

## Regulatory Disclosure Statement

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 including, but not limited to, client identification, business continuity, order routing and investor protection.

In accordance with these various regulatory requirements and industry best practices, and to give its clients transparency into the Firm’s policies and procedures, Cantor Fitzgerald & Co. (“CF&Co.” or the “Firm”) is providing the following regulatory disclosures to its clients.

### Execution Quality & Order Routing

#### **SEC Rule 605**

SEC Rule 605 of Regulation NMS requires market centers that trade National Market System (NMS) securities to make available to the public monthly electronic reports that include uniform statistical measures of execution quality. The SEC requires that the disclosure of a market center's order execution information be made available free and readily accessible to the public via a web site. Information regarding CF&Co.’s most recent monthly SEC Rule 605 quality of executions information is available at

<https://vrs.vista-one-solutions.com/sec605rule.aspx>

#### **SEC Rule 606**

In accordance with SEC Rule 606 of Regulation NMS, CF&Co. is required to disclose on a quarterly basis the identity of the market centers to which CF&Co. routed orders for certain equity and options securities and the nature of any relationships with those market centers. CF&Co.’s most recent quarterly SEC Rule 606 order routing information is available at

<https://vrs.vista-one-solutions.com/sec606rule.aspx>

Information regarding where your orders’ have been routed for execution is available by contacting your sales representative.

#### **Payment for order flow**

CF&Co. is required to provide disclosures to its clients regarding receipt of payment for order flow and for determining where to route client orders that are the subject of payment for order flow. “Payment for order flow” refers to payments between broker-dealers and market centers for order direction. This term does not refer to commissions or fees paid by CF&Co.’s clients.

In efforts to seek best execution, CF&Co. routes client and principal orders to national securities exchanges, dark pools and alternative trading systems (“ATSS”) which may include both CF&Co.’s affiliates and other broker-dealers (venues or market centers). Based upon the fee schedules of those venues, certain market centers may offer credits/rebates on a per share basis for orders that provide liquidity to their books, and assess charges/fees for orders that take liquidity from their books (i.e., the maker/taker model).

In some cases, it is possible that the credits/rebates offered to CF&Co. by a market center may exceed the charges/fees assessed over a period; such cases constitute payment for order flow.

### **Material Aspects of Relationship with Route Venues**

Pursuant to SEC guidance, CF&Co. identifies itself as the execution venue on riskless principal executions in which it acts as a market center. CF&Co. makes a market in numerous securities, including, without limitation, those listed on NASDAQ, BATS Exchanges, and ARCA. CF&Co. may internalize non-directed client orders in securities in which it makes a market. In these instances, CF&Co. could incur profits or losses by trading as principal with these internalized client orders.

NYSE Arca, INC. (“ARCA”) - CF&Co. is a lead market maker (“LMM”) in certain equity securities listed on ARCA. For securities in which it acts as an LMM on ARCA, and in connection with the execution of transactions thereon, CF&Co. may receive economic incentive on a per share basis in the form of a credit/rebate or lower transaction pricing. This would also apply to client orders routed to ARCA.

The Nasdaq Stock Market, Inc. (“NASDAQ”) - CF&Co. is an LMM in certain equity securities listed on NASDAQ. For securities in which it acts as an LMM on NASDAQ, CF&Co. may receive a rebate/credit on a per share basis resulting from the execution of orders by it on NASDAQ. This would also apply to client orders routed to NASDAQ.

BATS Global Markets, Inc. (“BATS”) - CF&Co. is an LMM in certain equity securities listed on BATS-Z and EDGX Exchanges (the “BATS Exchanges”). For securities in which it acts as an LMM on the BATS Exchanges, and in connection with the execution of transactions thereon, CF&Co. may receive economic incentive on a per share basis in the form of a credit/rebate or lower transaction pricing. This would also apply to client orders routed to BATS Exchanges.

