify the risks of trading the product.** Typically, participants only fund futures contracts at a fraction of the underlying commodity price when using a margin account. This creates “leverage,” and leverage amplifies the underlying risk, making a change in the cash price even more significant. When prices move in the customers’ favor, leverage provides them with more profit for a relatively small investment. But, when markets go against customers’ positions, they will be forced to refill their margin accounts or close out their positions, and in the end may lose more than their initial investments.

## **Beware of related fraud**

Virtual currencies are commonly targeted by hackers and criminals who commit fraud. There is no assurance of recourse if your virtual currency is stolen. Be careful how and where you store your virtual currency. The CFTC has received complaints about virtual currency exchange scams, as well as Ponzi and “pyramid” schemes.

If you decide to buy virtual currencies or derivatives based on them, remember these tips:

- If someone tries to sell you an investment in options or futures on virtual currencies, including Bitcoin, verify they are registered with the CFTC. Visit [SmartCheck.gov](https://www.smartcheck.gov) to check registrations or learn more about common investment frauds.
- Remember—much of the virtual currency cash market operates through Internet-based trading platforms that may be unregulated and unsupervised.
- Do not invest in products or strategies you do not understand.
- Be sure you understand the risks and how the product can lose money, as well as the likelihood of loss. Only speculate with money you can afford to lose.
- There is no such thing as a guaranteed investment or trading strategy. If someone tells you there is no risk of losing money, do not invest.
- Investors should conduct extensive research into the legitimacy of virtual currency platforms and digital wallets before providing credit card information, wiring money, or offering sensitive personal information.
- The SEC has also warned that some token sales or initial coin offerings (ICOs) can be used to improperly entice investors with promises of high returns.<sup>1</sup>

If you believe you may have been the victim of fraud, or to report suspicious activity, contact us at 866.366.2382 or visit [CFTC.gov/TipOrComplaint](https://www.cftc.gov/TipOrComplaint).<sup>1</sup>

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<sup>1</sup> See [https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib\\_coinofferings](https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_coinofferings).

The CFTC has provided this information as a service to investors. It is neither a legal interpretation nor a statement of CFTC policy. If you have questions concerning the meaning or application of a particular law or rule, consult an attorney.

## NFA Investor Advisory—Futures on Virtual Currencies Including Bitcoin

**December 1, 2017**

The purpose of this investor advisory is to remind investors that, just like any other speculative investment, trading futures on virtual currencies, including Bitcoin, have certain benefits and various risks. While futures on virtual currencies must be traded on regulated futures exchanges, trading these products involves a high level of risk and may not be suitable for all investors.

It is critical, therefore, for investors who are considering trading virtual currency futures to educate themselves about these products, understand their risks, and conduct due diligence before making investment decisions. Investor protection begins with investor education.

- Conduct due diligence on any individuals and firms soliciting for an investment in futures on virtual currencies including Bitcoin by checking their Commodity Futures Trading Commission (CFTC) registration status, NFA membership status, and background using [NFA's BASIC system](#) or calling NFA's Information Center at 800-621-3570.
- Virtual currencies including Bitcoin experience significant price volatility, and fluctuations in the underlying virtual currency's value between the time you place a trade for a virtual currency futures contract and the time you attempt to liquidate it will affect the value of your futures contract and the potential profit and losses related to it. Be very cautious and monitor any investment that you make.
- Be aware of sales pitches offering investment schemes that promise significant returns with little risk or that encourage you to "act now." If an investment sounds too good to be true (e.g., high returns, guaranteed to perform in a certain way), then it probably is.
- Virtual currency futures contracts are bought and sold using initial margin money that can enable you to hold a virtual currency futures contract valued more than your initial investment. This is referred to as leverage. If the price of the futures contract moves in an unfavorable direction, the leveraged nature of the futures investment can produce large losses in relation to your initial investment. In fact, even a small move against your position may result in a large loss, including the loss of your entire initial deposit, and you may be liable for additional losses.
- Be aware of the risk of Ponzi scheme operators and fraudsters seeking to capitalize on the current attention focused on virtual currencies, including Bitcoin.

Outlined above are just some of the risks associated with trading futures on virtual currencies, including Bitcoin. Investors should consult the risk disclosures provided by their FCM and fully educate themselves on all of the associated risks before trading.

