June 2019

To: Raymond James Institutional Clients

The U.S. Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority, Inc. ("FINRA"), and other regulators have various rules and regulations that require broker-dealers to disclose certain policies and procedures.

In accordance with federal and state securities regulations and industry best practices, Raymond James & Associates ("RJA" or "the Firm") is providing clients with an Annual Disclosure Notice (the "Disclosure") related to the execution of client equities and options orders, in addition to transparency regarding the Firm's internal Policies and Procedures.

Please be assured that RJA actively monitors its trading activity to ensure orders are handled according to industry rules, with best execution serving as our primary objective. While all the content below may not be applicable, the Firm requests that you please read the Disclosure carefully.

For additional information related to the Firm, please see the Firm's BrokerCheck disclosure via the following link.

Account Protection

Securities sold, offered or recommended by RJA are not deposits, are not insured by the Federal Deposit Insurance Corporation ("FDIC"), are not guaranteed by a bank and are not an obligation or responsibility of a bank unless stated otherwise in writing. RJA is affiliated with Raymond James Bank, N.A., member FDIC. Unless otherwise specified, products purchased from or held at affiliated Raymond James Financial, Inc. companies are not insured by the FDIC, are not deposits or other obligations of Raymond James Bank, are not guaranteed by Raymond James Bank and are subject to investment risks, including possible loss of the principal invested.

Federal Laws and regulations intended to combat terrorist financing and money laundering activities (including, but not limited to, the Patriot Act and the Bank Secrecy Act) require RJA to obtain, verify and record information that identifies each person or entity that opens an account with RJA. To open/maintain your account in accordance with the foregoing, RJA will ask for your name, address, and other information necessary for RJA to comply with relevant laws and regulations.

Securities Investor Protection Corporation (SIPC), established as a nonprofit entity by Congress in 1970, protects client assets in the event of a member firm's bankruptcy or insolvency. RJA is a member of SIPC, which protects securities clients of its members up to $500,000 (including $250,000 for claims for cash). An explanatory brochure is available upon request or at sipc.org or by calling 202-371-8300.

Account protection applies when a SIPC-member firm fails financially and is unable to meet obligations to securities clients, but it does not protect against market fluctuations.

No one associated with RJA is authorized to render tax or legal advice and you should not rely upon such advice, if given.

Conflicts of Interest

RJA strives to identify and manage potential conflicts of interest arising from transacting in the securities business. These conflicts may arise with regard to corporate/issuer clients; investing clients; the principal/agency trading activities of the Firm; the Firm's investment banking activities; and the interests of our Firm's employees. In addition to training the Firm's employees to identify and escalate conflicts, the Firm has implemented compliance policy along with physical and systemic information barriers to mitigate and minimize such conflicts. Please contact your RJA salesperson if you would like to discuss any conflict or the Firm's escalation and mitigation process.

RJA may: (i) act in a principal capacity for transactions with its clients, (ii) transact in the same security with an affiliate, and/or (iii) become engaged in an underwriting for the issuer of the same security.

RJA may trade for its own account as a market maker, block positioner, arbitrageur, or investor. Consequently, at the time the Firm enters into a transaction with you, it may have a position in the same security, which may be partially or completely hedged.

FINRA BrokerCheck

In accordance with Financial Industry Regulatory Authority (FINRA) Rule 2267 pertaining to Investor Education and Protection, the Firm would like to provide our clients with the following information:

- The FINRA BrokerCheck Hotline telephone number is 800.289.9999.
- The FINRA website address is www.finra.org.
- For a copy of a brochure that includes important information concerning FINRA BrokerCheck, call the FINRA BrokerCheck Hotline or visit the FINRA website www.finra.org.

EQUITIES DISCLOSURES

FINRA Rule 2265 - Extended Hours Disclosure Statement

In accordance with FINRA Rule 2265, the Firm is providing the following regarding the risks associated with trading in the pre-market session or the post-market session of extended hours trading. RJA clients should understand that extended-hours trading may involve material trading risks, including the possibility of lower liquidity, higher volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wide spreads and other risks. The absence of an updated underlying index value or intraday indicative value presents trading risks for trading derivative securities products in extended hours.

