

**Odeon Capital Group Annual Disclosure to Customers May 2018**  
(Please visit [www.odeoncap.com/legal](http://www.odeoncap.com/legal) for other additional disclosures)

## **Privacy Statement**

We collect nonpublic personal information about you from the following sources: information from your application or other forms; information about your transactions; and, information we may receive from consumer reporting agencies. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law or upon request of a regulatory body. We restrict access to your personal and account information to those staff members who need to know that information to provide products and services to you. We maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. When disposing of paper documents that contain nonpublic information on our customer our staff members are trained to physically shred them or dispose of them through a contracted disposal company. The full content of our privacy policy on our website at [www.odeoncap.com](http://www.odeoncap.com)

## **Business Continuity**

During times of local or national emergencies, the office may be closed and every attempt to return to normal business operation will be made. Our Business Continuity Plan addresses varying degrees of business disruption and is reviewed and tested annually. To access your account funds or positions, please dial 212-257-6980 or check our website for alternative access information. Our Business Continuity Plan is subject to modification, a summary is posted on our website. If a customer would like to receive a copy of our plan please send a written request to Odeon Capital Group, Information Technology Dept., 750 Lexington Ave., New York, NY 10022.

## **Customer Identification Program**

Important Information about Procedures for Opening a New Retail Account:

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person and entity that seeks to open an account. What this means for you: When you open an account, we will ask for your name, address, SSN, date of birth, identifying documents, and other information that will allow us to identify you.

Important Information about Procedures for Opening a New Institutional Account, including DVP/RVP Accounts:

For our Institutional Accounts we may request the following: For a corporation, partnership, trust, limited liability company, or other legal entity we will need to know the principal place of business address, tax identification number, articles of formation, operating agreement, formation documents, partnership or trust agreement and any other information that will allow our firm to identify the organization. U.S. Department of the Treasury, Securities and Exchange Commission and FINRA Rules require this information to be provided. Additional requirements post May 11, 2018, per FinCEN's Customer Due Diligence ("CDD") Rule, will require additional documentation around the beneficial ownership of legal entity customers, as well as the controlling individuals of legal entity customers. These individuals will require a level of documentation sufficiently similar to those of retail account individuals as described above.

## **FINRA BrokerCheck**

FINRA BrokerCheck allows investors to learn about the professional background, business practices, and conduct of FINRA member firms or their registrants. The telephone number of the BrokerCheck is 800-289-9999, the website address is <http://www.brokercheck.finra.org>. An investor brochure is also available upon request. Per FINRA Rule 2210 a hyperlink to BrokerCheck is on the first page of our website.

## **Tax and Legal Advice**

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

## **Complaints**

Complaints regarding your account may be directed to the Odeon Capital Group at 750 Lexington Ave., New York, NY 10022. Attention: Compliance Department. The telephone number is 212-257-6980.

## **Inaccuracies and/or Discrepancies – Questions about Your Account Statement**

Your account statement contains important information about your securities account, including recent transactions. All account statements sent to you shall be deemed complete and accurate if not objected to in writing within 10 days of receipt. Please report any

inaccuracy or discrepancy in your account to Odeon's Operations Department. Odeon encourages you to review the details in your statement.

### **Changes of Address**

Please promptly notify your representative of any changes in your residential address or contact information. Failure to notify the firm may result in Odeon's inability to send you important notifications which could result in restrictions or other issues in your account.

### **Changes in Your Account Information**

Please promptly notify your representative of any changes in your investment experience, investment objectives or financial information.

### **SEC Rule 606 Disclosure**

In accordance with SEC Rule 606, Odeon is making available a quarterly report which identifies the significant market centers to which customer orders were routed for execution. This Rule requires Odeon to disclose the top 10 market centers in terms of total number of orders routed for execution and any other market centers to which the firm routes 5% or more of its customers' orders. The report is divided into four sections as mandated by the SEC: (1) equity securities listed on the NYSE, (2) equity securities listed on the NASDAQ Stock Market, Inc., (3) equity securities listed on the AMEX or any other national securities exchange, and (4) exchange-listed options. The report will disclose the material aspects of ODEON's relationship with those top market centers should it receive a significant amount of order flow and what percentage of customer orders are routed to each of the top market centers. Odeon has contracted with TAG for it to capture and report routing information on its covered orders. This information is available on TAG's website at [www.private.tagaudit.com](http://www.private.tagaudit.com) and at [www.odeoncap.com](http://www.odeoncap.com). Additionally this information is also available to customers upon written request as to the venues to which their individual orders were routed.

### **SEC Rule 607**

In accordance with SEC Rule 607 of Regulation NMS, Odeon is required to disclose upon account opening and on an annual basis thereafter (1) its 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 (2) their 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 NBBO. Odeon does not pay for order flow nor does it receive payment for order flow. However, Odeon potentially may profit by trading as principal with its customers' orders. Additionally, orders routed to public exchanges may be eligible for "rebates" under the relevant exchange rules. If Odeon were to receive a rebate net of fees assessed by such an exchange, such could be considered "payment for order flow". For any execution, customers of Odeon are entitled to know the venue of execution, and whether Odeon netted a rebate from such venue during the relevant time period.

