



ESTABLISHED 1876

## **Ladenburg Thalmann & Co. Inc.'s ANNUAL CLIENT DISCLOSURE Information and Notices regarding your account**

### **Account Protection**

Securities in accounts carried by National Financial Services LLC ("NFS"), a Fidelity Investments company, are protected in accordance with the Securities Investor Protection Corporation ("SIPC") up to \$500,000. The \$500,000 total amount of SIPC protection is inclusive of up to \$250,000 protection for claims for cash, subject to periodic adjustments for inflation in accordance with terms of the SIPC statute and approval by SIPC's Board of Directors. NFS also has arranged for coverage above these limits. Neither coverage protects against a decline in the market value of securities, nor does either coverage extend to certain securities that are considered ineligible for coverage. For more details on SIPC, or to request an SIPC brochure, visit [www.sipc.org](http://www.sipc.org) or call 202-371-8300.

In addition to SIPC protection, NFS provides for brokerage accounts additional "excess of SIPC" coverage from Lloyd's of London together with other insurers. The "excess of SIPC" coverage would only be used when SIPC coverage is exhausted. Like SIPC protection, "excess of SIPC" protection does not cover investment losses in customer accounts due to market fluctuation. It also does not cover other claims for losses incurred while broker-dealers remain in business. Total aggregate "excess of SIPC" coverage available through NFS's "excess of SIPC" policy is \$1 billion. Within NFS's "excess of SIPC" coverage, there is no per account dollar limit on coverage of securities, but there is a per account customer dollar limit on coverage of securities, but there is a per customer limit of \$1.9 million on coverage of cash. This is the maximum "excess of SIPC" protection currently available in the brokerage industry.

### **MARGIN RISK DISCLOSURE**

#### **Financial Industry Regulatory Authority - Rule 2341**

Your brokerage firm is furnishing this information to you to provide you with some basic facts about purchasing securities on margin, as well as to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided by your firm. Consult your firm regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities and other assets in your accounts held with the member, in order to maintain the required equity in the account.

3.NF-KLT-01-0918

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).
- The firm can force the sale of securities or other assets in your account(s). If the equity in your account falls below the maintenance margin requirements or the firm's higher "house" requirements, the firm can sell the securities or other assets in your accounts held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.
- The firm can sell your securities or other assets without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not legally required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call. Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.
- The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice. These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account(s).
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

## **CUSTOMER IDENTIFICATION PROGRAM**

### **Anti-Money Laundering**

Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: when you open account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. If Ladenburg cannot verify this information your account may be restricted and/or closed and Ladenburg will not be responsible for any losses nor damages (including lost opportunities) you may incur. Ladenburg and/or its contracted clearing firms may obtain a consumer report when you establish an account to verify your creditworthiness and to obtain a consumer report from time to time for updates, renewals, extensions and collection activity on any approved accounts. Upon your written request, Ladenburg shall disclose to you whether a report was obtained, and if so, the name and address of the consumer reporting agency that reported it. In the event that your account is denied, as a result of the consumer report verification, Ladenburg has your authority to have the clearing firm provide Ladenburg with the reason(s) for such denial. For a full copy of Ladenburg's customer identification program ("CIP") please contact your representative or the Compliance Department at 212-409-2542.

## **PAYMENT FOR ORDER FLOW STATEMENT**

In a manner consistent with Ladenburg Thalmann's obligation to provide best execution of all customer orders, we may direct orders to an exchange or market maker that matches or improves the then-current national best bid or offer for the particular stock. Ladenburg Thalmann & Co. Inc. receives payment for order flow in the form of payments for directing orders to certain broker/dealers for execution.

Such payment for order flow is considered to be compensation to Ladenburg Thalmann & Co. Inc. The source and amount of any compensation received in connection with a specific transaction and any additional information concerning order flow payment will be disclosed upon written request.

### **"Held" or "Not Held" orders**

When you place an order with Ladenburg ("LTCO") for execution in the equity market, you may specify that LTCO handle your order on either a "held" or a "not held" basis. A "held" order means LTCO does not have discretion in handling your order. If you give LTCO a "held" market order or marketable limit order, LTCO must execute the order at the then prevailing market price; if you give LTCO a "held" limit order, any execution has to occur at the limit price or better, if available.