For the purposes of this section, “regular trading hours” generally means the time between 9:30 AM EST and 4:00 PM EST; and “Extended hours trading” means trading outside of regular trading hours. RJA may execute orders in the pre-market or post-market trading sessions.

Clients should consider the following items prior to engaging in extended hours trading. "Extended hours trading" means trading outside of “regular trading hours.” “Regular trading hours" generally means the time between 9:30 a.m. and 4:00 p.m. Eastern Time for trades in equity securities.

- **Risk of Lower Liquidity.** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities; and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, an order may only be partially executed or not at all.
- **Risk of Higher Volatility.** Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, an order may only be partially executed, or not at all, or an order may receive an inferior price in extended hours trading compared to regular market hours.
- **Risk of Changing Prices.** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours or upon the opening the next morning. As a result, an order may receive an inferior price in extended hours trading compared to regular market hours.
- **Risk of Unlinked Markets.** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, an order may receive an inferior price in one extended hours trading system compared to another extended hours trading system.
- **Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.
- **Risk of Wider Spreads.** The spread refers to the difference between the price at which a security can be bought and the price for which it can be sold. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.
- **Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (IIV).** For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the opening and late trading sessions, an investor who is unable to calculate implied values for certain derivative securities products in those sessions may be at a disadvantage to market professionals.

Held and Not Held Orders

The purpose of this disclosure is to confirm our mutual understanding of the manner in which RJA will handle orders in equity securities for its institutional **client**s and broker-dealer counterparties. Unless stated otherwise or there are specific order instructions, terms or conditions to the contrary, it is RJA's understanding that all orders it receives will be deemed handled and executed on a "not held" basis, and RJA will work such order accordingly.

A Not Held order provides RJA with discretion and flexibility to exercise its brokerage judgment regarding the price and/or time at which a trade is to be executed in order to seek the best execution of your order under the circumstances. Please be advised that, according to FINRA rules, a Not Held order is not considered a priced order. When clients place a Not Held order with the Firm and leave the time and price to our discretion, RJA may trade in the security for our own account prior to the completion of your order and at the same price or better than you receive.

"Held" orders do not permit discretion in the handling of your order. In addition, should your Firm enter a market or limit order, such Held order obligates RJA to execute the market order immediately at the then prevailing market price or the limit order at your limit price (or better), which may not be the best price that can ultimately be obtained. Should you have any questions or wish RJA to treat your orders other than as Not Held, please contact your RJA Sales representative.

IEX Rulebook Access

In accordance with IEX Rule 8.110, RJA would like to provide you with electronic access to the IEX Rulebook via the following link.

Indications of Interest

If you provide RJA with an order to "work", RJA may handle the order by issuing an indication of interest ("IOI") to another market participant or trading venue. An IOI is an expression of trading interest that contains one or more (but not all) of the following elements: security name, size, side, capacity and price. The use of an IOI is intended to solicit contra-side interest in an attempt to minimize market impact. IOIs may be disseminated over electronic trading systems (e.g. Bloomberg) or through direct connections to client order management systems. When publishing IOIs, RJA will adhere to guidelines published by the applicable service provider and guidance issued by regulators, including whether or not RJA designates an IOI as "natural". An IOI we disseminate on your behalf cannot exceed the size of the order you have submitted to us. If you indicate that the size of your interest may grow, the RJA trader handling the order may include this instruction in the appropriate field of the IOI.

When we forward you a natural IOI, RJA represents it will reflect either client preliminary interest or our preliminary interest to liquidate a principal position established as the result of a prior client facilitation. Therefore, resulting transactions may be executed on an agency cross basis, principal basis, or a combination of these. In contrast, a non-natural IOI (aka "supers") represent our preliminary interest to provide clients with liquidity by trading with clients as principal versus the Firm's own account, without reference to a facilitation of a client order.

