ARXISCAPITAL

Arxis Securities LLC
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Dear Valued Customer:

We are taking this opportunity to make certain disclosures to you regarding Securities and Exchange Commission ("SEC") regulations and Self Regualtory Organization ("SRO") rules and policies of Arxis Securities LLC ("Arxis" or the "Firm").

Order Handling and Execution Protocols for Broker Dealer Clients

Arxis makes a market in or trades most U.S. Equity securities. Arxis also operates an agency trading desk. Arxis makes these order handling and execution protocols available to our clients to aid in their understanding of how the Firm handles their orders.

If you have any questions regarding these execution protocols, contact your Arxis Account Executive.

How We Handle Orders

When clients route orders to Arxis, they will be sent to the Firm's central hub to determine which desk to route the order. If the order is a market order, marketable limit order, or stop order, the control hub will route the order to the market making desk. If the order is a non-marketable limit order, the central hub will route it to the agency trading desk for handling. Orders sent to the market making desk may be executed in an agency, principal (including on a "net" basis), and/or riskless principal capacity. The market making desk also may route orders to other market centers and fill all or part of an order in a riskless principal capacity at prices Arxis obtained from other market centers. Orders sent to the agency trading desk are executed in an agency capacity.

As a market maker, Arxis generally provides continuous two-sided quotes, stands ready to buy and sell a security at any given time, and may commit capital when filling client orders principally, and on a riskless principal basis. To meet its market making obligations, Arxis effects transactions to acquire inventory and to position itself to meet the needs of the market and its clients. When doing so, Arxis strives to balance the Firm's need to manage risk and acquire inventory with clients' best execution requirements. Arxis's market making desk, upon receipt of an order, will use an automated trading process to evaluate the order to determine whether to execute it, post it as a quote, or route it to another market center for handling. Similarly, the agency trading desk will use its own automated trading process to determine which market to post any non-marketable limit order.

In certain circumstances, including Arxis's trading in anticipation of certain liquidity events and as part of the price discovery process, transactions that Arxis executes for its own account may affect the prices of the securities that clients are buying or selling in different ways, depending on the applicable order types (e.g., market, limit, not-held, stop, all-or-none and other order types) and other market conditions. In addition, transactions that Arxis executes in connection with the facilitation of other clients' orders and as part of its bona fide market making activities, whether for its own account or otherwise, may also affect supply and demand and consequently the market prices of securities. Arxis makes reasonable efforts to satisfy its clients' needs along with the Firm's market making obligations and seeks to obtain fair pricing for client orders in general. Specifically, Arxis handles and/or executes client orders in accordance with FINRA Rule 5310 (Best Execution) and the guidance contained in Regulatory Notice 15-46. Clients who expect specific results should adjust their order types accordingly.

The Firm's market making desk may attempt to obtain price improvement for market and marketable limit orders by posting an order for a short period of time, either in a dark pool or on a "lit" market (i.e., an exchange). The routed order can be for the full amount of an order or for a partial amount. If the marketable order is not executed after being posted, then Arxis will attempt to fill the customer order at the inside market at the time the order was received (or better). If you do not want your marketable and marketable limit orders handled in this manner, please contact your Arxis Account Executive.

In an effort to facilitate the execution of client orders, Arxis utilizes its proprietary smart router technology to access liquidity internally (including wholesale market maker inventory) or by routing orders to other market and trading centers, including other market makers, ATS, and Exchanges. The router will attempt to access liquidity based upon a variety of factors in making routing decisions. Arxis considers cost as one of many factors in making routing decisions. The Firm may also receive orders from market centers and trading centers to which it routes orders. The Firm may have a direct or indirect ownership interest in market centers and trading centers to which it chooses to route orders and may also receive orders from market centers and trading centers to which it routes orders.

Arxis seeks to provide high quality executions. However all orders are subject to market conditions and accordingly Arxis does not guarantee that any particular order will be filled, or in the case of a market order, that it will be filled at any particular price. There are several factors that can affect how Arxis handles any particular order including but not limited to:

- o Whether market conditions in the stock are normal

- o The stock's liquidity/volume and volatility (overall and/or momentary)

- o The size of the order

- o The Firm's and/or market making desk's current position and risk tolerance in the stock

- o Any client-provided preferences (for example, size parameters)

The above factors can affect whether any execution occurs, the speed of order handling and/or the availability of price improvement as compared to the NBBO.

