

## **A Notice to Our Clients**

At First American Capital And Trading Corp. ("FACTC") we are dedicated to obtaining the best possible execution of our customer's orders. To accomplish this, we use a variety of order-handling techniques to complete orders at the best price reasonably available under prevailing market conditions. It is important that we have a clear mutual understanding of the terms and conditions governing order execution. Market volatility and the need to enter orders and report executions promptly and efficiently often make it impractical on a trade-by-trade basis to discuss optimal methodology. Consequently, we are writing this letter to confirm to our clients our understanding of the manner in which we are authorized to handle your orders.

### ***NOT HELD ORDERS***

By placing a "not held/working" order with us, you are directing that we handle your order on a "not held" basis, which means you are giving us discretion to properly exercise our brokerage judgment to seek to obtain the best execution of your order. This means that we are relieved of our normal responsibilities for the time of execution and the price or prices of execution of such an order, provided that we otherwise exercise proper brokerage judgment. Specifically, we are not required to execute the order at the time of receipt or at the current market price at the time of receipt.

In addition, consistent with using reasonable judgment to seek the best execution of the order, a broker-dealer is not required to display or protect a "not held" limit order or to cross such an order with other better-priced orders received by the broker-dealer. By voluntarily designating your order as "not held" you authorize us to exercise our trading judgment and select from a variety of methods to obtain the best executions possible, considering all of the terms agreed to with you and the market conditions surrounding the order.

When handling your order, it shall be on a "net" basis unless otherwise instructed. This means that the reported price may reflect our compensation, including an imputed markup or markdown. When multiple executions are employed consistent with a client's "not held/working order" specification, the final price to you may reflect an "average price" plus or minus an imputed mark-up. Accordingly, we may act in the capacity of principal, riskless principal, or, in the event of multiple executions, more than one capacity. Of course, you may request detail on the individual executions at any time.

### ***Average Price Confirmations***

In seeking to obtain the best available prices, we may work client "not held" orders in more than one transaction, and in more than one market center or system during the course of a trading day. We confirm these trades to clients with an "average price confirmation" which shows the total number of shares purchased or sold and an "average price" when there are multiple executions. The confirmation also reports the capacity or capacities in which we act (that is, as principal, agent and/or dual agent). As a summary document, the confirmation does not list the details of the individual executions and capacities; however, we are always willing to make such information available on request.

### ***Long Sales***

As a member firm of FINRA, FACTC is required to determine that, for each long sale, the client in fact owns the securities to be delivered and those securities are in good deliverable form. Accordingly, unless otherwise expressly agreed by FACTC in writing, for all long sale order you place with us, you represent that the securities to be sold are held in good deliverable form by your custodian and that you have provided standing instructions to your custodian to deliver the securities against payment. We further understand that you will advise us in writing upon placing your order if the securities to be sold are held elsewhere.

**Short Sales**

FACTC is also required to determine that for each short sale, if the client assures delivery, the client in fact owns the securities or represents to us that they have confirmed that they are able to locate the stock. Accordingly, unless otherwise expressly agreed by FACTC in writing, shorts sales will only be accepted if the client confirms that they are able to locate the stock and the identity of the individual or firm contacted who offered assurance that the shares would be delivered or that were available for borrowing by settlement date and that they will be in good deliverable form. Further, unless otherwise expressly agreed by FACTC in writing, in placing a short sale with us you represent that you have provided standing instructions to your custodian to deliver the securities against payment.