With CFTC oversight, each futures exchange listing a virtual currency futures contract is responsible for regulating its futures market. NFA performs market regulation services on behalf of certain futures exchanges and swap execution facilities. Please be aware, however, that just because futures on virtual currencies, including Bitcoin, must be traded on regulated futures exchanges does not mean that the underlying virtual currency markets are regulated in any manner, and as discussed above what occurs in a virtual currency's underlying market will impact the price of a virtual currency's futures contract.

Investors with questions or concerns regarding trading futures on virtual currencies including Bitcoin should contact NFA's Information Center (312-781-1410 or 800-621-3570 or [information@nfa.futures.org](mailto:information@nfa.futures.org)).

## DISRUPTIVE TRADE PRACTICES

CFTC and Exchange Rules, and Marex Capital Market's policies and procedures, prohibit disruptive trading practices.

CFTC and Exchange Rules Exchange rules prohibits the type of activity identified as "spoofing," including submitting or cancelling multiple bids or offers to create a misleading appearance of market depth and submitting or cancelling bids or offers with intent to create artificial price movements upwards or downwards. The Rules also prohibits "quote stuffing practices," which includes submitting or cancelling bids or offers to overload the quotation system of a registered entity and submitting or cancelling bids or offers to delay another person's execution of trades. Rules further encompass prohibitions against the disorderly execution of transactions during the closing period.

These prohibitions apply to open outcry trading as well as electronic trading activity, specifically:

- No person shall enter or cause to be entered an order with the intent, at the time of order entry, to cancel the order before execution or to modify the order to avoid execution;
- No Person shall enter or cause to be entered an actionable or non-actionable message or messages with intent to mislead other market participants<sup>1</sup>;
- No Person shall enter or cause to be entered an actionable or non-actionable message or messages with intent to overload, delay, or disrupt the systems of the Exchange or other market participants; and
- No person shall enter or cause to be entered an actionable or non-actionable message with intent to disrupt, or with reckless disregard for the adverse impact on, the orderly conduct of trading or the fair execution of transactions.

In determining whether specific conduct is a violation The CFTC and/or Exchanges may consider a number of factors including, but not limited to:

- whether the market participant's intent was to induce others to trade when they otherwise would not;
- whether the market participant's intent was to affect a price rather than to change his position;
- whether the market participant's intent was to create misleading market conditions;
- market conditions in the impacted market(s) and related markets;
- the effect on other market participants;
- the market participant's historical pattern of activity;
- the market participant's order entry and cancellation activity;
- the size of the order(s) relative to market conditions at the time the order(s) was placed;

- the size of the order(s) relative to the market participant's position and/or capitalization;
- the ability of the market participant to manage the risk associated with the order(s) if fully executed;
- the duration for which the order(s) is exposed to the market;
- the duration between, and frequency of, non-actionable messages;
- the queue position or priority of the order in the order book;
- the prices of preceding and succeeding bids, offers, and trades; the change in the best offer price, best bid price, last sale price, or Indicative Opening Price ("IOP") that results from the entry of the order; and
- the market participant's activity in related markets.

## Spooing

Spooing is defined as bidding or offering with the intent to cancel the bid or offer before execution, submitting or cancelling bids and offers to overload the quotation system of a marketplace; or to submit multiple bids or offers to create the appearance of false market depth. Spooing is considered a disruptive trading practice and is viewed as "unlawful" under Section 4c(a) of the Commodity Exchange Act.

The Federal Energy Regulatory Commission, which shares certain energy markets regulatory oversight with the CFTC, has also said it would find "spooing" a manipulative practice in trading wholesale natural gas and electric products.

Spooing is a manipulative activity which often has the following elements:

- Large-lot orders are placed without the intent of being filled (executed); but instead with the intent to create a misleading impression of increasing liquidity in the market; and/or
- Large-lot orders placed at or near the best bid (or best offer) price in a manner to avoid being filled in the marketplace; and/or
- Small-lot orders placed on the opposite side of the market from large-lot orders placed by the same trader, with the intent of taking advantage of any price movements that might result from the misleading impression of increasing liquidity that the large-lot orders created.

The CFTC takes the same reading of the statute and plans to interpret the prohibition under section 4c(a)(5)(A) as creating a "per se offense" – i.e., one where no proof of intent is required. Thus, traders who violate bids or offers may be liable under this subsection regardless of whether they do so intentionally or negligently (or even through no fault of their own).

