

**December 2017**

## **Terms and Conditions**

To the clients of Guggenheim Securities LLC:

Guggenheim Securities LLC (“Guggenheim Securities” or the “Firm”) has or intends to transact business with you in our capacity as an SEC and FINRA registered broker-dealer (SEC#49107 / FINRA#40638). Unless otherwise negotiated, the following terms and conditions apply to our sales and trading businesses when institutional clients transact with our Firm. While we recognize that not all these disclosures will be applicable to your specific trading activities, we request that you please read this letter carefully.

This letter is organized as follows:

- [General Disclosures](#)
- [Conflicts of Interest](#)
- [MiFID Related Disclosures](#)
- [Equity-specific Disclosures](#)
- [Fixed Income-specific Disclosures](#)

Should you need anything further or if you would like to discuss any of the terms and conditions detailed in this document, please contact your Guggenheim Securities registered representative.

Thank you.

Guggenheim Securities LLC

## General Disclosures

Securities sold, offered or recommended by Guggenheim Securities are not deposits, are not insured by the Federal Deposit Insurance Corporation (“FDIC”) ([www.fdic.gov](http://www.fdic.gov)), are not guaranteed by a bank and are not an obligation or responsibility of a bank unless stated otherwise in writing.

Federal laws and regulations intended to combat terrorist financing and money laundering activities (including, but not limited to, the Patriot Act and the Bank Secrecy Act) require Guggenheim Securities to obtain, verify and record information that identifies each person or entity that opens an account with Guggenheim Securities. To open your account in accordance with the foregoing, we will ask for your name, address and other information necessary for Guggenheim Securities to comply with the relevant laws and regulations.

No one associated with Guggenheim Securities, LLC is authorized to render tax or legal advice, and you should not rely upon such advice, if given.

Guggenheim Securities is a member of the Securities Investor Protection Corporation (“SIPC”). SIPC currently protects the securities in your account up to a maximum of \$500,000, no more than \$100,000 of which may be cash. Money fund balances and repurchase/reverse repurchase transactions are excluded from this protection. Any oral communication should be re-confirmed in writing in order to protect your rights, including your rights under the Securities Investor Protection Act (“SIPA”). Further, you may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at [www.sipc.org](http://www.sipc.org) or at (202) 371-8300.

Any complaints relating to your account may be directed to your account representative or the firm’s Compliance Department at 330 Madison Avenue, New York, NY 10017. The Compliance Department may also be reached by telephone at (212) 739-0700. Please report any inaccuracy or discrepancy in your account to the firm’s Operations Department at the same address.

## Conflicts of Interest

Guggenheim Securities strives to identify and manage potential conflicts arising from transacting in the securities business. These conflicts may arise with regard to corporate/issuer clients; investing clients; the proprietary/principal/agency trading activities of the Firm; the Firm’s investment banking activities; and the interests of our Firm’s employees. In addition to training our employees to identify and escalate conflicts to management for review, our Firm has implemented a variety of compliance policies along with physical and systemic information barriers to mitigate such conflicts. Please contact your Guggenheim Securities registered representative if you would like to discuss any conflict or our conflict identification and mitigation practices.

Guggenheim Securities may: (i) act in a principal capacity for transactions with its customers, (ii) transact in the same security with an affiliate, and/or (iii) become engaged in an underwriting for the issuer of the same security.

Guggenheim Securities may trade for its own account as a market maker, block positioner, arbitrageur or investor. Consequently, at the time the Firm enters into a transaction with you, it may have a position in the same security, which position may be partially or completely hedged.

## **BrokerCheck**

FINRA's public disclosure program, known as "BrokerCheck", provides investors and the general public with information on the professional background, business practices and conduct of FINRA member firms and their associated persons. Customers may call the BrokerCheck Hotline at (800) 289-9999 and may access [BrokerCheck](#). Please contact your Guggenheim representative if you would like to receive an investor brochure describing BrokerCheck.

