

COWEN

This letter is intended to clarify the execution policies of Cowen Prime Services LLC (“Cowen Prime” or “the Firm”) for your use and to disclose certain information required by regulatory authorities.

Cowen Prime is a U.S. registered broker-dealer and as such is subject to a multitude of regulation through both the SEC and Self-Regulatory Organizations (i.e. FINRA) associated with order handling and best execution. These regulations address Limit and Market Order Handling, both display and execution (SEC Rule 11a c1-4) and Execution Quality Analysis (SEC Rule 605 and 606). These regulations generally apply to smaller, retail size orders (less than 10,000 shares or \$200,000 in principal value) that are placed on a “Held” basis. Cowen Prime complies with all of these requirements. Execution quality and routing information can be viewed at www.cowen.com. As Cowen Prime is an institutional business and handles orders only on a “Not Held” basis it does not have any covered orders pursuant to disclosure under SEC Rule 605.

Institutional orders placed with Cowen Prime on a “Not Held” basis are executed in accordance with the instructions communicated by you, the customer. As these orders are larger and more complex the Firm utilizes many tools to achieve the best execution possible under the circumstances. SEC Regulation NMS has ensured that market centers in the U.S. are visible and accessible to Cowen Prime and ensures that any orders entrusted to Cowen Prime by you are given every opportunity to participate in the market place. Cowen Prime employs seasoned professionals to handle the execution of your orders, who utilize electronic systems, third party vendor systems as well as affiliate broker dealers to maximize our efficiency in accessing markets. We also have at your and our trader’s disposal, through affiliate broker dealers and third party vendors, algorithmic execution capability to ensure that your orders are executed to your satisfaction. Please note that all orders placed by you to be executed through an algorithmic mechanism are accepted only on a Not Held basis.

On September 12, 2011 FINRA consolidated order handling rules for institutional orders in Regulatory Notice 11-24, which is available to you upon request. FINRA 5320 states that member firms may trade along with or ahead of large institutional orders provided that the firm gives clear and comprehensive written disclosure to customers to ensure that the customer understands and consents to the terms and conditions on the order. As Cowen Prime’s customer you can “opt in” to the protections of rule 5320. If you choose not to opt in you can still request the protections on an order by order basis. If no request to opt in is made by you, Cowen Prime will presume that you consent to the exceptions in 5320.

For orders in Exchange Listed Options where any Cowen Prime affiliate is committing capital to a customer order – Cowen Group, for hedging purposes, may initiate or adjust positions it carries in its own account in index/equity options or in the equity itself simultaneous with or prior to the execution of the customer order.

No Knowledge Exception

Cowen Prime Services, LLC
Member FINRA, NFA, SIPC
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Cowen Prime, through its affiliates, maintains several business lines within its Sales and Trading unit which operate independently from each other (aggregation units). These business lines are separated by physical and technological barriers that prevent information flow between units. At any point in time while in possession of your order, the Firm may be engaged in proprietary trading or customer facilitation trading in any one of its other business units. These business lines will not interact with or have access to information about your order.

Trading Outside Normal Market Hours

Pursuant to NASDAQ Rule 4631, we hereby provide disclosure to customers placing orders for execution in pre-market or post-market sessions that extended hours trading involves 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 risk including the absence of an updated underlying index value or intraday indicative value for derivative securities products. Customers placing such orders are advised of the following risks relating to those orders:

1. Risk of Lower Liquidity. Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the 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 as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

2. Risk of Higher Volatility. Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular market hours.

3. Risk of Changing Prices. The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.

4. Risk of Unlinked Markets. Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

5. Risk of News Announcements. Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

6. 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.

7. Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV"). For 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 and IIV are not calculated or widely disseminated during the 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 at a disadvantage to market professionals.

Execution Quality

To view Cowen Prime's most recent SEC Rule 605 and 606 reports please go to www.cowenprimeservices.com and click "SEC Disclosure" (SEC Rule 606). As Cowen Prime does not accept orders on a "held" basis there are no covered orders subject to SEC Rule 605 reporting. Should there be any orders reportable for a given period it will be posted at www.cowenprimeservices.com.

Solicited Order Mechanism Disclosure - ISE

When handling an order of 500 contracts or more on your behalf, Cowen Prime affiliates may solicit other parties to execute against your order and may thereafter execute your order using the International Securities Exchange's Solicited Order Mechanism. This functionality provides a single-price execution only, so that your entire order may receive a better price after being exposed to the Exchange's participants, but will not receive partial price improvement. For further details on the operation of this Mechanism, please refer to International Securities Exchange Rule 716, which is available at www.ise.com under "Membership, Rules & Fees – Regulatory – ISE Rules.

Indications of Interest – Types and Uses

Basic Definition:

An indication of interest ("IOI") is a sales message sent from a broker dealer over FIX (Financial Information Exchange) protocol to its institutional customers reflecting an indication of interest to either buy or sell securities. These messages are typically used to solicit institutional equity trading business from the institutional customer and contain the security names, prices and share amounts in which the broker-dealer seeks to transact on that day.

History:

Before FIX protocol was developed, Autex was the sole vendor that provided IOI messaging by linking broker dealers and their institutional clients through terminals that connected to the broker-dealer's mainframe. The terminals allowed the broker dealer to send information to its institutional customers about the stocks in which it was doing business in that day, either individually or in groups. Today, many methods and services allow these IOI messages to be sent and received, a number of which are described below.

Generic IOI:

The most basic format for an IOI message is typically referred to as a "generic" or "general" IOI. These messages represent a general expression by the broker dealer that it is looking to transact business in a specified security or securities and are generally understood to be good until the end of the current trading day. A generic or general IOI message usually contains basic information such as "symbol" side (buy/sell), and an indication of the general size in which the broker dealer is interested in transacting business (small, medium and large).

Super IOI:

A Super IOI message contains more information than a generic or general IOI and typically has a shorter life span. Super IOI messages usually include a specific price and a specified number of shares. In addition, unlike the generic or general IOI message, a “Super” IOI message is typically active for only a short amount of time, usually a few minutes. While there is no obligation to do so, broker dealers who issue Super IOI messages will generally honor the price and size parameters set forth in their Super IOI message if contacted by an institutional customer within the specified life of the message.

Natural IOI:

A Natural IOI message is an actionable IOI in which the broker-dealer indicates that this indication of interest represents a bona fide order that the broker dealer will honor, subject to compliance with SEC Regulation NMS. Due to the actionable nature of these messages, Natural IOI messages are typically targeted to specific institutional customers (as compared to a Super IOI) and are not broadcast more widely. At Cowen Prime, a Natural IOI represents (i) interest of a customer order already in hand, (ii) an indication of interest (as opposed to an order) from an institutional customer (“in touch with”), (iii) bona fide interest for the broker dealer’s own account on a proprietary basis or (iv) any combination of the interests described above. Regardless of the nature of the interest, a Natural IOI from Cowen Prime represents a firm commitment that Cowen Prime will honor if contacted within the appropriate time frame.

Payment for Order Flow

Cowen Prime does not receive payment nor does it pay for order flow.

Confidentiality of Information

Cowen Prime will not share any information regarding your account with any other entity.