



# ANNUAL DISCLOSURE STATEMENT

**May 30, 2023**

## PRIVACY POLICY

Redbridge Securities LLC (“Redbridge Securities” or “Redbridge”) and its affiliates, including Redbridge Finance LLC (“Redbridge Finance”), are committed to safeguarding the confidentiality and privacy of the information we maintain on all our clients. This notice describes how we manage and safeguard information about you, our individual client, who seeks or obtains financial products or services from us primarily for personal, family, or household purposes. It covers how we protect the information that we have about our current and former individual clients.

When you create an account with Redbridge Securities, you provide certain information to us, including, but not limited to, your name, address, telephone number, email address, and personal financial information such as your income (“Personal Information”). We may disclose your Personal Information to our parent company, subsidiaries, affiliates, vendors, or other relevant third parties in connection with providing you the services we offer, such as creating an account with Redbridge Finance on your behalf.

Additionally, Redbridge Securities may share information with its affiliates and certain third parties that you have identified as having a commercial relationship with you and approve sharing information. If your account is managed by, or associated with, a registered investment adviser, then Redbridge Securities may share any and all information regarding your account with your advisor on record. This website collects IP addresses or domain names anytime a web page is requested from our server. This information is used to analyze site traffic. The URL of a referring web page also may be logged for the same purpose.

Information provided by site visitors is collected to assist us in the performance of services offered by Redbridge Securities. If you send us an email, your email address will be displayed in the message that we receive. We use this information to reply to your inquiry and we keep your email message for our records and future reference as required by regulation. It is the privacy policy of Redbridge Securities not to share that information with other unaffiliated companies or organizations unless we are required to do so by law, court order, or regulatory requirements.

Collected information is not shared with other unaffiliated organizations for commercial purposes. Frequently, users voluntarily provide nonpublic personal information to Redbridge Securities. If you provide your mailing address to us online, then you may receive periodic mailings from us with information relating to the business and services of Redbridge Securities. Likewise, if you provide us your telephone number online, then you may receive telephone contact from us with information relating to the products and services of Redbridge Securities. As e-commerce evolves, we will make the appropriate updates of security policy changes on our website for your review. The success of our business relationship with online clients depends on our ability to maintain the trust of our users. If you have any questions, please contact us.

Redbridge Securities does not share any client information with non-affiliated third parties for marketing purposes and never sells any client information to anyone for any reason. If you're



an international user, please note that by providing your personal information, you are: (1) permitting the transfer of your personal information to the United States which may not have the same data protection laws as the country in which you reside; and (2) permitting the use of your personal information in accordance with this privacy policy. If you are a current Redbridge Securities client and wish to opt-out, you can do so by emailing [support@rbsecurities.com](mailto:support@rbsecurities.com).

## **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW 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 who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

## **YOUR RIGHTS REGARDING YOUR PERSONAL INFORMATION**

You have the right to request that Redbridge delete personal information collected by you at any time, subject to certain exceptions allowed under applicable law, and to meet our regulatory requirements.

## **FULL VERSION OF THIS PRIVACY POLICY IS AVAILABLE ONLINE**

The full version of this Privacy Policy is available on our website at [www.rbsecurities.com](http://www.rbsecurities.com). Redbridge reserves the right to make changes to this policy. Please contact our customer support team with any questions regarding this Privacy Policy by email at [support@rbsecurities.com](mailto:support@rbsecurities.com) or by phone at 1-800-950-5266.

## **ANTI-MONEY LAUNDERING POLICY**

To help the U.S. 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 who opens an account. This notice answers some questions Redbridge's Customer Identification Program ("CIP").

*What types of information will I need to provide?*

When you open an account, Redbridge is required to collect information such as the following from you: your name, address, date of birth, identification number: (a) US Citizen: taxpayer identification number (social security number or employee identification number), or (b) Non-U.S. Citizen: taxpayer identification number, passport number and country of issuance, alien identification card number, or government-issued identification showing nationality, residence, and a photograph of you. You may also need to show your driver's license or other identifying documents. A corporation, partnership, trust, or other legal entity may need to provide other information such as its principal place of business, local office, employer identification number, certified articles of incorporation, government-issued business license, a partnership agreement, or a trust agreement.

