



## **2023 Annual Disclosure Letter**

This letter is intended to disclose certain information required by regulatory authorities and to clarify the certain relevant policies of JonesTrading Institutional Services LLC (“JonesTrading” or the “Firm”) for your reference.

### **JonesTrading Annual Privacy Policy Disclosure (SEC Regulation S-P)**

The JonesTrading Institutional Services, LLC 2023 Privacy Notice is available by clicking the link here: [JTIS Privacy Policy- SEC Reg SP](#)

### **JonesTrading Annual Order Routing Practices Disclosure (SEC Rules 605 and 606)**

JonesTrading handles orders on a “Not Held” basis, therefore, it does not have covered orders pursuant to disclosure under SEC Rule 605.

Brokers-dealers that route customer orders in certain equity and option securities (generally listed equity or debt securities or securities traded on NASDAQ) are required to disclose certain information regarding these orders on a quarterly basis. Upon request, JonesTrading will disclose to you, within seven business days of receiving the request, a report on the Firm’s handling of such orders (directed or non-directed) for the prior six months by calendar month. To submit a request, please contact your designated sales representative or email the Firm’s Compliance Department at [compliance@jonestrading.com](mailto:compliance@jonestrading.com).

We have contracted with a vendor, Best Execution Solutions, LLC, to assist in preparations and display of our statistical reports. To view the Firm’s SEC Rule 606 Reports on Routing of Customer Orders, please visit [Order Routing – Jones Trading](#).

### **JonesTrading Annual Payment for Order Flow Disclosure (SEC Rule 607)**

The SEC generally defines “payment for order flow” to include any cash or non-cash compensation received by a broker- dealer from another broker-dealer, national securities exchange, registered securities association, or exchange member in return for sending customer orders to such entities or venues for execution.

Pursuant to SEC Rule 607 of Regulation NMS requires JonesTrading to disclose, to new customer accounts and on an annual basis thereafter: (i) policies regarding payment for order flow, including a statement as to whether any payment for order flow is received for routing customer orders and a detailed description of the nature of the compensation received; and (ii) policies for determining, in the absence of specific customer instructions, where to route customer orders that are the subject of payment for order flow, including a description of the extent to which orders can be executed at prices superior to the National Best Bid and Offer (“NBBO”). To obtain best execution, JonesTrading may route customer orders in equity securities to national securities exchanges, alternative trading systems, broker-dealers, and other market centers. We may receive compensation in the form of rebates for routing orders to particular broker-dealers or market centers for execution. This, however, does not impact the Firms policy to route customer orders to where it is determined the orders will receive best execution.

Customer orders associated with JonesTrading's receipt of payment for order flow will be subject to the same best execution requirements applicable to all customers’ orders. Refer to the “JonesTrading’s Best Execution Policy” below.



### **Large Trader Notification (SEC Rule 13h-1)**

A “Large Trader” is a legal entity or natural person who, directly or indirectly, through the exercise of investment discretion, effects transactions in NMS securities that equal or exceed either: (i) 2 million shares or \$20 million during any calendar day, OR (ii) 20 million shares or \$200 million over any calendar month.

Customers who have registered as a “Large Trader” and have completed a Form 13H prior to becoming a customer of JonesTrading, **are required to provide their LTID(s) and must notify JonesTrading of any changes to your LTID(s) while a customer of JonesTrading, as well as identifying each account to which the LTID(s) should be applied.** If you have any questions, please contact the JonesTrading Operations team at [ops@jonestrading.com](mailto:ops@jonestrading.com).

Customers who are not currently a “Large Trader”, but become one after becoming a customer of JonesTrading, **are required to promptly notify and provide JonesTrading with their LTID(s) and identify each account to which the LTID(s) should be applied.**

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

SEC Rule 15c3-5 requires broker-dealers with access to exchanges, market centers, or Alternative Trading Systems (“ATS”) to establish, document and maintain a system of risk management controls and supervisory procedures that is reasonably designed to systematically limit financial exposure of the broker dealer. JonesTrading has implemented controls that are reasonably designed to prevent the entry of erroneous orders on exchanges or alternative trading systems which may pause or reject certain orders that exceed certain pre-determined risk parameters. As a result, JonesTrading may intervene and review paused orders, while determining that we may manage the overall risk and financial exposure of the Firm.