## **FINRA Rule 5320 Disclosures**

FINRA Rule 5320 generally prohibits a broker-dealer that accepts and holds an order in any security from its customer or a customer of another broker-dealer without immediately executing the order from trading that security on the same side of the market for its own account at a price that would satisfy the customer order, unless it immediately thereafter executes the customer order up to the size and at the same or better price at which it traded for its own account.

Institutional Accounts & Large Orders – FINRA Rule 5320 permits a member organization to trade a security on the same side of the market for its own account at a price that would satisfy a customer order in certain circumstances. With respect to orders for an "institutional account," as defined in NASD Rule 4512(c), or for orders of 10,000 shares or more (unless such orders are less than \$100,000 in value). Rule 5320 permits a broker-dealer to trade an equity security on the same side of the market for its own account at a price that would satisfy such customer order, provided that certain notice is provided to the customer and the customer is provided a meaningful opportunity to opt in to the Rule 5320 protections with respect to all or any portion of its order.

To all institutional accounts and persons placing orders for 10,000 shares or more not otherwise subject to the protections afforded by Rule 5320, this document hereby constitutes notice. You may "opt in" to the Rule 5320 protections by providing written notice to your Guggenheim Securities registered representative.

## Notes for MiFID-impacted Customers

Guggenheim Securities is a US broker-dealer and not subject to MiFID II regulation. However, we note the following items to assist our customers who are impacted by this European Union regulation:

- 1) Guggenheim Securities' **LEI** is: 5493005G25VHYWLYJU59
- 2) Guggenheim Securities can fulfill customer requests for equity trade reporting through our Fidessa relationship. If you have any questions about this service, please contact:  
[GSSalesTradingTechnologySolutions@guggenheimpartners.com](mailto:GSSalesTradingTechnologySolutions@guggenheimpartners.com)
- 3) Guggenheim Securities expects to be able to fulfill customer requests for fixed income trade reporting via Bloomberg's RHUB offering no later than end of Q1 2018. To request this service, please send an email to [GSNewAccounts@guggenheimpartners.com](mailto:GSNewAccounts@guggenheimpartners.com).
- 4) Guggenheim Securities publishes **Equity Research** as well as **Fixed Income Desk Commentary**. To manage your firm's receipt of any of this content, please send an email to:  
[GSResearchDistribution@guggenheimpartners.com](mailto:GSResearchDistribution@guggenheimpartners.com)
- 5) Any other MiFID-related inquiries should be directed to [GSNewAccounts@guggenheimpartners.com](mailto:GSNewAccounts@guggenheimpartners.com)

## Equity Disclosures

Guggenheim Securities may execute orders in the pre-market or post-market trading sessions. Customers should understand that extended-hours trading involve material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and other risks. The absence of an updated underlying index value or intraday indicative value presents trading risks for trading derivative securities products in extended hours.

Trade authentication is a key component of effective market, operational, legal and reputational risk management. To ensure the prudent management of these risks, each market participant must be responsible for its staff's adherence to internal guidelines and authorization restrictions. Trader Authorization Letters, by attempting to shift the burden of enforcing compliance with internal policies and controls from the participant or its agent to Guggenheim Securities, are inconsistent with best practices in the financial markets and increase systemic risk. Therefore, as a policy matter, we generally do not require or accept trader authorization letters.

With respect to NMS stocks, as defined in Rule 600 of SEC Regulation NMS, Guggenheim Securities generally sends orders for NMS stocks to other market centers on an agency basis. Guggenheim

Securities has developed and implemented internal controls, including information barriers, that operate to prevent its market making desk from obtaining knowledge of customer orders not routed to it and, accordingly, our market making desk may trade for its own account prior to completion of your order and at the same time or a better price than you receive. Guggenheim Securities, in its efforts to seek best execution, routes client orders to national securities exchanges, alternative trading systems (ATSS), including electronic communications networks (ECNs), as well as other market centers. In facilitating trades in the equities market, Guggenheim Securities is subject to exchange fees and rebates and may receive a rebate when providing liquidity to an exchange. Likewise, Guggenheim Securities may be charged a fee when liquidity is taken from an exchange. As the Securities and Exchange Commission defines “payment for order flow” as “any monetary payment, service, property or other benefit that results in remuneration, compensation or consideration to a broker-dealer in return for the routing of orders,” Guggenheim Securities may accept payment for order flow under this definition. Further information about the source and nature of payment for order flow received by Guggenheim Securities will be provided upon written request. Guggenheim Securities is also an equity market maker on the NASDAQ Stock Market, Inc.