U.S. Department of the Treasury, Securities and Exchange Commission, FINRA, and NYSE regulation currently require you to provide additional information, such as net worth, annual



income, occupation, employment information, investment experience and objectives, and risk tolerance.

*What happens if I don't provide the information requested or my identity can't be verified?*

Redbridge may not be able to open an account or process transactions for you. If Redbridge has already opened an account for you, it may be closed.

## **MARGIN DISCLOSURE STATEMENT**

Redbridge is furnishing this document to provide you with basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading in a margin account, you should carefully review the margin agreement provided by Redbridge. Please contact us 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 our clearing firm, Apex Clearing Corporation ("Apex"). If you choose to borrow funds from Apex, you will open a margin account. The securities purchased are the Apex'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, We or Apex can take action, such as issue a margin call and/or sell securities in your account, 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. 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 in your account.
- The firm can force the sale of securities in your account. If the equity in your account falls below the maintenance margin requirements under the law, or the firm's higher "house" requirements, the firm can sell the securities in your account to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- The firm can sell your securities 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 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 interest, including immediately selling the securities without notice to the customer.
- You are not entitled to choose which security in your margin account is 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 requirement at any time and is not required to provide you with 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 firm to liquidate or sell securities in your account.



- 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.
- The IRS requires Broker Dealers to treat dividend payments on loaned securities positions as a substitute payment in lieu of a dividend. A substitute payment is not a qualified dividend and is taxed as ordinary income.
- Industry regulations may limit, in whole or in part, your ability to exercise voting rights of securities that have been lent or pledged to others. You may receive proxy materials indicating voting rights for a fewer number of shares than are in your account, or you may not receive any proxy materials.

## REDBRIDGE CREDIT TERMS AND POLICIES

The following Disclosure of Credit Terms and Policies is required by the Securities and Exchange Commission and is part of your Customer Account Agreement. It describes the terms under which Apex extends credit and charges interest and how your obligations are secured by property in your Account.

**Interest Charges** - Apex will accrue interest on a daily basis on the credit it extends to you. The rate of interest charged by Apex is set by us and can be found [here](#). The daily interest accruals are calculated by multiplying your "daily adjusted debit balance" by the "daily margin interest rate." Generally speaking, your daily adjusted debit balance is the actual settled debit balance in your Margin and Short Account, increased by the value of securities held short and reduced by the amount of any settled credit balance carried in your Cash Account.

Your daily-adjusted debit balance is calculated each day by adjusting your previous day's balance by any debits and credits to your account and by changes in the value of short positions. If your daily-adjusted debit balance is reduced because you deposit a check or other item that is later returned to us unpaid, your account may be adjusted to reflect interest charges you have incurred.

Apex reserves the right to charge interest on debit balances in the Cash Account. Periodically, we or Apex will send you a comprehensive statement showing the activity in your account, including applicable interest charges, interest rates and adjusted daily debit balances.

**Daily Margin Interest Rate** - The "daily margin interest rate" is based on a 360-day year. It is calculated for each day by dividing the base margin interest rate by 360. Note that the use of a 360-day year results in a higher effective rate of interest than if a year of 365 days were used.

The applicable margin interest rate is the rate for all daily adjusted debit balances as communicated above. Your margin interest rate will be adjusted automatically and without notice to reflect any change in the base rate. If your interest rate increases for any reason other than a change in the base rate, we or Apex will give you written notice at least 30 days prior to that change.

**Compounding Interest Charges** - Interest compounds on a monthly basis. Interest charges will accrue to your account each month. Apex will include the charges in the next day's opening debit balance. The interest rates described above do not reflect compounding of unpaid interest charges; the effective interest rate, taking into effect such compounding, will be higher.

**Initial Margin Requirements** - The Federal Reserve Board and various stock exchanges determine margin loan rules and regulations. When you purchase securities on margin, you agree to deposit the required initial equity by the settlement date and to maintain your equity at the required levels. The maximum amount we currently may loan for common stock (equity) securities is 50% of the value of marginable securities purchased in your Margin and Short Account; different requirements apply to non-equity securities, such as bonds or options. If the market value of stock held as collateral increases after you have met the initial margin requirements, your available credit may increase proportionately. Conversely, if the market value decreases, your available credit may proportionately decrease.