### **Policy for determining where to route client orders**

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

### **SEC Rule 611**

CF&Co. has policies and procedures reasonably designed to comply with SEC Rule 611 of Regulation NMS (the “Order Protection Rule”) and apply best execution principles and best practices for handling client orders. When executing client orders principally in a capital commitment scenario, CF&Co. will route intermarket sweep orders (“ISO’s”) to execute against protected quotations if necessary to comply with the Order Protection Rule.

Unless explicitly agreed to prior to execution, any fills from these ISO’s will not be passed along to the client, but instead will be for CF&Co.’s principal account.

### **Options Orders**

CF&Co. may route client options orders to various listed options exchanges. Certain options exchanges have instituted a “maker/taker” or “taker/maker” model with standard fees and rebates. In any given month the credits received by CF&Co. from a given market center may exceed the fees charged to CF&Co. for such period.

### **Extended Hours Trading Risk 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. Clients should consider the following points before engaging in extended hours trading. 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.

- **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 for such security. 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 trading hours. As a result, your 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 trading hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price when engaging in extended hours trading than you would during regular trading 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 trading hours, or upon the opening the next morning. As a result, you may receive an inferior price when engaging in extended hours trading than you would during regular trading 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, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

- **Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular trading hours. Similarly, important financial information is frequently announced outside of regular trading 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 in price between what you can buy a security for, and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

#### **“Held” or “Not Held” Orders**

When an order is placed with CF&Co. for execution in the equity markets, clients may specify that CF&Co. handle such order on either a “held” or “not held” basis. All client orders will be handled on a not held basis unless explicitly instructed by the client to be handled on a held basis. A “held” order means that CF&Co. does *not* have discretion over the time and price at which a client’s order is to be executed. If a client instructs CF&Co. to handle its order on a “held” basis, the trader must execute that order at the prevailing market price at the time the order is eligible for execution. Further, if a client submits a “held” limit order, the trader must execute that order at the prevailing market price at the time the order is eligible for execution subject to the limit price or better, if available. By contrast, a “not held” order means a client is giving CF&Co. discretion over the time and price at which the order is to be executed. When clients place a “not held” order with CF&Co. and leave the price and time of execution to the discretion of the trader, CF&Co. may trade in the security for its own account prior to the completion of the client order.

#### **FINRA Rule 5320 Disclosure**

FINRA Rule 5320 generally provides limitations applicable to broker-dealers who accept and hold an order in an equity security for its client or a client of another broker-dealer. In the event the broker-dealer does not immediately execute the subject client order, the broker-dealer’s own trading account would be subject to the following prohibitions: the broker dealer could not trade the same security on the same side of the market as the subject client order, at a price that would satisfy the subject client order. Rule 5320 deems the aforementioned activity permissible so long as the broker-dealer immediately thereafter executes the client order up to the size and at the same or better price at which the broker-dealer traded for its account.

CF&Co. avails itself of certain exceptions permissible under this rule, as described below:

##### I. Large Orders and Institutional Accounts

FINRA Rule 5320 permits broker-dealers to negotiate terms and conditions on the acceptance of (i) certain large-sized orders (*i.e.* orders of 10,000 shares or more and greater than \$100,000 in value) and

(ii) orders from institutional accounts that would permit broker-dealers to trade ahead of, or along with, such orders, provided that the firms give a clear and comprehensive written disclosure to such client at the time of account opening and annually thereafter. The Firm hereby discloses that it may trade on a principal basis at a price that would satisfy the client order.

Institutional accounts and persons placing orders with CF&Co. for 10,000 shares or more not otherwise subject to the protections afforded by Rule 5320 may “opt in” to the Rule 5320 protections by providing written notice with respect to **all** orders to CF&Co.’s Compliance Department at 110 East 59th Street, 7th Floor New York, NY 10022, or [ComplianceNY@cantor.com](mailto:ComplianceNY@cantor.com). If a client does not opt in to the Rule 5320 protections with respect to all or any portion of its order(s), the Firm may reasonably conclude that the client has consented to the firm trading a security on the same side of the market for its own account at a price that would satisfy the client’s order as described herein. However, please note that even when a client has opted in to the FINRA Rule 5320 protections, a broker-dealer may still obtain consent on an order-by-order basis to trade ahead of or along with an order from that client.