## Extended Hours Trading Disclosure

Guggenheim Securities offers you the opportunity to trade equity securities when the major U.S. equity markets are not open or to queue orders for foreign securities markets. The hours for trading outside of regular market hours are from 8:00 AM to 9:30 AM and from 4:00 PM to 8:00 PM, Eastern Time. An order placed during an after-hours trading session is only good for the session during which the order was placed and may be queued for foreign market trading. If an order is not executed during a specific after-hours session, the order expires at the end of the session and does not roll into the next regular or after-hours session. Orders not executed can be canceled before the close of a session in the same way as during regular-session market hours. Orders executed during an after-hours session are considered to have been executed during the day's regular session for settlement and clearing purposes. Trade settlement remains the same for after-hours trades as with regular-session trades and trade reporting requirements apply.

System response and access times may vary due to market conditions, system performance and other factors. There are risks to trading securities when the major trading markets are closed. To make sure you are aware of these risks please review the extended hours trading disclosure.

In accordance with FINRA Rule 2265 Guggenheim Securities is required to disclose the risks associated with pre- and post-market trading sessions. These risks are as follows:

Risk of Lower Liquidity: Liquidity refers to the ability of market participants to buy and sell securities. Generally, a greater number of orders are consistent with greater 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 compared to regular market hours. As a result, your order may only be partially executed or not executed at all.

Risk of Higher Volatility: Volatility refers to the changes in price that securities undergo when trading. There may be greater volatility (price swings) in extended hours trading than in regular market hours. As a result, your order may only be partially executed or not executed at all, and 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 observed at either the close of regular market hours or at the opening the next morning. As a result, you may receive a price in extended hours trading that is inferior to the price you would receive during regular market hours.

Risk of Unlinked Markets: Depending on the extended-hours trading system or the time of day, a price displayed on a particular extended-hours trading system may not reflect the same security's price on another system at the same point in time. Accordingly, you may receive an inferior price in one extended-hour trading system compared to what you would receive in another system.

Risk of News Announcements: Issuers often make news announcements or release important financial information before or after regular market hours that may affect the market price of their outstanding securities. If these announcements occur in extended-hours trading and are combined with conditions of lower liquidity and higher volatility, the result may be an adverse impact on the transaction price.

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 index value (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 may be placed at a disadvantage to other market professionals.

## **Indications of Interest**

If you provide Guggenheim Securities with an order to “work”, Guggenheim Securities 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. IOIs may be disseminated over electronic trading systems (such as Bloomberg, NYFix, etc.), or through direct connections to client order management systems. When publishing IOIs, Guggenheim Securities will adhere to guidelines published by the applicable service

provider and guidance issued by regulators, including whether or not Guggenheim Securities designates an IOI as “natural”. An IOI that we disseminate on your behalf cannot exceed the size of the order you have submitted to us. If you indicate that the size of your interest may grow, the Guggenheim Securities trader handling the order may include this instruction in the appropriate field of the IOI.

## Held and Not Held Orders

The purpose of this disclosure is to confirm our mutual understanding of the manner in which Guggenheim Securities will handle orders in equity securities for its institutional customers and broker-dealer counterparties.

Unless stated otherwise or there are specific order instructions, terms or conditions to the contrary, it is Guggenheim Securities’ understanding that all orders it receives will be deemed handled and executed on a “Not Held” basis, and Guggenheim Securities will work such order accordingly.

A Not Held order provides Guggenheim Securities with the discretion and flexibility to exercise its brokerage judgment regarding the price and/or time at which a trade is to be executed in order to seek the best execution of your order under the circumstances. Please be advised that according to FINRA rules a Not Held order is not considered a priced order. When you place a Not Held order with us and leave the price and time of execution to our discretion, we may trade in the security for our own account prior to completion of your order and at the same or better price than you receive.