Initial margin requirements may change without prior notice. Apex may impose anytime and without prior notice more stringent requirements on positions that in its sole discretion involve higher levels of risk; for example, higher limits may apply for thinly traded, speculative or volatile securities, or concentrated positions of securities.

You may purchase only certain securities on margin or use them as collateral in your Margin and Short Account. Most stocks traded on national securities exchanges, and some over-the-counter (OTC) securities are marginable. At Apex's discretion, it reserves the right not to extend credit on any security.

Equity securities with a market value of less than \$3 per share may not be purchased on margin or deposited as margin collateral. If the market value of a security drops below \$3 per share, the security will not be assigned any value as collateral to secure your margin obligations.

**Margin Maintenance Requirements** - You must maintain a minimum amount of equity in your account to collateralize your outstanding loans and other obligations. Margin maintenance requirements are set:

- By the rules and regulations of the New York Stock Exchange, the American Stock Exchange, and other regulatory agencies to the jurisdiction of which we are subject; and
- According to Apex's sole discretion and judgement.

You agree to maintain in your Margin and Short Account collateral of the type and amount required by:

- Applicable exchange rules and federal regulations; and
- Our Disclosure of Credit Terms and Policies; or
- As required by Apex, at its discretion.

Margin maintenance requirements may change without prior notice.

We or Apex may issue a "margin call" (that is, a notification to deposit additional collateral) if your account equity falls below the margin maintenance requirement. This can happen for various reasons. The most common reasons are a decrease in the value of long securities held as collateral or an increase in the value of securities held short.

As a general guideline and when it is practicable to do so, we or Apex may (but are not required to) issue a margin call when the equity in your Margin and Short Account falls below a predetermined percentage of the market value of assets at risk (that is, the sum of the market values of the long and short equity security positions) in your Margin and Short



Account. The amount of additional collateral we require usually is an amount sufficient to raise your equity to minimum standards. For information on the current equity requirements, please contact us at [support@rbsecurities.com](mailto:support@rbsecurities.com).

Apex retains absolute discretion to determine whether, when and in what amounts we will require additional collateral. In some situations, Apex may find it necessary to require a higher level of equity in your account. For example, Apex may require additional collateral if an account contains:

- Only one security or a large concentration of one or more securities; or
  - Low-priced, thinly traded or volatile securities; or if
  - Some of your collateral is or becomes restricted or non-negotiable or non-marginable.
- We or Apex also may consider market conditions and your financial resources.

### DAY-TRADING RISK DISCLOSURE STATEMENT

You should consider the following points before engaging in a day-trading strategy. For the purpose of this notice, a “day trading strategy” means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to affect both purchase and sale transactions in the same security or securities.

**Day trading can be extremely risky.** Day trading, generally, is not appropriate for someone with limited resources, limited investment or trading experience, and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more in no way guarantees success.

**Be cautious of claims of large profits from day trading.** You should be wary of advertisements or other statements that emphasize the potential for large profits as a result of day trading. Day trading can lead to large and immediate financial losses.

**Day trading requires knowledge of securities markets.** Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.

**Day trading requires knowledge of a firm's operations.** You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures.

**Day trading will generate substantial commissions, even if the per trade cost is low.** Day trading involves aggressive trading, and in the case of options trading, you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs



\$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$111,360 just to cover commission expenses.

**Day trading on margin or short selling may result in losses beyond your initial investment.**

When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day trading strategy also may lead to extraordinary losses because you may have to purchase a stock at a very high price in order to cover a short position.

**Potential Registration Requirements.** Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

## BUSINESS CONTINUITY PLAN

Redbridge has developed a Business Continuity Plan on how the firm will respond to events that significantly disrupt the business. Since the timing and impact of disasters and disruptions is unpredictable, Redbridge will have to be flexible in responding to actual events as they occur. With that in mind, Redbridge is providing you with this information on the business continuity plan.