Large Trader

Defined as a person whose transactions in National Market System (NMS) securities equals or exceeds 2 million shares or $20 million during any calendar day, or 20 million shares or $200 million during any calendar month, a Large Trader is required to identify itself to the Securities and Exchange Commission (SEC) and make certain disclosures to the SEC. RJA will be required to maintain Unidentified Large Trader information for those clients that meet that threshold, but do not identify themselves directly as a Large Trader.

FINRA Rule 2124 - Net Basis Trading

RJA may execute orders received from its institutional clients and broker-dealers on a “net basis”. The term “Net Trading” is defined as contemporaneous principal transactions in which RJA, after having received an order to buy/sell an equity security, purchases/sells the equity security at one price and then sells to /buys from the client at a different price. RJA’s compensation on the transaction is represented by the difference between the street-side execution and the final price shown on the client confirmation. It is possible that only one side of the transaction will be net, while the other side pays commission. FINRA Rule 2124 requires that when executing trades on a net basis, RJA must inform the client by the use of a Negative Consent Letter. Unless you respond otherwise, this letter shall confirm your consent to execute on a “net” basis prospectively. Clients may decide to no longer trade net at any time by informing their RJA coverage team.

FINRA Rule 5320 Disclosure

FINRA Rule 5320 generally prohibits a broker-dealer that accepts and holds an order in any security from its client or a client of another broker-dealer without immediately executing the order from trading that security on the same side of the market for its own account at a price that would satisfy the client order, unless it immediately thereafter executes the client order up to the size at the same or better price at which it traded for its own account.

FINRA Rule 5320 requires RJA to notify client(s) if the Firm is trading for the Firm’s own market making account when holding a client order. In most cases this will be discussed with clients on an order-by-order basis and that “trade along” disclosure will be marked on the order ticket. Clients may opt in to Rule 5320 protections by notifying your RJA coverage team in writing.

Clearly Erroneous Transactions and Obvious Error

If a transaction is eligible for review under FINRA Rule 11890 (the “Rule”), RJA will make best efforts to contact affected client’s to identify if the client wishes the Firm to file a clearly erroneous petition on the client’s behalf. In most cases, a clearly erroneous execution will be the result of an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the subject security. Please reach out in a timely manner to your sales and trading contact in the event you have an execution that may be deemed as a clearly erroneous transaction. Please refer to FINRA Rule 11890, the "Clearly Erroneous" rule, and the applicable numerical guidelines.

Regulation NMS – Rule 606 – Equity Order Routing

Absent specific routing instructions from a client, it is RJA policy to route orders to the market center or designated broker/dealer intermediary where it believes that the client receives the best execution, based on a number of factors. The potential for receipt of order flow payment or trading profits is not a factor in this decision. RJA believes, based on prior experience, that RJA's order routing practice provides opportunity for the orders to be executed at prices at or better than national best bid or best offer.

As required by SEC Rule 606, please find a link provided below which represents order flow that has been sent to various market centers for execution. RJA has provided quantitative data for the venues that received the largest number of non-directed orders for each security type. To view data for the New York Stock Exchange, the Nasdaq Stock Market, or the NYSE American Exchange, please refer to www.sungard.com/valdicompliance

RJA has supplied this data and published its Rule 606 Report solely for informational purposes pursuant to Rule 606 under the Securities Exchange Act of 1934, as amended. The information and data provided in this report is not intended to and should not be construed to reflect all factors relevant to an analysis of a market center's best execution and/or order routing practices.

The reports and the information and data provided in its Rule 606 Reports are the sole property of RJA, and may not be redistributed or decompiled in any manner whatsoever without its prior written consent.