#### II. No-Knowledge Exception

FINRA Rule 5320 provides an exception for a broker-dealer’s principal trading in NMS stocks where (i) the principal trading unit does **not** have knowledge of such client order, and (ii) where the broker-dealer has implemented internal controls, such as appropriate information barriers that prevent one trading unit from obtaining knowledge of client orders held by a separate trading unit. In such case, a trading unit trading in a principal capacity may continue to trade at prices that would satisfy a client order held by the separate trading unit.

#### III. “Not Held” Orders

When clients place a “not held” order with CF&Co. and leave the price and time of execution to the discretion of the trader, CF&Co. may trade in the security for its own account prior to the completion of the client order.

#### IV. Pre-Market & Post-Market Orders

CF&Co. may accept client orders outside of regular trading hours. Such client orders will be handled based on specific order instructions including, but not limited to, limit price and timeframe to which the order is eligible for execution (*e.g.*, regular/extended trading hours). Unless specifically stated within the order instructions, all orders received prior to 9:30 AM EST will be handled and eligible for execution in the regular trading hours session of that business day.

### **Guaranteed and Benchmark Orders**

CF&Co. may receive orders from clients where both parties agree to transact at a price based upon a particular benchmark. These benchmarks could be based upon the closing price on a national securities exchange, the Volume-Weighted Average Price (“VWAP”) or Time-Weighted Average Price (“TWAP”) of such securities over a specified period. CF&Co. will generally attempt to offset the risk of such agreements by entering other principal transactions. This means that

CF&Co. may be at risk on all or part of the subject order. Nonetheless, any resulting profit or loss from the hedge or principal position/execution will accrue to CF&Co.

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

#### **FINRA Rule 5270 Disclosure**

FINRA Rule 5270 prohibits FINRA member broker-dealers from executing orders to buy or sell certain securities or related financial instruments when the member has material, non-public information ("MNPI") concerning an imminent block transaction in those securities, related financial instruments, or securities underlying the related financial instruments, prior to the time information concerning the block transaction has been made publicly available or has otherwise become stale or obsolete.

FINRA Rule 5270 permits certain exceptions to the foregoing prohibition, including transactions that are undertaken to fulfill or facilitate the execution of a client block order. CF&Co. may rely on exceptions to FINRA Rule 5270 while executing block orders for its clients. In connection with the handling of a client's block order, CF&Co. may engage in hedging, offsetting, liquidating, facilitating, or positioning transactions ("risk-mitigating transactions") that may occur at the same time or in advance of this order. Such activities may have an impact on market prices. Beyond these risk-mitigating transactions, CF&Co. will generally refrain from conduct that could disadvantage or harm the execution of client's orders or that would place CF&Co.'s financial interests ahead of clients. Unless client informs CF&Co. otherwise in writing ("opt out"), the Firm will conclude that client understands that CF&Co. may engage in risk-mitigating transactions in connection with client orders and the Firm will conclude that client has given its consent to CF&Co. to handle block transactions as described above.

Client may choose to opt out by providing written notice to CF&Co.'s Compliance Department at 110 East 59th Street, 7th Floor New York, NY 10022, or [ComplianceNY@cantor.com](mailto:ComplianceNY@cantor.com). Please direct any questions regarding FINRA Rule 5270 to a CF&Co. equity sales representative.

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

SEC Rule 15c3-5 (the "Market Access Rule") requires broker-dealers with or providing access to trading securities on exchanges or alternative trading systems ("ATSS") to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory and other risks in connection with market access. CF&Co. has developed controls to reasonably designed to comply with the Market Access Rule that will reject or block orders that exceed previously defined risk parameters.