“Held” orders do not permit discretion in the handling of your order. In addition, should your firm enter a market or limit order, such a Held order obligates Guggenheim Securities to execute the market order immediately at the then prevailing market price or the limit order at your limit price (or better), which may not be the best price that can ultimately be obtained. Should you have any questions or wish Guggenheim Securities to treat your orders other than as Not Held, please contact your sales representative.

## Net Basis Orders

At the time an order is placed with Guggenheim Securities, 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 Guggenheim Securities may perform either of the following actions:

- a. After having received an order to buy an equity security, Guggenheim Securities 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
- b. After having received an order to sell an equity security, Guggenheim Securities 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, Guggenheim Securities will not charge you a commission and will instead be compensated for the transaction by retaining the difference between the purchase and sale transactions.

In general, 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.

## **Reg NMS – National Market System**

Regulation NMS requires broker-dealers facilitating a block of stock in a NMS security for a customer to route simultaneously with the execution of an intermarket sweep order (“ISO”) to execute against the full displayed size of any protected quotation with a price superior to the block trade price.

## **Regulation NMS - Rule 606 - Equity Order Routing**

Guggenheim Securities will route equity orders taking into consideration among other factors, the quality and speed of execution, as well as the credits, cash or other payments it may receive from any exchange, broker-dealer or market center. This may not be true if a customer has directed or placed limits on any orders. Whenever possible, Guggenheim Securities will route orders in an attempt to obtain executions at prices equal or superior to the nationally displayed bid or offer. Guggenheim Securities will also attempt to obtain the best execution regardless of any compensation it may receive. Guggenheim Securities uses the compensation received to help keep costs competitive and provide customers with quality execution services. The nature and sources of credits and payments Guggenheim Securities receives in connection with specific orders will be furnished to a client upon request. Guggenheim Securities prepares a quarterly report which details where our Firm has routed non-directed customer orders. This data can be found [via our vendor's website, TAG Audit.](#)

## **Reg SHO – Failure-To-Deliver Securities Sold Long**

When you enter an order to sell a security “long”, you represent to us that you own the securities being sold without restriction and that you will deliver them to us by the settlement date. Failure to deliver the securities by the settlement date may result in the cancellation of the sale transaction or the purchase of like securities for your account as necessary to complete the sale transaction. If such a purchase is made, you may not be given notice of the purchase and you assume any transaction risk associated with the purchase.

## **Reg SHO – Failure-To-Deliver Securities Sold Short**

In the event that you enter an order with Guggenheim Securities to sell securities “short” for your account and you do not deliver them to us by the settlement date, your sale transaction will be marked as a “fail-to-deliver” position. While Guggenheim Securities will make its best effort to minimize the impact of any



fail-to-deliver trade status, in compliance with applicable exchange and SRO regulation we may be required to purchase securities from another source to cover your position should you be unable to deliver the securities in time for settlement.

Regulation SHO requires that any fail-to-deliver position resulting from a “short” sale in equity securities be closed out by the opening of trading on T+4 (trade date plus four business days). In order for Guggenheim Securities to ensure delivery by this time, the firm may initiate a “buy-in”. If a buy-in occurs, the exchange where the transaction took place is notified and securities of like kind and quantity are purchased by Guggenheim Securities in order to make delivery to the purchaser’s account. You would be responsible for making payment for the securities that are purchased.

## **FINRA Rule 5131 - Prohibition of Market Buy Orders in New Issue Securities**

Guggenheim Securities does not accept or execute held market orders to purchase shares of an initial public offering until secondary trading in such security has commenced. Limit orders and not held orders are accepted and executed regardless of whether secondary trading has commenced.

## **Reg M Rule 105**

Reg M Rule 105 states it shall be unlawful for a client to sell short the security that is the subject of the offering and purchase the offered securities from Guggenheim Securities when our Firm is participating in the offering if such short sale was effected during the period (“Rule 105 restricted period”) that is the shorter of the period:

- beginning five business days before the pricing of the offered securities and ending with such pricing; or
- beginning with the initial filing of such registration statement and ending with the pricing.