On November 2, 2018, the Securities and Exchange Commission ("SEC") or (the "Commission") adopted amendments to Rules 600, 605, and 606 of Regulation NMS under the Securities Exchange Act (the "Exchange Act"). The recently adopted amendments to Rule 606(b) added a new disclosure requirement, set forth in new paragraph (b)(3), that requires a broker-dealer, upon request of its customer, to provide specific disclosures related to the routing and execution of the customer's NMS orders submitted on a not held basis for the prior six months, subject to two de minimis exceptions. The Commission also amended the existing disclosure requirement in paragraph (b)(1) of Rule 606 to cover customer disclosure requests that are not covered by new paragraph (b)(3). In addition, the recently adopted amendments to Rule 606 amended the existing quarterly public order routing disclosure requirement in Rule 606(a) to apply to NMS orders submitted on a held basis and made targeted enhancements. In connection with these new requirements, the Commission amended Rule 600 to include certain newly defined and redefined terms that are used in the amendments. The Commission also amended Rule 605 to require that the public order execution report be kept publicly available for a period of three years. A copy of the Adopting Release is available via the following link

The Commission is extending the compliance date for the recently adopted amendments to Rule 606 of Regulation NMS under the Exchange Act which require additional disclosures by broker-dealers to customers concerning the handling of customer orders. Specifically, the Commission is extending the compliance date for the recently adopted amendments to Rule 606. Following September 30, 2019, broker-dealers must begin to collect the information required by Rules 606(a) and 606(b) as amended. The compliance date remains May 20, 2019 for the amendments to Rule 605. The Commission is extending the compliance date for the recently adopted amendments to Rule 606 in order to give broker-dealers additional time to develop, program, and test for compliance with the new and amended requirements of the rule.

The Firm currently complies with the updated provisions to Rule 605, and maintains the Firm plans to be in compliance with the amendments pursuant to Rule 606. A copy of the Adopting Release granting the extension is available via the following link.

Payment for Order Flow

RJA acts as a market maker (Market Maker I.D.: RAJA) in certain exchange listed and OTC securities. Occasionally, RJA may execute eligible orders received from clients and other broker dealers against the Firm's proprietary inventory. RJA realizes 100% of any trading profits generated from trading with client orders as principal.

SEC Rule 607 of Regulation NMS requires broker/dealers to disclose at account opening and annually thereafter their policies regarding payment for order flow and order routing practices. Absent specific routing instructions from the customer, Raymond James policy is to route orders to the market center or designated broker/dealer intermediary where it believes that the customer receives the best execution, based on a number of factors. The potential for receipt of order flow payment or trading profits is **not** a factor in this decision. Raymond James does, from time to time, receive payment for order flow in the form of a payment or a reduction to the fees charged for directing transactions to various market centers or designated broker/dealer intermediaries. This compensation, estimated to total approximately $3.5 million annually, is received in a number of ways, including direct cash payment of a fraction of a cent per share for equities, and direct cash payments ranging from a fraction of a cent to $0.33 per contract for options. The source and specific amount of any such compensation are available upon written request. For information regarding payment for order flow and Raymond James' order routing practices, please visit www.raymondjames.com/order_routing.htm

Regulation NMS – Rule 611

The Firm has policies and procedures reasonably designed to comply with Rule 611 of Regulation NMS (the "Order Protection Rule") and apply best execution principles and best practices for handling client orders. Regulation NMS requires broker-dealers facilitating a block of stock in an NMS security for a client to simultaneously route intermarket sweep orders ("ISO's") to execute against the full displayed size of any protected quotation as necessary to comply with the Order Protection Rule. Unless explicitly agreed to prior to execution, any fills from these ISO's may not be passed along to the client, but instead may go to the Firm's principal account.

Regulation SHO – Failure to Deliver Securities Sold Long

When entering or placing an order to sell a security long, a client represents to RJA that the client owns the security and will deliver the security in good deliverable form by the transaction settlement date. If a client does not deliver the security by settlement date, RJA will be required to close out the transaction by purchasing like securities for the client's account and at the client's risk.

