

COWEN

Cowen Execution Services LLC **ERISA 408(b)2 Disclosure Supplement**

As you may be aware, the Department of Labor implemented guidelines in 2012 on disclosures that we, as a service provider to your plan, must provide under Section 408(b)2 of the Employee Retirement Income Security Act of 1974, as amended (the “408(b)2 Regulation”). At Cowen Execution Services LLC (“Cowen”, “we”, “us”), we try to maintain transparency with respect to the various methods by which we receive compensation in connection with the brokerage and/or commission recapture services provided to you.

In an effort to meet the requirements of the 408(b)2 Regulation, and to maintain an appropriate level of transparency, please find enclosed a disclosure supplement, setting forth various possible sources of revenue that Cowen and its affiliates may earn in connection with acting as your broker-dealer and/or commission recapture service provider. These revenue sources are in addition to any commissions or recapture fees we may earn as set forth in the Agreements between you and Cowen.

The attached disclosure supplement does not change the brokerage or commission recapture rates you pay, nor does it amend your Agreements with Cowen. Please refer to your Agreements for specific details and a description of the services provided by us.

It is important to note that some or all of the items listed in the disclosure supplement may not apply to any particular brokerage or commission recapture transaction. If you have questions about the compensation we receive or whether any particular type of revenue was or will be received in connection with any particular transaction, please do not hesitate to contact our Plan Sponsor Sales division.

We will keep you apprised of changes to the list within a reasonable time after such changes occur; so, be on the lookout for new versions of the disclosure supplement that may be posted to our website or delivered to you by email. Should you have any questions about the contents of this letter or the disclosure supplement, please feel free to contact Tim Conway at 212-237-0416.

We appreciate your business, and look forward to continue serving you.

Sincerely,

Cowen Execution Services LLC

COWEN EXECUTION SERVICES LLC COWEN EXECUTION SERVICES LLC
ERISA SECTION 408(b)2 - DISCLOSURE SUPPLEMENT

This disclosure supplement sets forth various possible sources of revenue that Cowen Execution Services LLC (“Convergex”, “we”, “us”) and its affiliates (including The Bank of New York Mellon Corporation) may earn in connection with acting as your broker-dealer and/or as your commission recapture service provider pursuant to the agreements between you and Cowen, including without limitation your Commission Recapture Agreement with Cowen or Cowen’s Client Brokerage Terms and Conditions (the “Commission Recapture Agreement” and “Client Brokerage Terms and Conditions” are each referred to herein as the “Agreement”). The direct and indirect revenue sources may be in addition to the commissions or other compensation we may earn as set forth in your Agreement, including the exhibits attached to your Agreement. This disclosure supplement (“Disclosure Supplement”) does not change the commission rates or commission recapture rates you pay.

It is important to note that some or all of the items listed herein may not apply to any particular brokerage or commission recapture transaction we, or another broker-dealer, may execute for you or in which we may rebate commissions to you. Please be advised that this Disclosure Supplement only applies to those disclosures required by the U.S. Department of Labor under Section 408(b)2 (the “408(b)2 Regulation”) of the Employee Retirement Income Security Act of 1974 (“ERISA”) in relation to the brokerage or commission recaptures services provided and compensation earned in connection with those services. If you have questions about whether any particular type of revenue was or will be received in connection with any particular transaction, please speak with our Plan Sponsor Sales division. We will keep you apprised of changes to this Disclosure Supplement within a reasonable time after such changes occur; so be on the lookout for new versions of it either posted on our website or delivered to you by email.

Please refer to your Agreement for further details about the services we will provide to you.

I. COVERED SERVICE PROVIDER

Cowen provides securities execution and related services in the global cash equities, options and other securities markets consistent with our role as a broker-dealer. We provide both electronic and high-touch execution services, and seek to execute client orders on the most favorable terms reasonably available under prevailing market conditions.

In addition, we may also provide you with commission recapture services, as provided in your Agreement. Please note that we are **not** acting as a “fiduciary” (within the meaning of Section 3(21) of ERISA) in connection with the brokerage services or commission recapture services we provide under the Agreement. Our status as a “covered service provider” as defined in the 408(b)2 Regulation is derived from the fact that we may receive “indirect compensation” (as defined in the 408(b)2 Regulation) in connection with the services we provide you.