### **Suitability (FINRA Rule 2111)**

FINRA Rule 2111 requires that a member or associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer’s investment profile. A member or associated person can fulfill the customer-specific suitability obligation for an institutional account, as defined in FINRA Rule 4512(c), if (1) the member or associated person has a reasonable basis to believe that the institutional customer is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies involving a security or securities and (2) the institutional customer affirmatively indicates that it is exercising independent judgment in evaluating the member’s or associated person’s recommendations.

JonesTrading prepares and distributes institutional sales and trading commentary material that is a compilation of general market color and trader commentary. However, JonesTrading does not make recommendations to customers.

In sending an order to JonesTrading, the Firm assumes that any decisions to purchase and/or sell securities and the associated risks have been independently evaluated by its customer.

### **JonesTrading’s Self-Regulatory Organization (FINRA Rule 2210(e))**

JonesTrading is a member of the Financial Industry Regulatory Authority, Inc (FINRA). The main FINRA telephone number is (301) 590-6500 and the website address is [www.FINRA.org](http://www.FINRA.org)

JonesTrading Institutional Services LLC  
555 St. Charles Drive, Ste 200, Thousand Oaks, CA 91360 [www.jonestrading.com](http://www.jonestrading.com)



### **Disclosure of Financial Condition (FINRA Rule 2261)**

JonesTrading shall make available to inspection by any bona fide regular customer, upon request, the information relative to the Firm's financial condition as disclosed in its most recent financials prepared either in accordance with the Firm's usual practice or as required by any state or federal securities laws, or any rule or regulation thereunder.

### **JonesTrading Annual Margin Disclosure for Non-Institutional Accounts (FINRA Rule 2264(b))**

Securities purchased on margin are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account. It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- 1) You can lose more funds than you deposit in the margin account.
- 2) The firm can force the sale of securities or other assets in your account(s).
- 3) The firm can sell your securities or other assets without contacting you.
- 4) You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.
- 5) The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice.
- 6) You are not entitled to an extension of time on a margin call.

### **JonesTrading Annual Extended Hours Trading Risk Disclosure (FINRA Rule 2265)**

Under extended hours trading, which means trading outside of regular market hours of 9:30 a.m. and 4:00 p.m. Eastern Standard Time, customers have the ability to trade securities but there are potential risks. Some of those potential risks are:

- 1) Risk of Lower Liquidity.
- 2) Risk of Higher Volatility.
- 3) Risk of Changing Prices.
- 4) Risk of Unlinked Markets.
- 5) Risk of News Announcements.
- 6) Risk of Wider Spreads.

For detailed information please see our website: [Extended Hours Trading Risk Disclosure | JonesTrading](#)

### **Options Disclosure Document (ODD), Amendments / Supplements**

Customers of JonesTrading that buy /sell options must be provided and review the Characteristics and Risks of Standardized Options("ODD"). It explains the characteristics and risks of exchange traded options. You may obtain a printed version of the current copy of the ODD from JonesTrading by submitting a request to your designated sales representative, from any exchange on which options are traded, or by going to the [Options Clearing Corporation website](#) and downloading an electronic copy.



## **JonesTrading Annual Securities Investor Protection Corporation (SIPC) Information Disclosure (FINRA Rule 2266)**

Please be advised that you may obtain information about SIPC, including the SIPC brochure, by visiting [SIPC - Securities Investor Protection Corporation](#) or calling 202-371-8300.

