



Best Execution Protocols at First Clearing, LLC

The primary mission of First Clearing, LLC (“FC”) Equity Services Group (“ESG”) is to achieve appropriate execution quality on retail customer orders in equities and options that are placed through the Firm.

FC does not execute orders in equities and options in a “principal” capacity. Instead, FC routes all such customer orders to external market centers on an “agency” basis. ESG management is responsible for the administration of such order routing relationships, which includes “regular and rigorous” review of execution quality that is provided by those venues.

The ESG management team uses various processes and resources to review execution quality. The main objectives of these activities is to ensure that all market centers that receive customer orders are consistently providing execution prices at, or better than (i.e. price improvement), the National Best Bid or Offer (“NBBO”), and are executing such orders in a timely manner. To ensure these objectives are satisfied, ESG management regularly reviews independently prepared reports regarding execution quality, including *best execution* alerts on specific customer orders on a daily basis, and a detailed summary of overall execution quality statistics on a monthly basis. This process culminates in a monthly presentation to FC’s Best Execution Committee, which votes either to affirm, or approve changes to, existing order routing relationships and processes. In addition to trading management, the Best Execution Committee also includes senior members of the Firm’s Legal, Compliance, Best Practices, and Internal Controls Departments.

If you would like to obtain further information regarding the primary market centers selected by FC to handle orders, you may access FC’s quarterly “Order Routing Report” by accessing this web link (<http://www.marketsystems.com/msi/reports/index.html?clientid=fccp>). You may also obtain detailed information regarding the overall execution quality provided by the identified market centers by accessing the following web link (<http://63.251.86.60/marketmaker/viewOnly.asp>) and selecting the specific firm you wish to review.

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