Regulation SHO – Failure to Deliver Securities Sold Short

When entering or placing an order to sell short an equity security (including convertible bonds), a client is required to locate shares to be borrowed for delivery by settlement date of the transaction. By entering or providing the name or Market Participant Identifier (MPID) of a firm in the locate field of a sell short order ticket, the client is representing to RJA that the client has already located the required quantity of shares in the security(ies) with that specified firm(s) in accordance with the requirements of SEC Regulation SHO. If a client does not deliver the security by settlement date, RJA will be required to close out the transaction by purchasing like securities for the client's account, at the client's risk, and possibly impose additional restrictions on the client prior to executing further short sales with RJA. **NOTE –** SEC Regulation SHO does not allow RJA to extend the close out period for any reason.

Raymond James Electronic Trading Platform ("RJET")

RJA seeks to operate its electronic trading platform ("RJET") in accordance with applicable federal and state securities regulations, and in accordance with reasonable expectations of fairness. However, potential execution counterparties in external venues may have trading objectives and/or expectations that may be contrary to a client's, accordingly order handling outcomes may vary. RJA makes no guarantee as to the performance that can be achieved through the use of RJET.

RJET Routing and Order Handling

Unless otherwise directed in writing by the client, RJA reserves the right to change the routing table at its discretion to manage performance of RJET's strategies. As part of RJA's services seeking the most efficient and effective experience for client orders, orders will be treated as "not held" and may be routed to a variety of external venues based on any of the following factors: clients expressed preferences, including but not limited to a particular routing strategy or algorithm that clients may elect to employ; a strategy employed on your behalf or at your request; or in the absence of instructions to the contrary, a routing table of RJ's choosing. External venues may include, but not be limited to, public exchange markets, multi-lateral trading facilities, alternative trading systems (ATSs) or broker crossing networks, or other broker-dealers consistent with your instructions or RJ's routing logic, where applicable. While RJA maintains relationships and connectivity to a variety of such venues as part of its routing processes, RJ does not represent that it has access to all such venues that potentially may be available at any given point in time.

Please note: RJET does not accept the following: held orders, good till cancel (GTC) orders, or any non-standard settlement (T+2) orders will be accepted.

For additional documentation surrounding RJET, please contact the RJET Team directly for additional information: RJET@raymondjames.com

Settlement of Securities Transactions

On September 5, 2017, the Securities and Exchange Commission amended its Settlement Cycle Rule, which requires broker-dealers to settle most securities transactions within two business days ("T+2") of their execution date, instead of three ("T+3"). The T+2 rule amendment applies to the same securities transactions currently covered previously by the T+3 settlement cycle. These include transactions for exchange listed and OTC securities, bonds, options (exercise and assignment), rights, warrants, municipal securities, Exchange Traded

Funds (ETFs), Exchange Traded Products (ETPs), American Depositary Receipts (ADRs), certain mutual funds and limited partnerships that trade on an exchange. The T+2 requirements do not apply to certain other categories of securities, such as exempted securities. The shortened settlement aligns the U.S. settlement cycle with the settlement cycles in other (non-U.S.) markets. The SEC believes that the shortened settlement cycle will provide many benefits to the market including a reduction in credit, market, and liquidity risk, and as a result, a reduction in systemic risk for U.S. market participants. When a client buys a security, RJA must receive payment from the client no later than two (2) business days after the trade is executed. When a client sells a security, the customer must deliver the security to RJA no later than two (2) business days after the sale.

Business Continuity Statement

Raymond James institutes the best practices developed by industry organizations for creating practical and effective business continuity plans. The Firm periodically conducts a Business Impact Analysis (BIA) of business processes. This analysis identifies risks, critical processes, and related dependencies (both technology dependencies and dependencies on other processes).

Armed with this information, each business area prioritizes recovery procedures, since some processes have more urgent restoration requirements than others. Each business area also creates continuity plans that are reviewed by the Business Continuity Management team to ensure they meet appropriate guidelines and can be properly coordinated with the plans of other business areas.