II. DIRECT COMPENSATION (*compensation we or our affiliates will receive from you*)

1. **Commissions:** We will charge brokerage commissions, commission equivalents and/or other fees in connection with orders for securities routed by you or your money managers to

Cowen for execution (as opposed to orders routed to another broker-dealer in our correspondent network). These commissions, commission equivalents and other fees, which are customary in the industry, are based on the rates negotiated by you or your various money managers with Cowen and will, generally, vary by market and security type. Commission rates for brokerage transactions executed by Cowen generally will not exceed: \$0.005 to \$0.05 per share for U.S. equities; 2 to 20 basis points of principal value for equities in global developed markets; 5 to 150 basis points of principal value for equities in global emerging and frontier markets; and \$8 per U.S. options contract. If you or your money manager routes us orders for fixed-income securities, Cowen will earn commissions or commission equivalents that generally fall into the following ranges depending upon the type of fixed-income security and the size of the order: 1 to 10 basis points for U.S. Treasury bonds, 1 to 25 basis points for U.S. Agency bonds, 10 to 25 basis points for high-grade corporate bonds, 20 to 50 basis point for high-yield corporate bonds, and 3 to 100 basis points for mortgage/asset backed securities. The amount of brokerage commissions earned by Cowen in connection with a particular agency order will be confirmed in writing after a transaction is executed. Please refer to your trade confirmation for the actual commission charged by Cowen on each particular agency transaction. If you are a commission recapture customer, Cowen will retain a portion of the commissions received from the proceeds of the transaction as its compensation and will maintain and rebate the remaining portion of those commissions as detailed in your Agreement.

2. ADRs - Conversion Fees and Cross-Book Swap Fees: In the event you or your money managers route orders on your behalf involving the purchase or sale of American Depositary Receipts (“ADRs”), we and/or our affiliates may charge conversion fees when we convert an ADR to an ordinary share or vice versa. The maximum conversion fees generally will not exceed \$0.05 per share, exclusive of any rebates we may receive in connection with any ADR conversions. If we utilize the cross-book services of a broker-dealer to effect a swap of ordinary shares for ADRs (or vice versa) instead of a conversion through an ADR Depository Bank, we or our affiliates may earn additional revenues representing the difference between the swap fees paid to the broker-dealer and the swap fees charged to the customer. The compensation earned on those swap fees will range from 0 to 150 basis points on the principal value from the proceeds of the transaction. The ADR conversion and cross-book/swap fees will be deducted directly from the proceeds of the transaction with your money manager during the settlement process and may be in addition to any commissions charged as described in Section II.1 above and any interest/financing charges as described in Section II.3 below. To the extent that ADR transactions or related foreign exchange transactions are executed by Cowen on a principal basis rather than agency basis, the information described above may not include amounts earned by Cowen as principal. Such earnings from acting as principal are not “fees” required to be disclosed as part of the ERISA Section 408(b)2 Regulation disclosure requirements.
3. Interest on securities/cash: In connection with the clearing and settlement of certain trades, we may charge interest on your funds and securities for transactions routed by you or one of your money managers and executed on your behalf in order to pay the bank or other intermediary that has charged us interest. In certain circumstances when trade fails or financing charges are incurred in connection with trade settlements, we may add our own interest charge to the interest charged to us by the other intermediary. The interest rate we are charged may fluctuate based on market conditions. In general, we may charge you an interest rate for trade fails and financing charges that equals the sum of the Broker Call

Rate plus the Federal Funds Rate, and we may earn money on this amount to the extent that our cost of capital on the funds we borrow in relation to the trade fail or financing charge is less than the rate charged to you. We may also charge you interest in connection with ADR conversion trades where financing is necessary to facilitate the timely settlement of trades. In those instances, we or our affiliates will generally not charge more than 3% above our total cost of funds.

4. **ETF Conversion Fees:** In the event you or your money managers route securities orders on your behalf involving the conversion of ETFs, we and/or our affiliates may earn a conversion fee. We charge conversion fees when we create or redeem an ETF on your behalf or on your money manager's behalf. These conversion fees will generally not exceed 10 basis points (0.0010) of the principal value. The ETF conversion fees are deducted directly from the proceeds of the transaction during the settlement process and may be in addition to any commissions charged.