## Indications of Interest

Clients may receive indications of interest (“IOIs”) from CF&Co. CF&Co. communicates IOIs in a variety of ways, including third-party vendor systems. These IOIs may be designated as either “natural” or “non-natural.”

As the distinction between natural and non-natural IOIs is not consistent across the financial services industry and third-party vendor systems, CF&Co. would like to provide you with a clear understanding of how we distinguish between natural and non-natural IOIs. As we use the term, a “natural” IOI is an indication representing (a) client interest or (b) CF&Co.’s interest to liquidate a principal position established as the result of prior client facilitation. Therefore, resulting transactions may be executed on an agency cross basis, principal basis or mixed capacity. A “non-natural” IOI (also called a “Super” message in some vendor systems) is an indication of CF&Co.’s interest to provide you liquidity by trading as principal with you without reference to a facilitation of a client order.

## Net Basis Orders

CF&Co. may execute orders received from its institutional clients and broker-dealers on a net basis. In the event that you prefer CF&Co. does not execute your orders on a “net” basis, please contact your CF&Co. sales representative to express such preference. If you have no objection to CF&Co. executing your orders on a “net” basis, then no action is necessary on your part. Broker-dealers who route orders to CF&Co. may also have an obligation to provide a net trading disclosure to their end customers.

A “Net Trade” is a principal transaction in which CF&Co. may perform either of the following actions:

- After having received an order to buy an equity security, CF&Co. then purchases that equity security at one price and then sells it to you at a different price; or,
- After having received an order to sell an equity security, CF&Co. then sells that equity security at one price and then buys it from you at a different price.

In either case, CF&Co. does not charge the client a disclosed commission. Instead, CF&Co. will receive the price difference between the principal transaction to buy (or sell) the security and the subsequent sale (or purchase) of the same security to (or from) client as compensation for executing the transaction.

Net Trades are not eligible for an exemption under the Order Protection Rule. The net price that is reported to the appropriate Trade Reporting Facility (TRF) and disseminated to the public is the price of the trade. If necessary, CF&Co. will route intermarket sweep orders (“ISOs”) to execute against protected quotations to comply with the Order Protection Rule. Unless explicitly agreed to prior to execution, any fills from these ISOs will not be passed along to the client, but instead will be for CF&Co.’s principal account.

### **Solicited Order Mechanism Notification**

When handling an order of 500 contracts or more on client's behalf, CF&Co. may solicit other parties to execute against this order and may thereafter execute it using the International Securities Exchange's (the "ISE") Solicited Order Mechanism ("Mechanism"). This functionality provides a single-price execution only, so that the entire order may receive a better price after being exposed to the ISE's participants, but it will not receive partial price improvement.

For further details on the operation of the Mechanism, please refer to ISE Rule 716, which is available at [www.ise.com/rules](http://www.ise.com/rules).

### **Transactions Pursuant to Restriction**

A client must inform CF&Co. prior to sending any order in a security which is deemed to be "restricted" under Rule 144 of the Securities Exchange Act of 1933, as amended, and the client agrees that any such order shall be effected only in accordance with the policies and requirements prescribed from time to time by CF&Co. (including, but not limited to, execution of appropriate documentation and receipt of opinion of counsel).

CF&Co. reserves the right to reject all or any orders on a client-by-client and/or symbol-by-symbol basis at any time and for any reason related to its risk controls, whether financial, regulatory or other, as determined by CF&Co. in its sole discretion. The aforementioned right applies to, but is not limited to, transactions in low-priced securities such as microcap, shell-company, caveat emptor, and alike securities. In addition, for client orders in which upon settlement the shares will not settle in an electronic manner (such as shares held in physical certificates), CF&Co. reserves the right to cancel such trades. CF&Co. may at its discretion choose to accept settlement of physical shares only upon agreed terms, in which its counterparty clearly identified prior to, or at the time the order was received, that settlement would not occur in an electronic manner.

