

Flow Traders U.S. Institutional Trading LLC - Principles of Doing Business

We are Flow Traders U.S. Institutional Trading, LLC (“FTIT”) a SEC-registered broker-dealer and member of FINRA. The principles set out below shall govern our relationship regardless of other contractual provisions.

Relationship

In our transactions with you we act in an agency capacity. In substantial all cases FTIT will execute the transaction against one of its affiliates. Affiliates include, Flow Traders U.S. LLC, Flow Traders B.V., Flow Traders Asia Pte. Ltd and Flow Traders Hong Kong Ltd (collectively “Flow Traders”).

We do not provide any investment service or ancillary service to you. Entering into transactions does not constitute a client relationship for either party and, unless required by applicable regulations, you cannot rely upon us to protect your interests in relation to any aspect of any transaction, including with respect to pricing or other elements such as timing, manner of execution, speed or likelihood of execution or settlement.

It may be the case that you are acting for or on behalf of underlying third parties. In that case, we identify you as our trading counterparty, which does not imply any relationship with, or responsibilities, obligations or liabilities in respect of, such underlying third parties unless we agree to separately accept them as our counterparty.

You alone shall be responsible for deciding to enter into a transaction with us and whether you are allowed to do so under applicable laws, regulations or other provisions. You alone shall be responsible for accepting the relevant elements of a transaction, including the instrument, quantity and price. When a person reasonably appears to be your authorized representative, we rely on such appearance to enter into binding transactions with you without further inquiry.

We respond to our counterparties requesting quotes in financial instruments. Neither party is obliged to enter into any transaction with the other. Quotes are specific in terms of instrument, quantity and price. A transaction materializes if a quote is accepted by the recipient of such a quote.

We rely on the correctness of your communications with us. However, we may cancel or amend the elements of a transaction in case of a manifest error or a (potential) violation of applicable laws or regulations or generally accepted market practices, regardless of cause. A cancellation or correction will be binding upon both parties.

Agreement

Your transacting with us shall be valid evidence of your consent to be legally bound by this Agreement and by other documentation submitted in the application process or governing your relationship with us.

Compliance with Applicable Rules and Regulations

All transactions entered into, executed, cleared, and/or settled with you will be subject to the rules, and regulations of the exchange, market, or clearinghouse where such transactions are executed. In no event will we be obligated to enter into, execute, clear, or settle a transaction believed to violate any applicable law. You will fulfil all of your obligations under applicable laws and regulations and will not breach such applicable laws or regulations.

Anti-Money Laundering

To help the US government fight the funding of terrorism and money laundering activities, US federal law requires US broker-dealers and other financial service providers to obtain, verify and record information that identifies each person who opens a trading relationship with us. To transact with you, we are required to collect information from you including your: (i) name; (ii) date of incorporation; (iii) business address; (iv) identification number; and (v) taxpayer identification number (“**EIN**”). A corporation, partnership, trust or other legal entity may need to provide other information, such as its principal place of business, local office, certified articles of incorporation, government-issued business license, a partnership agreement or a trust agreement. US Department of the Treasury, SEC, and FINRA rules may already require you to provide most of this information.

Exchange-Traded Products

Prior to entering a transaction with us, you should carefully read the prospectus and other related documents for each ETP. Note that our affiliate FTUS engages in the creation and redemption of ETP units as part of FTUS' activities.

Disclosure of Counterparty Identity and Order Information

Employees of FTIT affiliates will be aware of the identities of counterparties that have established relationships with FTIT. Unless a counterparty specifically requests otherwise, FTIT can disclose the identity of a counterparty when communicating with an affiliate to seek a quote. FTIT and its affiliates will have access to your historical transaction data including your identity and all order data.

Transactions with Institutional Counterparties

The provisions in this sub-section "Transactions with Institutional Counterparties" apply to transactions with Institutional Counterparties only. This section discloses certain trading practices that each Institutional Counterparty hereby authorizes and instructs us to use in connection with executing transactions. You acknowledge that FTIT intends to, and you authorize it to, execute transactions with you as agent, and in substantially all cases, to engage in corresponding transactions with one of its affiliates.