## **Examples of Prohibited Activity**

The following is a non-exhaustive list of various examples of conduct that may be found to be considered disruptive trade practices:

**EXAMPLE 1:** A market participant enters one or more orders to generate selling or buying interest in a specific contract. By entering the orders, often in substantial size relative to the contracts' overall pending order volume, the market participant creates a misleading and artificial appearance of buy- or sell-side pressure. The market participant places these large orders at or near the best bid and offer prevailing in the market at the time. The market participant benefits from the market's reaction by either receiving an execution on an already resting order on the opposite side of the book from the larger order(s) or by obtaining an execution by entering an opposing side order subsequent to the market's reaction. Once the smaller orders are filled, the market participant cancels the large orders that had been designed to create the false appearance of market activity. Placing a bona fide order on one side of the market while entering order(s) on the other side of the market without intention to trade those orders would be considered a violation.

**EXAMPLE 2:** A market participant places buy (or sell) orders that he intends to have executed, and then immediately enters numerous sell (or buy) orders for the purpose of attracting interest to the resting orders. The market participant placed these subsequent orders to induce, or trick, other market participants to execute against the initial, order. Immediately after the execution against the resting order, the market participant cancels the open orders.

**EXAMPLE 3:** A market participant enters one or more orders in a particular market (Market A) to identify algorithmic activity in a related market (Market B). Knowing how the algorithm will react to order activity in Market A, the participant first enters an order or orders in Market B that he anticipates would be filled opposite the algorithm when ignited. The participant then enters an order or orders in Market A for the purpose of igniting the algorithm and creating momentum in Market B. This results in the participant's order(s) in Market B being filled opposite the algorithm. This conduct would be considered a violation, as the orders in Market A were not intended to be executed, as the orders in Market A were intended to mislead participants in related markets. If the conduct resulted in a disruption to the orderly execution of transactions, it may also be considered a violation

**EXAMPLE 4:** A market participant places large quantity orders at the beginning of the pre-opening period in an effort to artificially increase or decrease the IOP with the intent to attract other market participants. Once others join the market participant's bid or offer, the market participant cancels his orders shortly before the no-cancel period, which is a predetermined time before the trading session opens when orders can be entered but not cancelled or modified. Consequently, those other market participants did not have an opportunity to react to the cancelled bids or offers prior to the open when their orders became executable.

**EXAMPLE 5:** During the pre-opening period, a market participant enters a large order priced through the IOP (a bid higher than the existing best bid or an offer lower than the

existing best offer) and continues to systematically enter successive orders priced further through the IOP until he causes a movement in the IOP, which prompts him to cancel all of his orders. The market participant continues to employ this strategy on both sides of the market for the purpose of determining the depth of support at a specific price level for the product before the market opens.

**EXAMPLE 6:** During the pre-opening period, a market participant enters an order priced through the IOP (a bid higher than the existing best bid or an offer lower than the existing best offer) for the purpose of identifying hidden liquidity (e.g., resting stop and iceberg orders). The market participant then cancels that initial order and enters a new order based on the information obtained.

**EXAMPLE 7:** A market participant enters a large number of orders and/or cancellations/updates for the purpose of overloading the quotation systems of other market participants with excessive market data messages to create “information arbitrage.”

**EXAMPLE 8:** A market participant enters order(s) or other messages for the purpose of creating latencies in the market or in information dissemination by the Exchanges for the purpose of disrupting the orderly functioning of the market.

**EXAMPLE 9:** A market participant enters a large aggressor buy (sell) order at the best offer (bid) price, trading opposite the resting sell (buy) orders in the book, which results in the remainder of the original aggressor order resting first in the queue at the new best bid (offer). As the market participant anticipated and intended, other participants join his best bid (offer) behind him in the queue. The market participant then enters a large aggressor sell (buy) order into his now resting buy (sell) order at the top of the book. The market participant’s use of a Self-Match Prevention functionality or other wash blocking functionality cancels the market participant’s resting buy (sell) order, such that market participant’s aggressor sell (buy) order then trades opposite the orders that joined and were behind the market participant’s best bid (offer) in the book.

**ANY INTENT TO ENGAGE IN DISRUPTIVE TRADING PRACTICES CAN RESULT IN SEVERE DISCIPLINARY ACTIONS.** Please ensure you fully understand the requirements of the rules and their prohibitions.