To diminish risks posed by local and regional disruptions, Raymond James maintains geographically dispersed operational locations as part of its overall resiliency.

Please refer to the following link for additional information with regards to the Firm's Business Continuity Plan (BCP) initiatives:

https://www.raymondjames.com/legal-disclosures/business-continuity-planning-disclosure-statement

EQUITY SYNDICATE DISCLOSURES

FINRA Rule 5131

RJA does not accept or execute held market orders to purchase shares of an initial public offering until secondary trading in such security has commenced. Limit orders and not held orders are accepted and executed regardless of whether secondary trading has commenced.

Regulation M - Reg M Rule 105

Regulation M (Reg M) Rule 105 states it shall be unlawful for a client to sell short the security that is subject of an offering and purchase the offered shares from RJA when the Firm is participating in the offering if such short sale was effected during the period (the "Reg M Rule 105 Restricted Period") that is the shorter of the period:

- Beginning five business days before the pricing of the offered securities and ending with such pricing; or

- Beginning with the initial filing of such registration statement and ending with the pricing.

There are three exceptions to the prohibitions detailed in Reg M Rule 105:

1. It shall not be prohibited for such person to purchase the offered securities as provided above if such person makes a bona fide purchase(s) of the subject security:
   - At least equivalent in quantity to the entire amount of the Reg M Rule 105 Restricted Period Short Sale(s);
   - Effected during regular trading hours;
   - Reported to an "effective transaction reporting plan" (as defined in § 242.600(b)(22);
   - Effected after the last Reg M Rule 105 Restricted Period short sale, and no later than the business day prior to the day of pricing; and
   - Such person did not effect a short sale that is reported to an effective transaction reporting plan, within the 30 minutes prior to the close of regular trading hours on the business day prior to the day of pricing.

In addition to the bona-fide purchase resolution to short sales during the Reg M Rule 105 Restricted Period, there are two other means to comply with the prohibitions of Reg M Rule 105:

2. Separate Accounts Exception: A short sale in a separate account shall not prohibit the purchase of the offered security in an account of a person provided such person sold short during the Reg M Rule 105 Restricted Period in a separate account where decisions regarding securities transactions for each account are made separately and without coordination of trading or cooperation among or between the accounts.

3. Investment Companies: A short sale in the subject security shall not prohibit an investment company (as defined by Section 3 of the Investment Company Act) that is registered under Section 8 of the Investment Company Act, or a series of a company (investment company) from purchasing an offered security where any of the following sold the offered security short during the Reg M Rule 105 Restricted Period:
   - An affiliated investment company, or any series of such a company; or
   - A separate series of the investment company.

OPTIONS DISCLOSURES

Options Disclosure Document

Derivatives and options are complex instruments that are not suitable for all investors, may involve a high degree of risk, and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. For listed options, prior to effecting an option transaction you should have received, read and understand the Characteristics & Risks of Standardized Options pamphlet found via the following link: The Options Clearing Corporation's website.

Professional Customer Designation for Listed Options

As a member of certain US Options Exchanges, RJA is required to comply with the rules and regulations of each Exchange. RJA is required to indicate whether public customer orders are Professional Orders as defined below. To comply with this requirement, RJA is required to review our customer's activity on at least a quarterly basis to determine whether orders that are not for the account of a broker or dealer should be represented as Professional Orders. Orders for any customer that had an average of more than 390 orders per day during any month of a calendar quarter must be represented as Professional Orders for the next calendar quarter. If, during a quarter, an Exchange identifies a customer for which orders are not being represented as Professional Orders but that has averaged more than 390 orders per day during a month, the Exchange will notify the Member and the Member will be required to change the manner in which it is representing the customer's orders within five days. This notice is to inform you that RJA will mark your orders as Professional Customer if it is determined that the above criteria has been met. Brokers or dealers that route order flow to RJA have an obligation to review their client's order flow and ensure that any Professional Customer orders are appropriately marked.