The Firm principally executes client orders at prices based on a synthetically constructed national best bid and/or offer ("NBBO") comprised of direct market data feeds from certain exchanges and the SIP. However, the Firm's order execution data published in accordance with Rule 605 of Regulaiton NMS is calculated based on market data obtained from the SIP feed.

If you do not object to the above order handling practices, then you need to do nothing and we will deem that you have consented to these practices. If you do not accept the above order handling practices, then you should contact your Arxis Account Executive immediately.

Indications of Interest

The Firm does not accept indications of interest ("IOIs") from external market centers. However, the Firm communicates IOIs, which reflect Arxis' potential trading interests to clients that are seeking liquidity in NMS and OTC equity securities. These IOIs do not reveal client order information as they only represent Arxis' principal trading interests. The IOIs are provided to clients to improve the probability of an execution against Arxis' principal trading interests, thereby increasing the efficiency of our clients' order routing processes. The IOIs are not considered as orders or quotes under current securities laws, rules and/or regulations as the messages do not reflect the material terms of an order (i.e., symbol, side, price, and quantity). Furthermore, the Firm does not guarantee an execution to a client that receives an IOI since the Firm's trading interests are subject to change after the message is communicated.

In addition to the above, the Firm could also route a client order to another trading venue, including an ATS, that utilizes IOIs to facilitate the execution of orders. The Firm's understanding, based on representations from these venues, is that the IOIs will not communicate all of the material terms of the order. When submitting orders to Arxis, clients have the ability to exclude certain venues as routing destinations.

Cancellation of Orders

A client may request that any unfilled order (or unfilled portion of an order) be canceled. The Firm retains discretion to grant or deny cancellation requests. Circumstances under which the Firm may deny a cancellation request include when the Firm has executed all or part of the order, has routed a principal order to another market center to fill the order or is otherwise in the process of executing the order.

Clearly Erroneous Policy

Arxis reserves the right at is sole discretion to cancel or price-adjust any trade that is deemed by Arxis to have been the result of an obvious error, including but not limited to, as to security, size and/or prices that are unrelated to the market. Bona fide errors can result from human error or system issues that affect the execution of an order. Such errors can occur at Arxis or can occur outside of Arxis at an exchange, an ATS or at other market centers utilized by Arxis in connection

with the execution of the order. Such errors can also result from general market volatility, communications system breakdowns or other conditions over with Arxis has no control. In the event that Arxis exercises this right, the Firm will employ commercially reasonable efforts to inform you timely in order to minimize market impact of all concerned.

Corporate Actions

GTC and GTD stocks subject to corporate actions will be cancelled or adjusted pursuant to FINRA rules. Adjustable open orders are buy limit, sell quote-stop sell, quote-stop limit, sell stop and sell stop limit orders.

Arxis will cancel all open orders in a stock in the event of a reverse stock split, delisting, move to PinkSheet/OTC, or spinoff. Additionally, Arxis will cancel all orders with indeterminable corporate action values or identifier changes. Post- and Pre-market reconciliation files for open GTC and GTD orders are available upon request. Clients may request alternative handling of corporate actions.

DNR Instruction: Client orders marked as "Do Not Reduce" (DNR) will not have their prices adjusted for cash dividends or forward stock splits.

DNI Instruction: Client orders marked as "Do Not Increase" (DNI) will not have their share quantities increased for stock dividends, stock distributions and forward stock splits.

Duration of Orders

Day Orders: Unless otherwise specified, Arxis considers client orders to be Day Orders. Day Orders and unfilled portions of partially executed Day Orders will expire at the end of the regular trading day that the order was received (generally, 4:00 p.m. Eastern Time).