**Contacting Us** – If after a significant business disruption, you cannot contact us as you usually do through our website or through our mobile applications, you should contact us by email at [support@rbsecurities.com](mailto:support@rbsecurities.com) or by phone at +1-800-950-5266. If you cannot contact us at this number, please contact the clearing firm. Their contact information is Apex Clearing Corporation, 350 North St Paul Street, Suite 1300 Dallas, TX 75201. The main telephone number is +1-214-765-1001. You can also find helpful information about Apex Clearing Corporation's Emergency Policies at <http://www.apexclearing.com/emergency/>.

**The Business Continuity Plan** – Redbridge's plan is to quickly recover and resume business operations after a significant business disruption and respond by safeguarding the employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing the customers to transact business. In short, the business continuity plan is designed to permit Redbridge to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

The business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring the customers prompt access to their funds and securities if the firm is unable to continue the business.

**Varying Disruptions** – Significant business disruptions can vary in their scope, affecting only Redbridge, a single building housing Redbridge, the business district where Redbridge is located, the city where Redbridge is located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only Redbridge or a building housing Redbridge, Redbridge will transfer the operations to a local site when needed and expect to recover and resume business as soon as practical. In a



disruption affecting the business district, city, or region, Redbridge will transfer the operations to a site outside of the affected area and recover and resume business as soon as practical. In either situation, Redbridge plans to continue in business, transfer operations to the clearing firm if necessary, and notify you through Redbridge's website and/or through the mobile application to contact us. If the significant business disruption is so severe that it prevents Redbridge from remaining in business, Redbridge will ensure the customer's prompt access to their funds and securities via the respective clearing firm.

**For more information** – If you have questions about the business continuity planning, you can contact us by email at [support@rbsecurities.com](mailto:support@rbsecurities.com) or by phone at 1-800-950-5266.

## EXTENDED HOURS TRADING RISK DISCLOSURE

**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 levels of 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 levels of 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 to what you might receive 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 of the next morning. As a result, you may receive an inferior price in extended hours trading to what you might receive 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 hour's system may not reflect the prices on other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price on one extended hour trading system than you might receive on another extended hours trading system.

**Risk of News Announcements** - Normally, issuers release 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")** - For certain Derivative Securities Products, an updated underlying index value,





or IIV, may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions, an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

## ORDER ROUTING AND PAYMENT FOR ORDER FLOW DISCLOSURE

**Pursuant to Regulation NMS Rule 606 ("Rule 606")**, all broker-dealers (including introducing firms) that route orders on behalf of customers are required to make publicly available quarterly reports that, among other things, identify the venues to which customer orders are routed for execution and disclose the material aspects of the broker-dealer's relationship with such venues.

Redbridge routes its orders exclusively to Apex as non-directed orders. Redbridge does not select the execution venues to which Apex routes Rule 606 reportable securities for execution. Apex may not be the ultimate execution venue for such orders and orders may be further routed to execution venues. As a result, Apex is better positioned to prepare a quarterly 606 report. Apex's most current Rule 606 report can be found [here](#).

Redbridge is required to disclose at the time your account is opened, and annually thereafter, our practices with respect to receiving payment for order flow. Apex may receive remuneration for directing orders to particular broker/dealers or market makers for execution. Redbridge may share in payments or rebates received by Apex. Such remuneration is considered compensation and the source and nature of any compensation received in connection with a specific transaction will be furnished upon written request. Additional details may be found [here](#). Questions regarding this disclosure should be addressed to the Redbridge Compliance Department at [support@rbsecurities.com](mailto:support@rbsecurities.com).

## SAFETY OF CUSTOMER ASSETS

Your assets belong to you. In compliance with the SEC's Customer Protection Rule, customer securities, such as stocks and bonds that are fully paid for or excess margin securities, must be segregated from broker-dealer securities. This is a legal requirement for all broker-dealers. In the unlikely event of insolvency of a broker-dealer, these segregated assets are not available to general creditors and are protected against creditors' claims. There are reporting and auditing requirements in place by government regulators to help ensure all broker-dealers comply with this rule. Redbridge Securities is fully compliant with these customer segregation requirements.

## SIPC ACCOUNT PROTECTION

In 1970, the Securities Investor Protection Act was enacted to protect investments and increase investor confidence. The Securities Investor Protection Corporation ("SIPC") is a nonprofit membership corporation that was created by that federal statute. Redbridge Securities' membership in SIPC protects customers if the firm fails financially.