A "not held" order means you are giving LTCO time & price discretion in seeking to obtain the best execution of your order. "Not held" orders give LTCO the flexibility and discretion to work your order to seek to obtain the best execution reasonably available. LTCO only accepts orders with volume limitations or special handling instructions (e.g., market on close; percent of volume; 'over the day'; 'work the order') and tactic orders (e.g. VWAP, TWAP) on a "not held" basis.

A "not held" order does not have price protection. Similarly, LTCO may trade for its own account at prices equal to, or better than, those of "not held" orders. Nevertheless, any purchases or sales LTCO makes must be consistent with LTCO's efforts to provide best execution of your orders.

Orders received from institutions will be deemed by Ladenburg to be "not held" or "working" orders, which may not be afforded the protections of FINRA rule 5320 (the "customer protection rule") prohibiting broker-dealers from trading ahead of certain customer orders.

### **BEST EXECUTION**

**Order Execution Information** - SEC Rule 605 under the Securities Exchange Act of 1934 requires market centers that trade national market system securities to prepare and make publicly available monthly electronic reports relating to the execution quality of their orders. Monthly public disclosures that categorize Ladenburg's order executions and statistical measures of customer execution quality can be viewed at

[https://private.tagaudit.com/do/display?page=Rules&rule=5&mpi\\_d=ltco](https://private.tagaudit.com/do/display?page=Rules&rule=5&mpi_d=ltco) OR

[https://private.tagaudit.com/do/display?page=Rules&rule=6&mpi\\_d=ltco](https://private.tagaudit.com/do/display?page=Rules&rule=6&mpi_d=ltco)

and click on the SEC Rule 605 Statistic Lookup button located on that page. Specific information regarding a particular transaction can be provided upon request.

### **Order Routing Information**

SEC Rule 606 under the Securities Exchange Act of 1934 requires every broker-dealer to make publicly available, on a quarterly basis, a report on its routing of non-directed orders in covered securities during that quarter. Quarterly reports that disclose the executing venues for routed orders can be viewed at:

[www.ladenburg.com/trading.asp](http://www.ladenburg.com/trading.asp) and click on SEC Rule 606 Statistic Lookup bottom located on that page. Specific information regarding a particular transaction can be provided upon request. If you have any questions or concerns, please contact Ladenburg at 212-409-2542 and request to speak with a Compliance representative.

### **Regulation NMS: Order Protection rule**

Regulation NMS is a series of SEC rules related to the operation of the National market system ("NMS") for equity securities. Ladenburg has implemented procedures that are designed to prevent "trade-throughs" of NMS stocks - the execution of trades during regular trading hours at prices inferior to protected quotations displayed by trading centers. To be protected, the quotation must be (1) automated and immediately accessible and (2) the best bid or offer ("top of book") on any exchange or FINRA's alternative display facility ("ADF"). Specifically, NMS stocks included exchange-listed equities, exchange-traded funds ("ETFs"), and other securities (excluding options) that are reported to the consolidated tape.

### **Ladenburg proprietary trading**

FINRA rule 5270 generally prohibits LTCO from trading for its own account when in possession of material, non-public information concerning an imminent client block transaction. The rule sets forth three categories of permitted transactions that LTCO may engage in, while in possession of such information: (1) transactions unrelated to the customer block order, (2) transactions to fulfill or facilitate the execution of the block order, and (3) transactions that are executed on a national securities exchange and comply with the marketplace rules. In order to provide you with immediate liquidity, LTCO may trade as principal in fulfilling your order. In order to manage risk, LTCO may trade at the same time and at the same price level when handling your order.

### **Rule 15c3-5 and Market Access**

LTCO has developed controls which will reject or block orders that exceed previously defined trading risk parameters.

#### **Average Price Confirmations**

LTCO may execute your order in more than one transaction over a period of time, or, in certain markets, aggregate your order with other orders. In such instances, LTCO will provide you with a confirmation noting that the aggregate amount of securities purchased or sold in your account received a single "average" price. LTCO will provide you with information about individual executions at your request.

#### **Selling Securities "Long"**

When you enter an order to sell a security "LONG," you are representing to LTCO that you own the security and you will deliver such security in good form by settlement date. Failure to deliver the securities by settlement date may result in our closing the transaction immediately or thereafter by purchasing like securities for your account and risk, without prior notice.