Good-Till-Cancel/Good-Till-Date: GTC or GTD orders will be maintained on file for a maximum of 60 calendar days. If your GTC order has not been cancelled or executed during this period, it will automatically expire. A daily file containing expired GTC/GTD orders can be provided to you, upon request to your Arxis Account Executive.

IPO Pre-Opening Execution Protocols

Arxis generally accepts orders for new issues prior to the opening of secondary trading of an Initial Public Offering (IPO).

Arxis holds pre-opening orders on its order book and represents the orders by transmitting principal orders to the Primary Exchange to acquire inventory to fill the orders on its book on a riskless principal or net basis.

Arxis will not accept pre-opening orders to purchase IPO shares in the secondary market unless such orders are received with a limit price or a not held instruction providing Arxis with price and time discretion.

Order Protection (including for Large Orders)

Arxis's systems are configured to comply with the limit and market order protection rules, ensuring that eligible client orders receive all fills to which they are entitled. This protection comes into effect at the time when Arxis acknowledges the order.

Arxis operates multiple trading units, all of which trade for Arxis's own account and/or for the account of others. Arxis maintains information barriers and other internal controls that are designed to prevent Arxis's market making desk from having knowledge of customer orders sent to the agency trading desk, and vice versa. Due to the information barriers, a unit not handling your order may continuously trade for Arxis' account and/or as agent and, pursuant to FINRA rules, may receive executions in the security (or a related financial instrument) at prices that would satisfy your order, or that may affect the market in the security that is the subject of your order. In other words, pursuant to FINRA's "No-Knowledge Exception," the Arxis market making desk will be able to trade at prices that would satisfy customer orders held by the agency trading desk and vice versa as there are information barriers between the market making desk and the agency trading desk.

When Arxis is handling certain large or block sized orders from its client, Arxis may trade the same security on the same side of the market for its own account at a price that would satisfy such client order, as provided in the exemptions to FINRA Rule 5320. For purposes of this letter, large orders and block sized orders are defined as orders of 10,000 shares or more and at least $100,000 in value. In addition, when handling a large or block sized order, Arxis may engage in facilitation, hedging, and/or positioning activities under the conditions established by FINRA Rule 5270 that could affect the market for the security that is the subject of the transaction. In such cases, you may receive an overall execution price that is different from the price that is received and/or paid by Arxis. However, Arxis will minimize any potential disadvantage or harm in the execution of a client's order and we will not place our financial interests ahead of those of our client. This letter establishes your consent to Arxis engaging in facilitation, hedging, and/or positioning activities while working your large or block sized orders. If you wish to opt-in to the FINRA Rule 5320 or 5270 protections and not permit Arxis from conducting such activities for oversized orders, please contact your Arxis Account Executive. Please note that such action may limit the manner in which Arxis handles such orders.

Market-on-Close (MOC)/Limit–on-Close (LOC) Orders & Cancellations

Arxis handles client orders in NMS securities with MOC or LOC instructions by routing representative principal orders to the Primary Exchange. These principal orders are subject to the terms and conditions of the exchange, including the exchange's rule limiting the time that such orders may be entered (relevant "cutoff" time), modified or cancelled. Accordingly, Arxis accepts electronically-entered MOC/LOC orders from clients subject to the same terms and conditions as the Primary exchange. For example, if the NYSE's "cutoff time" for electronically-entered requests to cancel MOC/LOC is 15 minutes prior to its scheduled close, Arxis will generally accept electronically entered requests to cancel MOC/LOC orders up to the same "cut off time."

Sub-Penny Orders

Consistent with Rule 612 of Regulation NMS, Arxis will not accept orders in NMS stocks priced in increments smaller than $0.01 if the order price is equal to or greater than $1.00 per share. Arxis will accept orders in NMS stocks priced in sub-pennies of up to four decimal places ($0.0001) if the order price is less than $1.00 per share.