## **JonesTrading Annual Investor Education and Protection Disclosure (FINRA Rule 2267)**

The Financial Industry Regulatory Authority (FINRA) requires JonesTrading to provide its customers with the following information for them to research the professional backgrounds, business practices, and conduct of FINRA-registered brokerage firms and brokers:

- (1) FINRA's BrokerCheck Hotline Number: 800-289-9999.
- (2) FINRA's BrokerCheck web site address: <https://brokercheck.finra.org>; and
- (3) You can call or email (see sources above) your inquiries and request an investor brochure that includes information detailing the BrokerCheck program.

## **Pre-dispute Arbitration Agreements for Customer Accounts (su)**

JonesTrading shall provide a customer with a copy of any pre-dispute arbitration clause or customer agreement between the customer and the Firm or inform the customer that the member does not have a copy thereof, within 10 business days of receipt of the customer's request. If a customer requests such a copy before the Firm has provided the customer within 30 days of signing pursuant to (b)(2) of this rule, the Firm will provide a copy to the customer within the 10 business days of receipt of customer's request or within 30 days of signing.

## **JonesTrading's Anti-Money Laundering Program / Customer Identification Program & FinCEN's Customer Due Diligence ("CDD Rule") Requirements (FINRA Rule 3310)**

JonesTrading and Management are firmly committed to comply with all applicable laws and regulations relating to combating money laundering activity. To this end, JonesTrading has established a compliance program which includes: (1) internal policies, procedures and controls; (2) the designation of a compliance officer dedicated to oversee its anti-money laundering efforts; (3) an ongoing employee training program; (4) provisions for an independent person or auditor to test the implementation of the Firm's program; and (5) appropriate risk-based procedures for conducting ongoing customer due diligence, that include, but are not limited to understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information (e.g., information regarding the beneficial owners of legal entity customers).

As part of our compliance program, JonesTrading is required to obtain, verify, and record customer information that identifies each individual or entity that opens an account. When you open an account, we will ask for your name, address, date of birth (for individuals), identification number (i.e., Tax ID – EIN / SS #, LEI, etc.), and other information that will allow us to identify you and the beneficial owners of the legal entity, unless exempt. We may also ask you to provide copies of identifying documents (i.e., W8, W9, CDD Certificate, etc.) as necessary to enable the Firm to verify your identity and of the beneficial owners, if applicable. While we may be required to disclose this information pursuant to applicable laws, rules, or regulations, it will otherwise be retained in confidence according to the Firm's Privacy Policy.



### **Section 311 Notice (Prohibited Accounts)**

Pursuant to U.S. regulations issued under Section 311 of the USA PATRIOT Act, 31 CFR 103.193, JonesTrading is prohibited from establishing, maintaining, administering or managing a correspondent account for, or on behalf of:

- Banco Delta Asia;
- Bank of Dandong;
- Burma;
- Commercial Bank of Syria (Includes Syrian Lebanese Commercial Bank);
- Democratic People's Republic of Korea;
- FBME Bank Ltd.;
- Halawi Exchange Co.;
- Islamic Republic of Iran; and
- Kassem Rmeiti & Co.

Regulations also require us to notify you that you may not provide any of the aforementioned entities or their subsidiaries with access to the account(s) that you hold with us. If we become aware that one of these entities or any of their subsidiaries is indirectly using the account that you hold with us, we will be required to take appropriate steps to prevent such access including, where necessary, terminating your account(s).

Updated Section 311 Special Measures can be viewed at: [311 and 9714 Special Measures | FinCEN.gov](#)

### **JonesTrading Institutional Investor Notice (FINRA Rule 4512)**

If you are an Institutional Account as defined by FINRA Rule 4512(c), you acknowledge that you:

- (1) are capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving securities; and
- (2) will exercise independent judgment in evaluating the recommendations, if applicable, by a JonesTrading associated person, unless you have otherwise notified JonesTrading in writing.

### **Customer Complaints (FINRA Rule 4513)**

Customer complaints must be in writing and should be directed to the Firm's Compliance department at [compliance@jonestrading.com](mailto:compliance@jonestrading.com).