### **Market Orders**

The firm will make all reasonable efforts to obtain the best possible price available at the time the order is received. In the event that a customer market order is placed at the same time as a firm order, the customer order will be completed first.

### **Limit Orders**

The firm will handle any customer limit orders, whether received from its own customers, or from another broker-dealer with all due care so as not to "trade ahead" of limit orders. Therefore, the firm will not trade on buy orders at prices equal to or less than that of the limit order, or conversely the firm will not trade on sell orders at prices equal to or greater than that of the customer limit order, without first executing the customer limit order.

### **FINRA Rule 5320 – Order Handling Practices**

Under rule 5320, if a firm is in possession of a customer order that is eligible for protection, the firm may not receive executions for its own account at prices that would satisfy the customer order without providing the executions to the customer order. Rule 5320 permits firms to accept orders from institutional accounts and to trade along or exclusive of such orders without providing them protection as long as the firm has provided disclosure of their order handling practices. Odeon takes this opportunity to explain which institutional customer orders will receive protection under Rule 5320. Orders received from institutional customers that are below 10,000 shares, under \$100,000 in notional value and entered on a held basis will be protected by Odeon. Therefore, the trade desk at Odeon with knowledge of such an order will be required to provide the order with protection. Additionally, an institutional customer may opt into order protection on orders over 10,000 shares, under \$100,000 in notional value, provided that these orders are entered on a "held" basis. Odeon will consider such requests on a case by case basis and will inform the customer whether it is willing to accept such a protected order. Because "not held" orders (including best-efforts, VWAP orders, "anticipate" orders, percentage of volume orders, stopped orders, "work" orders and "over-the-day" orders) require that the firm exercise discretion as to the time and price of

execution, Odeon does not believe that it is feasible for these orders to be eligible for protection. Additionally, orders executed subject to guarantee (including guaranteed close, market-on-close, limit-on-close orders, guaranteed open orders, market –on-open and guaranteed VWAP orders) are ineligible for protection. Lastly, complex orders (basket or program orders, risk arbitrage pairs orders, spread orders, convertible swaps orders and multi-leg orders) from customers will not be eligible for protection because of the difficulties in assessing which firm executions are applicable to a particular complex customer order. Risk orders (including Total Touch Risk orders, Beat-the-VWAP orders and Hedging Outperformance Orders) with price improvement will not be eligible for Rule 5320 protection. Rather such customer orders will be priced according to the price-improvement formula agreed upon between Odeon and the customer. If any customer should have any questions please contact your sales trader.

### **Net Basis Orders**

At the time an order is placed with Odeon, our firm may trade the order on a “net” basis, unless the client affirmatively raises an objection. A net transaction is a principal transaction in which Odeon may perform either of the following actions: (1) after having received an order to buy an equity security, Odeon then purchases that equity security at one price from another broker-dealer (or another customer) and then sells it to you at a different price; or (2) after having received an order to sell an equity security Odeon then sells that equity security at one price to another broker-dealer (or another customer) and then buys it from you at a different price. In either case Odeon will not charge you a commission and will instead be compensated for the transaction by retaining the difference between the purchase and sale transaction. Net trades must comply with the Order Protection Rule included in Regulation NMS. The net price, which is reported to the Consolidated Tape, is the price of the trade with respect to the Order Protection Rule and is the price used when determining whether or not a trade-through has occurred and whether the firm has availed itself of the ISO exception.

### **Money Market Funds in Brokerage Accounts**

Federal Deposit Insurance Corporation (FDIC)-Insured Bank Deposits are not protected by Securities Investor Protection Corporation (SIPC). For accounts that are set up for cash to sweep to a money market fund (default behavior) -- the available sweep money market funds typically pay higher 12b-1 fees than other money market funds. The Firm may receive up to 1.00% annually of client assets in the sweep money market funds from the money market fund sponsor in connection with 12b-1 fees.”

### **FINRA Rule 2266**

You may obtain more information about the Securities Investor Protection Corporation (SIPC) coverage on your brokerage account by contacting the firm or requesting a SIPC brochure. SIPC’s website is [www.sipc.org](http://www.sipc.org) and the telephone number is 202-371-8300.

### **Confirmations**

In the case of a transaction in a reported security, or an equity security quoted on NASDAQ or traded on a national exchange and that is subject to last sale reporting, the name of the party from or to whom the securities were purchased or sold to you, the time the transaction took place, the difference between the price to the customer and the dealer's purchase price, and the source and amount of any other remuneration received or to be received by the firm in connection with the transaction will be furnished upon request.

### **Payment for Securities**

In the event that you wish to pay for securities purchased through Odeon Capital Group please make checks payable to Pershing LLC our clearing firm for securities transactions. Also please note your account number and write Odeon Capital Group in the memo section of the check.