Non-Normal Market Conditions

Arxis's automated execution protocols assume normal market conditions. Arxis reserves the right, at its sole discretion, with or without notice, to determine if and when market conditions are normal. Non-normal market conditions include, but are not limited to:

- o Locked or crossed market conditions

- o Limit Up / Limit Down Trading Halts

- o Markets, market data and/or market participants that are unusually volatile, unreliable and/or unresponsive for any one or more symbols or sectors

- o Periods of order imbalances either at this Firm or at the stock's primary exchange

- o Regulatory trading halts and Non-regulatory trading halts (beginning from the time of the last print on the stock's primary exchange before the exchange's declaration of the halt and ending when the stock's primary exchange ends the halt by resuming its normal quoting and printing operations)

- o Periods of time when an exchange places a stock in "non-Firm quote" mode or similar quoting mode

- o Periods of unusually wide spreads (in the inside market or by the stock's primary exchange)

- o Periods of time surrounding significant news (local or international, issuer, sector or market related stories (whether or not those news stories result in a regulatory halt of the stock)

- o Secondary trading of IPOs

- o Periods of time affected by a communications or systems outage

- o Reg NMS Self Help Declarations

- o Rule 201 of Regulation SHO Circuit Breakers

Arxis reserves the right, at its sole discretion to, modify, suspend, or cancel any of its order handling protocols including, but not limited to, automated execution and price improvement,

automated display of eligible client limit orders, automated limit/market order protection without notice on a stock by stock or on a client by client basis when non-normal market conditions exist.

Opening Only (OPG) Orders

Opening Only orders with an "OPG" qualifier are subject to the terms and conditions of the exchange, including the exchange's rule limiting the time that such orders may be entered (relevant "cutoff" time), modified or cancelled. OPG orders will be accepted up until the relevant cut-off time, and will be eligible for execution based on the opening price / print on the stock's primary exchange on a best efforts basis. OPG orders received after the cut-off time will not receive execution. OPG orders, or the balance remaining of an OPG order, that was not executed at the opening, are deemed cancelled and not eligible for execution in the continuous market. For IPOs and other circumstances in which the security opens at times later than the beginning of normal trading hours, the Firm may choose not to accept orders with an OPG instruction. In the event the Firm accepts an order with an OPG instruction, the Firm does not guarantee execution of such orders.

Orders Modifiers/Instructions

Market Orders: Arxis will accept market orders and attempt to execute at prices that are available in the market following receipt of the order until the order is completed or canceled (see, however, our description of stopping orders above). Although the Firm endeavors to execute market orders that it receives fully and promptly, certain market orders (for example, quantity in excess of share size parameters, orders in securities for which we do not make a market, etc.) may be rejected.

Limit Orders: Arxis will accept limit orders with a duration of up to 60 calendar days and hold them for the applicable duration or time in force until the order is executed at its limit price or better or canceled. Although the Firm endeavors to execute marketable limit orders that it receives fully and promptly, certain marketable limit orders (for example, quantity in excess of the Firm's share size parameters, orders in securities for which we do not make a market, etc.) may be sent to the agency trading desk for handling. Non-marketable limit orders will typically be sent to the agency trading desk for handling.

Unsolicited Orders: Pursuant to Rule 15c2-11 under the Securities Exchange Act on 1934, Arxis Securities LLC ("Arxis") will deem and treat all orders in over-the-counter ("OTC") equity securities received as unsolicited and submitted on behalf of a customer unless informed otherwise, prior to the routing and/or placement of the order.

Duration of Orders: Unless otherwise specified, all orders are deemed "DAY" orders, and any unfilled portions of orders will expire at the end of the regular trading day on the day the order was received.

Good-till-Cancel (GTC) Orders: A GTC order will remain open on Arxis's books until executed, cancelled by the client that placed the order or cancelled by Arxis, whichever comes first. Please note, however, that GTC orders are only "open" during market hours – not during after hour trading or pre-open trading sessions. GTC orders are eligible for execution and for market / limit order protection only while they are "open." Arxis maintains your GTC/GTD orders on file for 60

calendar days. If your GTC order has not be cancelled or executed during this period, it will automatically expire. A daily file containing expired GTC/GTD orders can be provided to you, upon request to your Arxis Account Executive.

Time-in-Force (GTD) Orders: A GTD order will remain an open order until executed, cancelled by the client that placed the order or until the order expires at is designated time-in-force date but no later than 60 calendar days, whichever comes first.