### **JonesTrading's Business Continuity Plan (FINRA Rule 4370)**

JonesTrading maintains a business continuity plan for how the firm will respond to events that could significantly disrupt the Firm's business. If a significant business interruption occurs and you cannot contact us as you normally do, please call our Customer Business Continuity Information Line at 800-700-6160 or visit <https://dev-jones-trading-website.pantheonsite.io/contact-us/>. The Firm's current Business Continuity Plan Customer Notice is available here: [JonesTrading Business Continuity Plan Customer Notice](#) and is intended to satisfy the disclosure requirements set forth in FINRA Rule 4370.



### **JonesTrading's Best Execution Policy (FINRA Rule 5310)**

JonesTrading has policies and procedures in place to ensure the Firm is using reasonable diligence to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions.

The Firm has established a Best Execution Committee(s) that meets at least quarterly to conduct regular reviews of the quality of the executions of its customers' orders. The Firm considers the following factors when conducting the reviews: market conditions, availability of liquidity/volume and volatility, the Firm's/trading desk's risk tolerance in the stock, price improvement/deterioration, speed of execution, size of execution, transaction costs, customer needs and expectations (e.g. manual vs automated handling, etc.); and the existence of internalization or payment for order flow arrangements, if any.

### **JonesTrading Prohibition Against Trading Ahead of Customer Orders Notice (FINRA Rule 5320)**

JonesTrading treats all your orders as "Not Held" and consequently, FINRA Rule 5320 would not be applicable to any order given as there is no specific price parameter limitation to apply to any firm trading account. This does not, however, relieve our requirement to use reasonable diligence to ascertain the best market under the prevailing market conditions for your orders.

### **JonesTrading's Erroneous Execution Policy**

A "bona fide error" is defined as: (1) the inaccurate conveyance or execution of any term of an order including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market; (2) the unauthorized or unintended purchase, sale, or allocation of securities, or the failure to follow specific customer instructions; (3) the incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or (4) a delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.

Such errors can occur at or outside of JonesTrading at an exchange, an ATS or at other market centers utilized by the Firm in connection with the execution of your order. Such errors can also result from general market volatility, communications or system breakdowns or other conditions over which the Firm has no control. JonesTrading reserves the right at its sole discretion to cancel or price-adjust any trade that is deemed by the Firm to have been the result of an error, including the result of any of the above or an incorrect security symbol or name, size and/or prices that are unrelated to the market. JonesTrading also reserves the right at its sole discretion to cancel any execution that was affected based upon incorrect or unreliable market data. In the event that JonesTrading exercises this right, the Firm will use reasonable efforts to inform its customers in a timely manner.

### **Transactions in Restricted and Control Securities**

Restricted securities are securities acquired in unregistered, private sales from the issuing company or from an affiliate of the issuer. Control securities are those held by an affiliate of the issuing company. An affiliate is a person, such as an executive officer, a director or large shareholder, in a relationship of control with the issuer. If you buy securities from a controlling person or "affiliate," you acquire restricted securities, even if they were not restricted in the affiliate's hands.



Sales of securities that are offered pursuant to an effective registration statement filed with the Securities and Exchange Commission must be accompanied by or preceded by a registration statement. Under certain conditions, restricted and control securities may be sold to the public.

**JonesTrading requests that customers obtain approval prior to placing any order that is being sold pursuant to a registration statement, an offering exemption, SEC Rule 144, or other similar statute or rule. Unless the Firm expressly agrees otherwise in advance of any transaction, it is the Firm's expectation that you will not send JonesTrading orders to sell securities that are restricted or control securities or offered pursuant to an effective registration statement such that JonesTrading would be required to deliver a prospectus to its counterparties.**

As with all transactions, JonesTrading reserves the right to refuse to accept orders and may cancel trades to the extent we are able if we suspect the transaction involves the types described above and you have not cooperated in informing the Firm of the nature of the transactions in advance and provided appropriate information to help us ensure we can handle the transactions in compliance with applicable regulations.