### **VWAP Orders**

Before accepting a VWAP order from a customer the firm discloses to its customers in writing that the firm may engage in hedging or other positioning activity that could affect the market for a security that is involved with any VWAP transaction received. This notice must be sent prior to executing a VWAP transaction and no less than annually to the customer. Under no circumstances may the firm trade for its proprietary account when in receipt of a customer VWAP order. All orders for VWAP short orders are to be properly marked and executed in accordance with applicable short sell rules and regulations. The terms of compensation from the order are provided in writing to the customer.

### **Rule 144A Securities**

In order to transact 144A securities, you attest to be a Qualified Institutional Buyer and will obtain access to the issuer’s Rule 144A(d)(4) either directly from the issuer or from the issuer’s designated informational website and that you will comply with all conditions for obtaining access to the issuer’s or borrower’s information including if applicable any non-disclosure agreement and any agreement that such information is being obtained solely for the purpose of considering a purchase of the securities. If you are unable to agree to any of the foregoing you will not purchase the securities from Odeon.

### **Indications of Interest**

If you provide Odeon with an order to “work” the firm 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. IOUs may be disseminated over electronic trading systems, through direct connections to client order management systems. An IOI disseminate on your behalf cannot exceed the size of the order you have submitted unless you indicate that the size of your interest may grow.

### **FINRA Rule 2261**

The Statement of Financial Condition is available to the firm’s customers. If you would like to request a copy please do so in writing and contact Odeon Capital Group, Compliance Department, 750 Lexington Ave., New York, NY 10022, and a copy will be provided to you. The telephone number is 212-257-6980.

### **FINRA Rule 2265 Extended Trading Hours Trading Risk Disclosure**

Odeon offers its customers the opportunity to trade securities when the major U.S. securities markets are not open. The hours for trading outside of customary market hours are 8AM-9:30AM and 4PM-8PM EST. There are risks to trading securities when the major trading markets are closed. To make sure you are aware of these risks, the FINRA has developed the following model disclosure or risks of extended hours trading.

**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, 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 market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during 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 result, you may receive an inferior price in extended hours trading than you would during 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, 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 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 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.

**Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (IIV):** If trading in 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 IIV is not calculated or widely disseminated during pre-market and post-market sessions, an investor who is unable to calculate implied values for certain derivative securities products in those sessions be placed at a disadvantage to other market professionals.

### **Margin Disclosure Statement**

Your brokerage firm is furnishing this document to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided by your firm. Consult your firm regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased 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 (a):

**You can lose more funds than you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).

**The firm can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the maintenance margin requirements, or the firm's higher "house" requirements, the firm can sell the securities or other assets in any of your account held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.

**The firm can sell your securities or other assets without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.

**You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.

**The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account(s).

**You are not entitled to an extension of time on a margin call:** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

(b) Members shall, with a frequency of not less than once a calendar year, deliver individually, in writing or electronically, the disclosure statement described in paragraph (a) or the following bolded disclosures to all non-institutional customers with margin accounts:

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:

**You can lose more funds than you deposit in the margin account.**

**The firm can force the sale of securities or other assets in your account(s).**

**The firm can sell your securities or other assets without contacting you.**

**You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.**

**The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.**

**You are not entitled to an extension of time on a margin call.**

The annual disclosure statement required pursuant to this paragraph (b) may be delivered within or as part of other account documentation, and is not required to be provided in a separate document.

(c) In lieu of providing the disclosures specified in paragraphs (a) and (b), a member may provide to the customer and, to the extent required under paragraph (a) post on its Web site, an alternative disclosure statement, provided that the alternative disclosures shall be substantially similar to the disclosures specified in paragraphs (a) and (b).

(d) For purposes of this Rule, the term "non-institutional customer" means a customer that does not qualify as an "institutional account" under Rule 3110(c)(4).

### **Special Statement for Uncovered Options Writers**

There are special risks associated with uncovered option writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

#### Special Risks:

**The potential loss of uncovered call writing is unlimited.** The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.

**As with writing uncovered calls, the risk of writing uncovered put options is substantial.** The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.

**Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements.** In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.

**For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential for risk is unlimited.**

**If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.**

**The writer of an American-style option is subject to being assigned an exercise at any time after he has written the option until the option expires.** By contrast, the writer of a European-style option is subject to exercise assignment only during the exercise period.

NOTE: It is expected that you will read the booklet entitled Characteristics and Risks of Standardized Options (including the most recent supplements) available from your broker. In particular, your attention is directed to the chapter entitled Risks of Buying and Writing Options. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.

Please review the Characteristics and Risks of Standardized Options:

<https://www.theocc.com/components/docs/riskstoc.pdf>

[https://www.theocc.com/components/docs/about/publications/november\\_2012\\_supplement.pdf](https://www.theocc.com/components/docs/about/publications/november_2012_supplement.pdf)

### **Municipal Securities Transactions**

Odeon is registered with the Municipal Securities Rulemaking Board ("MSRB") and the SEC as a municipal securities dealer. Odeon is not a municipal advisor. Information about the rules governing MSRB transactions can be found at <http://msrb.org> which provides Information for Municipal Securities Investors describing the protections that may be provided by the MSRB's rules and how to file a complaint with an appropriate regulatory authority.