



DISCLOSURE CALLABLE SECURITIES

❖ FINRA Rule 4340

Once a security is deemed callable (callable security) by the issuer, DTC or the custodian will notify Apex of the call and Apex will implement a random lottery call process, based on client account eligibility. Eligibility for the random lottery process is based on the securities call classification of 'favorable redemption call' or 'unfavorable redemption call'. The term favorable or unfavorable is based on a comparison between the call price and the market price. When the comparison between the call price and market price are beneficial to the client, the call is deemed favorable. Favorable redemption calls will exclude any account in which Apex, or its associated persons have an interest until all other customers' positions in such securities have been satisfied.

An unfavorable redemption call is when the comparison between the call price and market price are not as beneficial to the client and therefore deemed unfavorable. Apex will not exclude its positions or those of its associated persons (including those persons performing solely clerical and ministerial functions) from the pool of any securities deemed unfavorable and eligible to be called.

A determination will be made as to which redemption call the security is subject to (favorable or unfavorable) prior to commencement of the lottery process.

Once the terms of the call have been determined and eligible accounts have been selected, the random lottery process will occur to select accounts for the partial call redemption. A random start and jump number is executed at the beginning of the lottery to ensure the process is impartial, fair and consistent with the call allocation. When the redemption call has ended for each security, Apex is notified of the called account by its vendor and will inform the Introducing Broker who will notify the customer of the account status.