### **ETF Disclosures**

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

1. CF&Co. may, pursuant to an agreement with the ETF trust, transfer agent, and distributor, act as an authorized participant ("AP") in the purchase or sale of fund shares directly from an ETF and may, from time to time, act in such capacity. As an AP or otherwise, CF&Co. may have information about pending creations and/or redemptions of ETF shares. Similarly, CF&Co. may act as a market maker, lead market maker, ("LMM") or block positioner in the ETF shares, or in securities or other instruments that comprise the ETF, or are part of the index whose performance the ETF seeks to track. CF&Co. may buy or sell ETF shares, the underlying securities of a fund, derivatives, or other instruments, for other customers or for its own account while you are selling or buying ETF shares. CF&Co. may receive customary brokerage commissions, mark-ups/mark-downs, or other charges and fees from these transactions and,



when acting as principal, may also benefit from any spread. Therefore, by acting in such capacities, CF&Co. may have positions in financial instruments mentioned herein, may have acquired such positions at prices no longer available and may have interests different than your interests.

2. As an LMM, CF&Co. may utilize its own capital to seed the formation of an ETF resulting in CF&Co. owning a large position in the ETF prior to the ETF being available to other investors. Such seeding activities as an LMM, or creations and/or redemptions as an AP, may cause CF&Co. to hold large positions in the ETF shares in blocks generally referred to as "Creation Units."

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

3. CF&Co. may publish research reports, desk commentary, sales commentary, reports and data with respect to ETF in-flows and out-flows, or otherwise express long-term or short-term views about an ETF, an index, the performance of which an ETF seeks to track, and/or the underlying securities and other instruments that comprise the index and/or ETF. The information contained in such content is subject to change and does not purport to contain all of the information that may be required to evaluate the ETF shares. CF&Co. and its affiliates undertake no obligation to provide recipients of such content with any additional information or any update to, or correction of, the information contained therein. Thus, you are strongly encouraged to read any offering documents, including the prospectus, registration statements and other regulatory filings related to such ETF shares.
4. In the short run, CF&Co.'s activities may impact the performance of the ETF, the underlying index securities, derivative instruments and/or the price at which you will be able to transact in your ETF shares in the secondary market. CF&Co.'s trading activities will, at times, be contrary to the trading activities of the ETF or ETF shareholders and CF&Co.'s interests will, at times, be inconsistent with those of the ETF and ETF shareholders. It is also possible that the Firm's activities could result in trading gains for CF&Co. while the value of the ETF shares declines.

#### *"Benchmark" Orders*

CF&Co. often receives orders from clients in ETFs where both parties agree to transact at a price based upon a particular benchmark on a "best efforts" basis. These benchmarks could be based upon the closing price on a national securities exchange, VWAP or TWAP of such securities over a specified period, or target the Net Asset Value ("NAV") of the ETF; although, for the avoidance of doubt, you understand that an exact NAV price is not achievable and it cannot be guaranteed. CF&Co. will generally attempt to offset the risk of such agreements by transacting in the benchmark securities, their underlying components, or in derivative instruments, although the Firm may not try to hedge fully its exposure. This means that CF&Co. may be at risk on all or part of the subject order. Nonetheless, any resulting profit or loss from the hedge or principal

position/execution will accrue to CF&Co. Although CF&Co.'s hedging activities may influence the benchmark price, the Firm will employ reasonable means to minimize market impact, market conditions permitting. Other principal or client activity executed by CF&Co. in the same securities or related instruments may impact the benchmark and your execution price. CF&Co., or any person who controls such persons within the meaning of Section 15 of the Securities Act of 1933, as amended, shall not be liable for any damages arising from any differences in performance between the underlying securities of an ETF and the ETF's benchmark index.

### **Settlement of Securities Transactions**

The Securities and Exchange Commission has 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"). Broker-dealers were required to comply with the T+2 settlement cycle beginning on trade date **September 5, 2017**.