If a firm fails, SIPC will typically ask a federal court to appoint a Trustee to liquidate the firm and protect its customers. For claims in excess of \$500,000 after customers receive securities registered in their name, the trustee then distributes the remaining assets, known as the customer property, back to all customers on a pro-rata basis. The trustee and SIPC will often arrange to have customer accounts transferred to another brokerage firm. Customers then



have the option of staying at the new firm or moving to another firm of their choosing. As a member of SIPC, funds are available to meet customer claims up to a ceiling of \$500,000, including a maximum of \$250,000 for cash claims.

SIPC does not cover certain types of investments such as commodity futures contracts, fixed annuity contracts, and foreign currency, or fluctuations in the market value of securities. For more information regarding SIPC coverage, including a brochure, please contact SIPC at (202) 371-8300 or visit [www.sipc.org](http://www.sipc.org).

If you have additional questions or need help regarding your account with Redbridge Securities, please email [support@rbsecurities.com](mailto:support@rbsecurities.com).

## INVESTOR EDUCATION AND PROTECTION

Background information on Redbridge can be found on FINRA's BrokerCheck website. FINRA Rule 2267 requires Redbridge to provide information about FINRA's BrokerCheck program. Furthermore, an investor brochure that includes information describing the BrokerCheck program may be obtained from the [FINRA BrokerCheck website](http://FINRA BrokerCheck website). The FINRA BrokerCheck Hotline number is +1-800-289-9999.

## REDBRIDGE SECURITIES FORM CRS

SEC regulations require clients to have access to an easy-to-read disclosure form regarding the nature of their relationship with the firm, called the Customer Relationship Summary, or Form CRS.

The Form CRS provides important information about the firm, including details about the services offered, the fees and costs associated with those services, any potential conflicts of interest, and the ethical standards of conduct. It also includes information about any disciplinary actions taken against the firm in the past and where you can find more information on these topics. The Form CRS also includes helpful "conversation starters" you can ask Redbridge to learn more about the firm and the services provided. A copy of the Redbridge Securities Form CRS can be found [here](#).

## TRUSTED CONTACT AND CUSTOMER ACCOUNT INFORMATION

Redbridge or an associated person of Redbridge is authorized to contact the Trusted Contact person designated by a customer and disclose information to the Trusted Contact person about the customer's account to address possible financial exploitation, to confirm the specifics of the customer's current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney, or as otherwise permitted by FINRA Rule 2165.

## FULLY PAID SECURITIES LENDING PROGRAM

Redbridge offers its customers the option to enroll in a Fully Paid Securities Lending ("FPSL") program through Apex. This program provides Redbridge customers with the opportunity to earn incremental income on eligible stock positions in their portfolio. When Apex lends out certain fully paid or excess margin securities from a Redbridge customer, the customer will receive a share of the interest earned each day. Customers may opt out of this program at any time.



Apex will lend out certain fully paid or excess margin securities in your account, and you will receive a share of the interest earned each day. The interest rate is determined based on the demand in the lending market and the value of the security. The greater the demand for your securities, the higher your potential income. You can opt out of the Fully Paid Securities Lending Program at any time by contacting customer service at [support@rbsecurities.com](mailto:support@rbsecurities.com).

### **Lending and Rate Change Risks**

Once enrolled, if Apex borrows a security, the length of the loan and your ability to earn income will vary depending on available lending supply, short selling demand, and general market conditions. There is no guarantee that eligible securities in your portfolio will be lent out, as there may be no demand for the securities. Changing market conditions may necessitate a change in the lending rate.

### **SIPC**

Shares on loan are not covered under Securities Investor Protection Corporation (SIPC). Apex is your counterparty on all fully paid loans and provides collateral at a minimum of 100% of the loan value. If Apex were to default on its obligations as defined in the FPSL MSLA, you would have the right to withdraw the collateral from the custodian bank.

### **Dividends and Tax Considerations**

Cash distributions paid on securities borrowed over the dividend record date will be considered cash-in lieu payments and may have a different tax treatment than the dividend from the issuer. Loan income is taxed as ordinary income.

