

Disclosure - FINRA Rule 4340 Callable Securities

As required by FINRA Rule 4340, BNP Paribas Prime Brokerage, Inc. (“the Firm”) is making available to its customers details of how the Firm allocates callable securities among customers, on a fair and impartial basis, in the event of a partial redemption or call. In addition to the description below, the Firm will provide hard copies of the allocation procedures upon customer request. Please contact your account representative for further details. This information is also included in the Firm’s annual customer notification and is also available on our website at www.primebroker.com.

Option Assignments

BNP Paribas Prime Brokerage, Inc. uses the methodology provided by its service provider, Broadridge Financial Solutions, for the allocation of option exercise notices. This is a random allocation method as designated in FINRA Regulatory Notice 11-35 (“Process for Firms to Designate Their Allocation Methodology for Options Exercise Assignment Notices”).

In the event two or more different accounts have the same short position for which the Firm has received option exercise notices, the following methodology is used to determine to which accounts the exercise notices will be allocated.

Step 1: Assign an interval of sequential numbers to each account with short positions in which exercise notices have been received based upon the number of contracts short.

Step 2: Obtain the NYSE Consolidated Stock Volume for the previous trading day. Select the four digits in the hundred thousands, ten thousands, thousands and hundred positions of the volume figure. Place a decimal point to the left of the first digit to create a number ranging from .0000 to .9999. Add .0001 to this number to obtain a random number ranging from .0001 to 1.0000.

Step 3: Multiply the random number times the total number of short positions in the option series for which exercise notices have been received. The position in the interval at which the product falls (rounded up to the next higher integer) is the starting point for exercise allocation. Assignment of exercises should proceed downward from the starting point and go to the top if additional notices need to be allocated after reaching the bottom of the list.

Bonds - Partial Calls

A partial call of a bond occurs when the issuer chooses to retire part of its debt and pay back both principal and accrued interest to some bondholders before the bond reaches maturity.

If the issuer has a fixed call scheduled for a certain percentage of the outstanding issue, the fixed percentage is applied to all client(s) and Stock Lending parties if applicable (a “Fixed Lottery”).

If the issuer calls a certain number of outstanding securities outside of a fixed call schedule the Firm will utilize the random lottery methodology provided by its service provider, SunGard Financial Systems, to allocate the call. Because this process is random, it is possible that some clients may not receive an allocation from a partial call.

Favorable & Unfavorable Redemptions

As per FINRA Rule 4340(b) the Firm is prohibited from allocating securities from a favorable redemption to the account of the Firm or its associated persons until all other customers' positions in such securities have been satisfied.

In addition as per FINRA Rule 4340(c) where the redemption of securities is made on terms unfavorable to the called parties the Firm cannot exclude its positions or those of its associated persons from the pool of securities eligible to be called.

When a partial call or redemption is deemed favorable to the holders, the Firm will not include any Firm or associated persons' accounts (for example employee accounts) in the pool of securities eligible to be called until all other customers' positions in such securities have been called. When the redemption is made on terms that are unfavorable to the called parties, the Firm will not exclude any Firm or associated persons' accounts from the pool of the securities eligible to be called.