The T+2 rule amendment applies to the same securities transactions currently covered by the T+3 settlement cycle. These include transactions for stocks, 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 customer buys a security, CF&Co. must receive payment from the customer no later than two (2) business days after the trade is executed. When a customer sells a security, the customer must deliver the security to CF&Co. no later than two (2) business days after the sale.

### **Municipal Advisor Rule**

As a result of the SEC's Municipal Advisor Rule (effective July 1, 2014), if a firm acts as a municipal advisor to a municipal entity or obligated person with respect to certain investment advice described below, it must be registered as a municipal advisor. A municipal advisor owes a fiduciary duty to the municipal entity to which investment advice is given and must not take any action inconsistent with its fiduciary duty to the municipal entity. Accordingly, firms and their affiliates may be prohibited from effecting certain principal transactions for a municipal entity and obligated person if they serve as their municipal advisor.

It is CF&Co.'s intention not to act as a municipal advisor, but to conduct arm's-length commercial transactions with you. CF&Co. is acting in a principal capacity and not as an advisor and as such,

does not owe a fiduciary duty pursuant to Section 15B (SEC Rule 15Ba-1 et seq.), as amended in the Securities Exchange Act of 1934 to you as a municipal entity or obligated person with respect to any securities brokerage transactions executed by or through CF&Co on your behalf.

At the onset of the relationship (*i.e.*, account opening), the Firm conducts a review of all accounts this process includes determining whether the account seeks to invest any funds that constitute (i) proceeds of municipal securities or (ii) municipal escrow investments. This ensures the Firm understands the types of funds the entity is investing and when dealing with these accounts the Firm is not deemed as providing advice.

### **DOL Fiduciary Rule Disclosure**

The Department of Labor’s final rule defining who is a “fiduciary” under the Employee Retirement Income Security Act of 1974 (“ERISA”) and the Internal Revenue Code of 1986, each as amended from time to time (such rule, the “Fiduciary Rule”) affects individuals and entities deemed fiduciaries. Such fiduciaries will be subject to applicable restrictions with respect to investment recommendations provided to Retirement Investors (as defined below) (including certain types of transactions and compensation that are prohibited). However, the Fiduciary Rule contains a provision called the Best Interest Contract Exemption (the “BIC Exemption”) that permits compensation to be paid in conjunction with otherwise prohibited transitions and/or transactions if the terms of the BIC Exemption are met. This BIC Exemption is broadly available for advisers and financial institutions that make investment recommendations to retail “Retirement Investors,” including plan participants and beneficiaries, IRA owners, and non-institutional or “retail” fiduciaries.

#### *Impartial Conduct Standard*

In order to rely on the BIC Exemption to obtain relief with respect to ERISA rules regarding prohibited transitions and/or transactions, the Firm must adhere to the “impartial conduct standard” (or “ICS”). The ICS is a conduct-based standard. Therefore the Firm will take such measures that it deems reasonably necessary to verify that the requirements of the ICS are satisfied by all applicable representatives, if any.

#### *Evaluations*

The Firm will evaluate, if applicable, its compensation structures and will monitor the sales practices of its representatives to ensure that potential conflicts of interest do not cause violations of the ICS, if ever applicable. Based on such evaluations, the Firm maintains policies and procedures reasonably designed to retain sufficient records to corroborate that it is adhering to the ICS in a form as deemed appropriate by the Compliance Department or such person conducting the evaluation, if applicable.