### **Voting Rights**

When you loan your shares, you relinquish voting rights. However, if you want to vote your shares, you can recall your loan in advance of the record date.

Compensation paid to customers will be in the form of a Fully Paid Lending Rebate, which will be calculated daily and paid to customers monthly, and disclosed on customer statements, and viewable within the mobile app, with a line item FULLY PAID LENDING REBATE. Redbridge and Apex will share in the net proceeds earned and received by Apex for relending the shares which should be considered compensation to both Redbridge and Apex. Terms for the compensation of the loan may be found in the FPSL MSLA. Customers may opt out of the FPSL program at any time by contacting the firm or sending a request to [support@rbsecurities.com](mailto:support@rbsecurities.com). Additional terms and information may be found in the [FPSL MSLA](#) and [FPSL Program Disclosure](#).

## **CARRYING AGREEMENT**

Redbridge has retained Apex to provide certain recordkeeping or operational services. These services such as the execution and settlement of securities transactions, custody of securities and cash balances, and extension of credit on margin transactions are provided under a Fully Disclosed Clearing Agreement between Apex and Redbridge. As a member of FINRA, Redbridge is required (under FINRA Rule 4311) to disclose to you the details of its Fully Disclosed Clearing Agreement with Apex, which are summarized below.



## Responsibilities of Redbridge

Redbridge has the responsibility to:

- Approve the opening of your account;
- Obtain necessary documentation to help fight the funding of terrorism and money laundering activities;
- Service and supervise your account through its own personnel in accordance with its own policies, procedures, applicable laws, and regulators;
- Know you and your stated investment objectives;
- Provide appropriate investment advice, recommendations, or management services based on your investment objectives;
- Determine whether specific transactions such as margin, option, and short sale are appropriate for you;
- Obtain the initial margin as required by Regulation T if a margin account is opened for you;
- Accept and, in certain instances, execute securities orders;
- Know the facts about any orders for the purchase or sales of securities in your account;
- Comply with fair pricing and disclosure responsibilities;
- Correctly identify and promptly forward funds or securities intended for your account to Apex; or
- Supervise the activities of any individual who services your account, resolve any complaints regarding the handling of your account and manage the ongoing relationship that it has with you.

## Responsibilities of Apex

In general, Apex is only responsible for the services within the scope of the Fully Disclosed Clearing Agreement that are provided at the request of Redbridge and contain specific direction regarding your account. As such, Apex may fulfill the following responsibilities on behalf of your account:

- Create computer-based account records;
- Process orders for the purchase, sale, or transfer of securities (Apex is not obligated to accept orders directly from you and will do so only at Apex's discretion in exceptional circumstances);
- Receive and deliver funds and securities;
- Record such receipts and deliveries according to information provided either by Redbridge or directly, in writing, by you;
- Hold securities and cash in custody (after it comes into Apex's physical possession or control);
- Collect and disburse dividends and interest;
- Process reorganization and voting instructions with respect to securities held in custody;
- Prepare and transmit confirmations of trades to you with the exception of the following transaction which will alternatively appear on account statements:
  - Systemic investments or withdrawals of investment company products
  - Transactions in money market funds that have no purchase or redemption fees
  - Prepare and transmit periodic account statements summarizing transactions;
  - Provide Redbridge with written reports of all transactions processed for your account to enable Redbridge to carry out its responsibilities under the Fully Disclosed Clearing Agreement;



- Assist Redbridge with any discrepancies or errors that may occur in the processing of transactions;
- Loan you money for the purpose of purchasing or holding securities (subject to the terms of Apex's margin agreement, margin policies, and applicable margin regulations);
- Calculate the amount of maintenance margin required and advise you of those requirements (usually through Redbridge); or
- Calculate any interest charged on your debit balance.

#### **SEC RULE 10b-10**

SEC Rule 10b-10 requires that you are provided with prior written notification if certain transactions are not reported immediately through a trade confirmation. You will not receive an immediate trade confirmation for automatic reinvestments of money market dividends if there are no other transactions in your brokerage account on the day the automatic reinvestment occurs. A summary of these transactions will instead be reported in your quarterly brokerage account statement.