FINRA Rule 2267

BrokerCheck provides investors like you with the ability to research the professional backgrounds, business practices, and conduct of SEC-registered broker-dealers who are also FINRA members. Investors may call the BrokerCheck hotline at (800) 289-9999, and visit the FINRA website at <http://brokercheck.finra.org/>. An investor brochure that includes information describing the FINRA BrokerCheck Program is available from both of these sources.

FINRA Rule 5320

FINRA Rule 5320 generally permits us to trade ahead of or alongside transactions with you subject to certain notification requirements. We hereby notify you that we may trade along with or ahead of transactions with you on a principal basis at prices that could satisfy transactions with you. You have the right to opt in to FINRA Rule 5320's protections by contacting your FTIT representative.

FINRA Rule 5270

FINRA Rule 5270 generally prohibits us from trading for our own account while in possession of material non-public information concerning an imminent counterparty block transaction, and from providing such information to other counterparties for trading purposes prior to the time information concerning the block transaction has been made publicly available or has otherwise become stale or obsolete.

FINRA Rule 5270, however, permits us to engage in certain transactions despite possessing the information above including:

- Transactions that we can demonstrate are unrelated to a block trade with you.
- Transactions undertaken to facilitate the execution of a block trade with you. In these situations, we may trade ahead or alongside a block trade with you to facilitate your transaction. We will seek to minimize any market impact that our facilitation activity may have on a block trade with you.

Please contact your FTIT representative for more information about our handling of block trades with you or if you object to the terms and conditions immediately above.

Suitability

FINRA Rule 2111 requires that FINRA members only make suitable investment recommendations to customers. We will not recommend transactions to you. You are solely responsible for assessing the suitability of any transaction that you request a quote for or enter into with us.

Net Transactions

FINRA Rule 2124 governs net trading between FINRA members and counterparties. A "net transaction" means a principal transaction in which a market maker, after having received a request to buy (or sell) an equity security from you, purchases (or sells) the security at one price and then sells the security to (or buys it from) you at a different price. The price difference represents the trading profit, accruing to us. We may transact with you on a net basis.

Regulation SHO

All transactions must comply with Regulation SHO promulgated under the Exchange Act. You agree that when you sell securities to us, you will appropriately designate such sale as a "Short Sale" (the sale of a security you do not own), or as "Long Sale" (the sale of a security you are deemed to own), as required under Rule 200 of Regulation SHO.

In connection with any customer sale transaction that results in a fail to deliver of a U.S. equity security at a registered clearing agency, we will prior to the open of trading on the first settlement day following the settlement date (in the case of short sales) or the third consecutive settlement day following the settlement date (in the case of long sales or sales attributable to bona-fide market making activity), resolve the fail by borrowing securities to make delivery or by engaging in a "buy-in" transaction through purchasing the securities in the market to satisfy the delivery obligation. We reserve the right to charge you for the cost of such close-out transactions.

Transaction Confirmations

Where applicable, we will provide you with trade confirmations for transactions containing the information required by Rule 10b-10 under the Exchange Act. You are responsible for reviewing all transaction confirmations immediately upon receipt. You will notify FTIT, or any affiliate identified on the transaction confirmation, of any objection to the terms of the confirmation within twenty-four (24) hours of receiving it. The terms of the confirmation will be deemed accurate and conclusive unless you object within this time frame and your objection is deemed legitimate in our reasonable discretion. The trade confirmations identify you as the relevant counterparty. You may request us to include specific account details, although this does not imply that we enter into a transaction or a relationship with any underlying third party.

DVP/RVP Account

We submit all transactions to our clearing member for settlement on a delivery-versus-payment basis ("DVP/RVP") in accordance with relevant market conventions and our standard settlement instructions.

You acknowledge that you intend to enter into transactions with us on a DVP/RVP basis. As a result, the DVP/RVP account used to facilitate your transactions should not contain funds or securities positions. Your entering into this Agreement in accordance with its terms constitutes your consent to not receive quarterly statements reflecting your transactions from us. We will not provide you with quarterly statements unless you specifically request them, or otherwise revoke your consent to the suppression of such statements.

Extended Hours Trading

You should consider the following points before engaging in extended hours trading. "**Extended hours trading**" means trading outside of "**regular trading hours**", which generally mean the time between 9:30 a.m. and 4:00 p.m. US Eastern Standard Time.