## Virtual Currencies - Disclosure

There are risks associated with transacting in Virtual Currencies (“VCs”). VCs are not legal tender in the United States and many question whether they have intrinsic value. The price of VCs is based on the perceived value of the VCs and subject to changes in sentiment, which makes these products highly volatile. VCs can be traded through privately negotiated transactions and through numerous VC exchanges and intermediaries around the world. The lack of a centralized pricing source poses a variety of valuation challenges. The cybersecurity risks of VCs and related “wallets” or spot exchanges include hacking vulnerabilities and a risk that publicly distributed ledgers may not be immutable. A cybersecurity event could result in a substantial, immediate and irreversible loss for market participants that trade VCs. Unlike banks and brokerage accounts, VC exchanges and custodians that hold VCs do not always identify the owner. As a result, the opaque underlying or spot market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud, including the potential for Ponzi schemes, bucket shops, and pump and dump schemes. VC exchanges, as well as other intermediaries, custodians, and vendors used to facilitate VC transactions, are relatively new and largely unregulated in both the United States and many foreign jurisdictions. It should also be known that VCs face an uncertain regulatory landscape globally and one or more jurisdictions may, in the future, adopt laws, regulations, and/or directives that may impact the price of VCs and their acceptance by users, merchants, and service providers.

Cantor Fitzgerald & Co. is a member of the NFA and is subject to NFA’s regulatory oversight and examinations. However, you should be aware that the NFA does not have regulatory oversight authority over underlying or spot virtual currency products or transactions or virtual currency exchanges, custodians or markets.

For more information regarding the aforementioned risks and lack of regulatory oversight associated with virtual currencies, please see the following links:

<https://www.nfa.futures.org/investors/investor-advisory.html>

[https://www.cftc.gov/sites/default/files/idc/groups/public/@customerprotection/documents/file/customeradvisory\\_urvct121517.pdf](https://www.cftc.gov/sites/default/files/idc/groups/public/@customerprotection/documents/file/customeradvisory_urvct121517.pdf)

<https://www.nfa.futures.org/rulebook/rules.aspx?Section=9&RuleID=9073>

## NFA Background Affiliation Status Information Center (BASIC)

When opening an account and on an annual basis, the Firm is required to provide customers written notice of the NFA’s BASIC system. As such, please see the following link: [www.nfa.futures.org/basic](http://www.nfa.futures.org/basic)

## FINRA BrokerCheck

FINRA BrokerCheck is a free tool that assists investors by providing background and regulatory information on current and former FINRA member firms and registered representatives. This information can be obtained at [www.brokercheck.finra.org](http://www.brokercheck.finra.org) or by calling the FINRA BrokerCheck Hotline toll-free number at 1-800-289-9999. A copy of an investor brochure that



includes information describing FINRA BrokerCheck can be obtained by calling the FINRA BrokerCheck Hotline number or accessing the FINRA website.

#### **Information on the Securities Investor Protection Corporation (“SIPC”)**

SIPC was created by the Securities Investor Protection Act of 1970 (“SIPA”) and its primary purpose is to provide protection within the limits of the SIPA to securities clients of failed brokers or dealers who are members of the SIPC. CF&Co. is a member of the SIPC. Information on SIPC and the SIPC Brochure is available at either [www.sipc.org](http://www.sipc.org), or by contacting SIPC at (202) 371-8300, or by sending an email request to [asksipc@sipc.org](mailto:asksipc@sipc.org).

#### **Privacy Policy Notice**

CF&Co.’s privacy policy is available at [www.cantor.com/legal/privacy](http://www.cantor.com/legal/privacy).

#### **Business Continuity Plan**

CF&Co.’s Business Continuity information is available at:

Equities: [http://media.cantor.com/documents/BCP\\_ITD.pdf](http://media.cantor.com/documents/BCP_ITD.pdf)

Fixed Income: [http://media.cantor.com/documents/BCP\\_DCM.pdf](http://media.cantor.com/documents/BCP_DCM.pdf)

#### **Complaints**

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

**Cantor Fitzgerald & Co.**  
**110 East 59th Street, 7th Floor**  
**New York, NY 10022**  
**Attention: Chief Compliance Officer**

#### **Questions**

Should you have any questions or require any additional information regarding this statement, please contact the Compliance Department at (212) 938-5000.