III. **INDIRECT COMPENSATION** (*compensation we may receive from unaffiliated third parties*)

1. **Commission Recapture Fees:** When you or your money manager execute trades through a broker-dealer in Cowen's commission recapture correspondent broker network, Cowen will receive a portion of the commissions or commission equivalents earned by that correspondent broker as our commission recapture program fee. We will rebate the remainder of the commissions/commission equivalents shared with us by the correspondent broker to you as detailed in your Agreement. If you request that we recapture 12b-1 fees in connection with your mutual fund holdings and you name us as the broker of record with a particular mutual fund company, Cowen will retain a portion of the 12b-1 fees paid to it by each applicable mutual fund company as our commission recapture program fee and will rebate the remainder to you in accordance with the terms set forth in your Agreement.
2. **Payment for Order Flow and Market Center Rebates:** When we route trades received from you or your money managers on your behalf to certain exchanges, alternative trading systems, electronic communication networks or other broker-dealers or market centers (collectively "Market Centers"), we may receive payments from those Market Centers for doing so. This may include situations where we receive rebates for providing net liquidity to a Market Center. These payments are referred to by various names, including "maker-taker fees", "payment for order flow", "rebates" and "concessions." In general, payments received from exchanges are based on the aggregate order volume we send to an exchange over a given period of time (typically a month) and are not based on any specific transaction or the activity in any particular account. The payments we receive from such exchanges relating to cash equities transactions usually do not exceed \$0.0001 to \$0.0050 per share, which is customary in the industry. Payments received from other broker-dealers for order flow routed to them may be based on specific transactions or activity in particular accounts. When handling equities orders, we pursue different execution strategies across multiple Market Centers consistent with our best execution obligation, taking into account market conditions, client instructions, liquidity dynamics and price improvement opportunities. These Market Centers competitively employ different and, frequently, revised pricing schedules with respect to charges, credits and other payments. As a result, it is not possible to predict with reasonable certainty the amount of indirect compensation, if any, that may be received with respect to any particular order.

In accordance with SEC Rule 606, we disclose, on a quarterly basis, the top Market Centers to which we route certain customer orders for execution. You can find our disclosures regarding the top Market Centers to which Cowen routes its non-directed orders at: <https://vrs.vista-one-solutions.com/sec606rule.aspx>.

Further information on the rebate/fee schedules for various Market Centers can be found at the following websites:

Equities Exchanges

Bats BZX, BYX, EDGX and EDGA: <https://www.bats.com/us/equities/membership/pricing/>

Chicago Stock Exchange - CHX: <http://www.chx.com/regulatory-operations/rules/>

NASDAQ, BX, PSX: <http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>

NYSE, NYSE ARCA, NYSE MKT, NYSE NATIONAL: <https://www.nyse.com/markets/fees>

Options Exchanges

Bats BZX Options, EDGX Options: <https://www.bats.com/us/equities/membership/pricing/>

BOX Options: <http://boxoptions.com/fee-schedule/>

CBOE, C2: <http://www.cboe.com/trading-resources/fee-schedules>

ISE, ISE Gemini, ISE Mercury: <http://business.nasdaq.com/trade/US-Options/Regulatory-Fees.html>

NASDAQ PHLX, NOM, BX: <http://business.nasdaq.com/trade/US-Options/Regulatory-Fees.html>

NYSE ARCA, NYSE AMEX: <https://www.nyse.com/markets/fees>

MIAX: <https://www.miaxoptions.com/fees>

You should check these websites for periodic updates to Market Center rebates and fees.

3. Interest on securities/cash: We may earn interest in connection with the services we provide to you or your money manager. In connection with the maintenance of your commission recapture balances, we may receive interest from banks having custody over accounts we use to comply with the customer protection requirements of the U.S. securities laws or from banks or entities holding Cowen's clearinghouse deposits, bank accounts, dividends or in connection with Cowen's overnight lending programs. We will generally earn interest of between: 0.05% to the Federal Funds Rate on our cash deposits; 0.01% to 1.00% on overnight lending; and 0.05% to 1.00% on clearinghouse deposits. However, the rates we are paid may change due to fluctuations in interest rates or market conditions.
4. Crossing revenues: If we cross your order or your money manager's order routed on your behalf, we will earn revenue from the party on the other side of the cross transaction. This revenue might be a commission or commission equivalent. In general, the amount of the commission or commission equivalent will not exceed \$0.03 per share on equities transactions.
5. ETF Conversion Rebates: In the event you or your money managers route an order on your behalf involving ETFs, we and/or our affiliates may choose to execute such transactions through unaffiliated third-party broker-dealers. Such unaffiliated third-party broker-dealers may pay us or our affiliates compensation in connection with such ETF transactions. In general, the amount of such compensation will not exceed \$0.0050 per share.
6. ADR Conversion Rebates: In the event you or your money managers route an order on your behalf involving the purchase or sale of ADRs, we and/or our affiliates may receive rebates from certain ADR Depository banks or cross-book broker-dealers in connection with ADR conversions or swaps effected through them. In general, the amount of any such

rebate will not exceed \$0.045 per share.