#### **Fail to deliver Securities sold for settlement**

In compliance with the terms of rule 204 of Regulation SHO, any fail to deliver position in any equity security must be closed out by the opening of trading on T+4. While LTCO will attempt to minimize the impact of any fails, we may be required to purchase shares from another source to cover your position should you not deliver the necessary shares by settlement. Should a fail continue to exist past the opening of trading on T+4, the Rule requires that shares be pre-borrowed prior to LTCO accepting any short sales in that security from any client until the fail to deliver position is closed out. In such case, clients will be required to obtain a pre-borrow

from LTCO's clearing firm ("NFS") and it's stock loan department prior to entering a short sale with us.

#### **Errors on confirms or in account statements**

LTCO endeavors to provide accurate and complete information in its communications with its customers. Please review each confirm and statement of your account that LTCO provides to you and report promptly any inaccuracies or discrepancies you identify in your account, verbal communications should be re-confirmed in writing to LTCO to further protect your rights, including rights under the securities investor protection act and with the securities investor protection corporation ("SIPC"), see "account protection" section above. Additionally, we recommend that you monitor the activity in your account on-line. Please contact your representative to request log on credentials. You may contact Ladenburg's operations department directly at 212-409-5264 for account information, to report a discrepancy/complaint or if you are unable to reach your representative.

#### **COMPLAINTS/INQUIRIES**

Should you have any questions or concerns regarding your account that you wish to discuss with someone other than your Financial Consultant, please contact the Branch Office Manager of the office that services your account at the address and phone number listed on your statements. You may also contact the Compliance Department at 212-409-2542.

#### **FINRA INVESTOR BROCHURE**

In accordance with FINRA Rule 2280, Ladenburg Thalmann & Co. Inc. is providing the following information in the event you wish to contact FINRA. You may contact FINRA via telephone at 301-590-6500 or by mail at 1735 K Street NW, Washington, D.C. 20006-1500. In addition to the public disclosure number (800-289-9999), FINRA provides an investor brochure that describes their Public Disclosure Program. The investor brochure may be obtained via the FINRA website available at [www.finra.org](http://www.finra.org) or through the FINRA BrokerCheck program hotline number at (800) 289-9999.

#### **Notice to customers that transact in municipal securities:**

Ladenburg is registered with the U.S. Securities Commission and the Municipal Securities Rulemaking Board. An investor brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority is available at [www.MSRB.org](http://www.MSRB.org)

#### **SCHEDULE OF FEES**

You may obtain a list of potential fees that may be charged to your account by our clearing firm National Financial Services, (NFS) or Ladenburg Thalmann & Co. Inc. by contacting your Registered Representative or by writing to [Ladenburg Thalmann & Co. 277 Park Ave. Attn Compliance Department 26<sup>th</sup> Flr. 277 Park Ave. New York, N.Y. 10172.](mailto:Ladenburg.Thalmann&Co.277ParkAve.AttnComplianceDepartment26thFlr.277ParkAve.NewYork,N.Y.10172)

To view the schedule of fees on Ladenburg Thalmann's website go to [www.ladenburg.com](http://www.ladenburg.com) and click on the disclosure at the bottom of the landing page - "Terms and Conditions." There you can click on the "Schedule of Account and Service Fees."

#### **BUSINESS CONTINUITY PLAN**

Ladenburg Thalmann & Co Inc ("LTCO") has developed a Business Continuity Plan ("BCP") that addresses how we will respond to events that significantly disrupt our business.

**Contacting Us:** If, after a significant business disruption, you can not contact your representative as you usually do, you should call 212-409-2000 or go to our website at [www.ladenburg.com](http://www.ladenburg.com). If you

cannot access us through either of those means, you should call our alternative number 305-572-4132 for instructions on how to access your funds and securities or to enter orders. Your orders and requests for funds and securities could be delayed during a significant business disruption.

For more information about our business continuity planning or for a full copy of the plan you can contact us at 212-409-2021 or [Rmateicka@ladenburg.com](mailto:Rmateicka@ladenburg.com). Updated disclosure statements, as applicable, will be posted to the firm's website and are available via mail upon written request.

*Ladenburg Thalmann & Co. Inc. is a member of the NYSE, NYSE ARCA, NYSE American, FINRA, and all other principal exchanges as well as the SIPC. Ladenburg Thalmann & Co. Inc.'s parent company, Ladenburg Thalmann Financial Services, is traded on the NYSE American under the symbol LTS.*