- **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 trading hours. transaction
- **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 trading hours. As a result, a transaction may only be partially executed, or not at all, or a transaction may materialize at an inferior price when engaging in extended hours trading than during regular trading hours.
- **Risk of Changing Prices.** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular trading hours, or upon the opening the next morning. As a result, a transaction may materialize at an inferior price when engaging in extended hours trading than during regular trading hours.
- **Risk of Unlinked Markets.** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, a transaction may materialize at an inferior price in one extended hours trading system than in another extended hours trading system.
- **Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular trading hours. Similarly, important financial information is frequently announced outside of regular trading 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.
- **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.
- **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 extended hours trading 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.

Business Continuity

FTIT's policy is to respond to a Significant Business Disruption ("**SBD**") by safeguarding employees' lives and firm property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the firm's books and records, and continuing to transact business with our counterparties. However, in the event of a SBD the firm might not be able to conduct business. The firm has developed a business continuity plan which described the actions the firm will take to respond to a SBD.

You can access FTIT's current Business Continuity Plan Disclosure Statement online by visiting: <http://www.flowtraders.com/>.

Complaints

Flow Traders is required under FINRA Rule 4530 to report quarterly and statistical and summary information regarding written complaints. Please direct any complaints you have about us to:

Compliance

Flow Traders U.S. Institutional Trading LLC
1114 Avenue of the Americas, 4th floor.
NY 10036, New York.
United States of America.
compliance.newyork@us.flowtraders.com

Investor Protection - FINRA Rule 2266

FTIT is a member of the US Securities Investor Protection Corporation ("SIPC"). You may be entitled to compensation from SIPC if we are unable to meet our financial obligations to you. Please visit www.sipc.org for more information including a brochure on SIPC protection or contact SIPC at (202) 371-8300.

Miscellaneous

No party will hold the other party, or any of its employees, officers or affiliates, liable for any damages (whether direct, indirect or consequential) or any expenses regardless of cause, except in case of fraud, wilful misconduct or gross negligence regardless of cause.

We process personal information in order to enter into and process transactions with you. Communications may be recorded, processed, stored and used by us for compliance and regulatory purposes.

No party will publicly refer to any transaction, the other party or use the name or logo of the other party without prior approval unless obliged to do so by law or a competent authority. No warranty of accuracy is given and no liability in respect of any error or omission is accepted in respect of our communications with you. All intellectual property rights, including trademarks, are those of their respective owners. All rights reserved.

The laws of the State of New York without regard to its conflict of laws principles (other than Sections 5-1401 and 5-1402 of the NY General Obligations Laws) shall govern these provisions, the Agreement, any transaction entered into under, or contemplated by these provisions and the Agreement and all matters arising in connection with these provisions and the Agreement.

The courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City of the State of New York shall have exclusive jurisdiction with respect to any suit, action or proceedings relating to any dispute arising out of or in connection with these provisions or the Agreement and any objection now or hereafter to the laying of venue of any proceeding in any of the aforementioned courts and the defence of an inconvenient forum is irrevocably waived, to the fullest extent it may be effectively done.

Whenever you engage into trading with us you agree to the terms set out above and revisions of these terms applicable from time to time available at <https://www.flowtraders.com/institutional-trading>. If you do not agree with these terms please notify onboarding.ftit@us.flowtraders.com immediately.

Definitions

For purposes of these principles:

"Agreement" means these Principles of Doing Business and any other documents setting forth terms of dealing within the Onboarding Package.

"Institutional Counterparty" means a Person who enters into transactions with FTIT and is: (i) an entity (e.g., a corporation, partnership, or trust) with total assets of at least \$50 million. (ii) a bank, savings and loan association, insurance company or registered investment company; (iii) an investment adviser registered either with the SEC under Section 203 of the US Investment Advisers Act of 1940, as amended, or with a state securities commission (or any agency or office performing like functions)

"US Person" means: (i) any partnership, limited liability company, or corporation organized or incorporated under the laws of the United States; (ii) any estate of which any executor or administrator is a US Person; (iii) any trust of which any trustee is a US Person; (iv) any agency or branch of a non-US entity located in the United States; (v) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; and (vi) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States.

Flow Traders U.S. Institutional Trading, LLC reserves the right to modify these disclosures at any time without prior notice.