There are three exceptions to the prohibitions detailed in Reg M Rule 105:

1. It shall not be prohibited for such person to purchase the offered securities as provided above if such person makes a bona fide purchase(s) of the subject security:
  - At least equivalent in quantity to the entire amount of the Rule 105 restricted period short sale(s);
  - Effected during regular trading hours;
  - Reported to an “effective transaction reporting plan” (as defined in § 242.600(b)(22));
  - Effected after the last Rule 105 restricted period short sale, and no later than the business day prior to the day of pricing; and

- Such person did not effect a short sale, that is reported to an effective transaction reporting plan, within the 30 minutes prior to the close of regular trading hours on the business day prior to the day of pricing.

In addition to the bona-fide purchase resolution to short sales during the restricted period, there are two other means to comply with the prohibitions of Reg M Rule 105:

2. **Separate Accounts Exception:** A short sale in a separate account shall not prohibit the purchase of the offered security in an account of a person provided such person sold short during the Rule 105 restricted period in a separate account where decisions regarding securities transactions for each account are made separately and without coordination of trading or cooperation among or between the accounts.
3. **Investment companies.** A short sale in the subject security shall not prohibit an investment company (as defined by Section 3 of the Investment Company Act) that is registered under Section 8 of the Investment Company Act, or a series of such company (investment company) from purchasing an offered security where any of the following sold the offered security short during the Rule 105 restricted period:
  - An affiliated investment company, or any series of such a company; or
  - A separate series of the investment company.

## Fixed Income Disclosures

### Rule 144A Securities

For any Rule 144A securities that Guggenheim Securities transacts with you, you agree that:

(1) in the case of securities offered to you in reliance on Rule 144A under the Securities Act of 1933, you will be a Qualified Institutional Buyer and will obtain access to the issuer's Rule 144A(d)(4) information either directly from the issuer or from the issuer's designated informational web site (e.g., Intralinks, Syndtrak, Merrill or R.R. Donnelly):

(2) 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; and

(3) if you are unable to agree to any of the foregoing, you will not purchase the securities from Guggenheim Securities.

## Indicative Prices

As a service to our customers, the Firm may provide you with indicative month-end prices on bonds that we trade with you. Please note that such prices: represent the good faith estimate of GS at the time the indicative valuation is determined; should not be your primary basis for determining the value of any security; and should only be used by you in conjunction with information obtained from other sources including other pricing estimates and indicative valuations. To request indicative bond pricing, please submit your request directly to: [GSPricing@guggenheimpartners.com](mailto:GSPricing@guggenheimpartners.com)

## Municipal Securities Transactions

Guggenheim Securities is registered with the Municipal Securities Rulemaking Board (MSRB) and the Securities and Exchange Commission as a municipal securities dealer. The Firm is not a municipal advisor. Information about the rules governing Municipal Securities 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.

## Time Deposit Disclosure

You understand that Guggenheim Securities, LLC, from time to time, will act as an arranger in connection with time deposit transactions (each, a "Transaction") between you and a time deposit counterparty (together, the "Parties" and each, a "Party"). All aspects of any Transaction will be determined and agreed solely between the Parties and compliance with the terms thereof is strictly each Party's obligation. Guggenheim Securities and its affiliates shall not have any liability to any person (including the Parties) arising from any dispute with respect to any Transaction, including, but not limited to, if either Party is unwilling or unable to enter into any Transaction, or if any Transaction is not settled for any other reason. Guggenheim Securities has not provided any investment, tax or legal advice to any party with respect to any Transaction and makes no representations or warranties to the Parties in connection with any Transaction. You acknowledge and agree you will make your own independent decisions to enter into any Transaction and as to whether the entry into such Transaction is appropriate or proper for it based upon your own judgment and upon advice from such advisers as you have deemed necessary and will not rely on any communications or statements made by Guggenheim Securities in connection therewith.