7. **Public Offerings:** Cowen may make certain new issue securities available to you or your money managers at the public offering price without a separate commission. We may receive compensation from issuers and/or senior managers for participating in syndicated offerings as a selling group member and/or an underwriter. If we act as an underwriter but securities are sold through selling group members, we will receive the underwriting fee less the selling group fees. The compensation we receive for acting as a selling group member will generally fall into the following ranges: IPOs – 3% to 4.5% of the principal amount sold; and Secondary Offerings – 2% to 2.5% of the principal amount sold. The compensation we receive for acting as an underwriter will generally fall within the following ranges: IPOs – 5% to 7% of our underwriting liability; and Secondary Offerings – 3% to 4% of our underwriting liability. Please refer to the prospectus applicable to each particular public offering for the exact amount of compensation earned by selling group members or underwriters.
8. **Correspondent/Introducing Brokers:** Cowen acts as a carrying clearing broker for accounts introduced by correspondent broker-dealers. We may receive compensation for providing execution, clearing and/or settlement services to those correspondent broker-dealers. If a correspondent broker-dealer introduces an account to Cowen on your behalf or on behalf of your money manager, we may receive ticket charges from the correspondent broker and a portion of the commissions charged to you by the correspondent broker-dealer for each transaction executed, cleared or settled by us. The compensation we receive will vary by correspondent.

IV. **RELATED PARTY COMPENSATION** (*compensation to be paid among us and/or our affiliates*)

1. **Commissions:** In the event you or your money managers route orders on your behalf involving foreign securities, options or foreign exchange, Cowen may route such orders to its affiliates for handling and execution, and in such situations, we or our affiliates will earn commissions, commission equivalents and/or payment for order flow. Please see Sections II.1 and III.2 above.
2. **ADRs:** In the event you or your money managers route orders on your behalf involving the purchase or sale of ADRs, we and/or our affiliates may charge conversion fees when we convert ordinary shares to ADRs or vice versa. If we utilize the cross-book services of another broker-dealer to effect a swap instead of converting through an ADR Depository Bank, we and/or our affiliates may recognize additional revenues. We and/or our affiliates may also receive rebates or finance charges in connection with ADR conversions. Please see Sections II.2, II.3 and III.6 above.

V. **TERMINATION FEES** (*fees we receive if you terminate this agreement*) None.

VI. **METHOD OF COMPENSATION**

Unless otherwise set forth herein to the contrary, Cowen will deduct all forms of direct compensation directly from the plan's assets. For example, Cowen will deduct commissions payable to it from the proceeds of a securities transaction when it settles those securities trades with your custodian or prime broker.

This Disclosure Supplement represents our good faith effort to disclose to you the information required by the 408(b)2 Regulation as of the date you receive it. The information disclosed is based on our understanding of the 408(b)2 Regulation and the guidance published by the U.S. Department of Labor in connection with that regulation. Please be advised that these disclosures are intended to comply solely with what we believe are the requirements of the 408(b)2 Regulation as interpreted by the U.S. Department of Labor and are not intended to comply with disclosure requirements of applicable U.S. securities laws, rules and regulations. Please be advised that we may engage in transactions with your plan other than those detailed herein, as provided for in the agreements with your plan or your plan's money manager, that do not involve the provision of services within the meaning of the 408(b)2 Regulation and which are subject to other ERISA statutory or class exemptions. We may realize additional forms of revenue in connection with such other transactions as permitted under the applicable ERISA statutory or class exemptions that do not constitute fees for the provision of services disclosable under the 408(b)2 Regulation. To the extent we have referenced agreements or other documents herein, you should review them in full, as they may contain additional information that may be relevant to the required disclosures under the Department of Labor's rules. If you have questions about any form of revenue Cowen earns in connection with its commission recapture services, please do not hesitate to contact a member of our Plan Sponsor Services division.