AON (All-or-None) Orders: An AON order is a special order type that is offered by Arxis. AON orders are generally not accepted by, and cannot be routed to, exchanges. AON orders must be filled in a single execution at one price for the entire amount of the order. Accordingly, AON orders may require manual facilitation by a trader. AON orders are still subject to the Firm's order cancellation policy as described above.

FOK (Fill-or-Kill) Orders: A FOK order must be filled upon request in a single execution at one price for the entire amount of the order or canceled in its entirety.

IOC (Immediate-or-Cancel) orders: Arxis may at its discretion execute all or part of any IOC order. If the order is executed in whole or in part, the executed quantity will be executed at the current market in case of a Market IOC order or at the order's limit price in the case of a Limit IOC order. If the order is not executed or partially executed, the unexecuted quantity will be canceled.

Not Held Orders: When entering a "not held" order, the client gives Arxis price and time discretion and Arxis will use its reasonable judgment with respect to the handling and execution of that order to secure the best overall execution under prevailing market conditions. Arxis may act in the capacity of principal, riskless principal, and/or agent when executing not held orders. A "not held" order is an order which by definition, is not owed limit / market order protection (Manning). All client orders received by Arxis that are equal to or greater than 10,000 shares or $200,000 in value will be deemed to have been submitted with a "not held" instruction. If you do not agree to this order handling arrangement, please contact your Arxis Account Executive immediately.

Trading on a Net Basis

Arxis's order handling procedures enable us to execute your orders on an agency, riskless principal, and/or net basis. Accordingly, we receive compensation in different forms, depending on how we execute your order. Specifically, when executing your orders in an agency or riskless principal capacity, we may charge an explicit fee or commission for each transaction. The execution price that you receive will be the same price that Arxis receives when handling and/or executing your order in an agency or riskless principal capacity.   If we execute your orders on a net basis, we will include a commission equivalent (i.e., mark up or mark down) in the execution price provided to you. Hence, the execution price of your order will be different than that paid by (in the case of a buy order) or received by (in the case of a sell order) Arxis, as a result of the commission equivalent. Arxis may also route your order to a venue that could trade your order on a net basis and provide Arxis with an execution price that includes a commission equivalent. If Arxis receives a net execution price from a venue when executing your order in an agency or

riskless principal capacity, we may charge an explicit fee or commission for each transaciton. Moreover, if Arxis receives a net price from a venue when executing your order on a net basis, the Firm could include its own commission equivalent in the execution price that it provides to you. Please be aware that Arxis's systems are programmed to execute client orders at prices equal to or within the NBBO. You may object to Arxis's order handling process described above by contacting your Account Executive.

Reserved Rights

Arxis reserves the right at its sole discretion to modify, suspend, or cancel any of its order handling protocols, (except those that are designed to ensure compliance with the Firm's regulatory obligations), including, but not limited to, automated price improvement and automatic execution, without notice on a stock by stock or on a client by client basis, when non-normal market conditions exist, when attempts are made to abuse or circumvent its automatic execution size limitations, or when Arxis otherwise deems it appropriate.

Arxis reserves the right at is sole discretion to offer various execution services to clients, (e.g., Auto-Ex, Price Improvement, Pre/Post Market Trading, etc.,), on a client specific basis.

Stop Orders and Stop Limit Orders

Arxis accepts stop orders and stop limit orders. Both types of orders will be sent to the market making desk for handling.

A stop order is an order to buy (or sell) that becomes a market order to buy (or sell) when a published last-sale transaction occurs at or above (below) the stop price. A stop limit order is an order to buy (or sell) that becomes a limit order to buy (or sell) at the limit price when a published last sale transaction occurs at or above (below) the stop price.

Arxis reserves the right to not elect orders off of consolidated last sale prices that Arxis, at its sole discretion, perceives to be unrelated to the prevailing market.

We greatly appreciate the trust and confidence that you have placed in our business and we look forward to assiting you in achieving your investment objectives. If you have any questions or comments please contact your Account Executive or Arxis's Compliance Department at (646) 565-3300.