

CLEAR STREET 11 MAY 2026
RISK WARNING NOTICE AND DISCLOSURE

General risks relating to our products and services for professional clients

This notice is published by Clear Street UK Limited (“we”, “us”, “our” or “Clear Street”) pursuant to our obligations under applicable law to provide clients and potential clients with a general description of the nature and risks of the products and services we offer.

This notice describes in general terms the nature and risks of investing in products such as securities and derivatives. Any investment in financial instruments and other investments involves a degree of risk and some products are riskier than others. Prices can fall as well as rise and there is a risk that you may lose your entire investment.

You should not make any investment decision unless you understand the nature of your exposure to risk and potential loss and you should carefully consider whether a product is suited to your circumstances before making any investment decision. Unless specifically agreed otherwise in writing, we will not provide you with investment advice. No investment decision should be made in reliance on this or any other disclosure as it does not cover all risk factors or other matters that may be material, and does not take into account the investment objectives or financial situation of any particular person. Where appropriate, you should obtain advice based on your own individual circumstances from your own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of your own objectives, experience and resources.

This notice cannot disclose all risks and other significant aspects of the products and services we offer. Please note that any reference to “includes” or “including” is not intended to be exhaustive. You should also read any relevant documentation such as term sheets and offering documents and, for example, the detailed disclosures published by ISDA in relation to over the counter (“OTC”) derivative transactions, which may include more information on the risks relating to specific products. Further disclosures are also available on our website at www.clearstreet.io. Please review these disclosures for further information on your specific investment choices. You should contact us if you have questions or need additional information.

SECTION 1: PRODUCT RISKS

Different financial instruments and other investments involve different levels of risk. Please review the below sections that are relevant to the products and services we provide or may provide to you from time to time.

1. SHARES AND ETFS

Corporate equities

- 1.1 Investing in corporate equity securities such as ordinary shares makes you a shareholder, or member, of the issuer company. A share is an instrument representing the shareholder’s rights in the company, exposing the shareholder to the financial performance of the company and the risk of its insolvency or bankruptcy. Shares may be issued in bearer or registered form and may be certificated or uncertificated/dematerialised, each of which entails different risks (e.g. risks in relation to the custody of bearer securities or to the system for recording or registering legal title of dematerialised securities). Shareholders may also have the right to

vote at general meetings of the issuer and receive dividend payments, which, if available, are distributed out of the issuer's profits made during the relevant period. Transfer restrictions may apply. Dividend, voting and other rights may vary depending on the class of share.

- 1.2 Foreign companies may be available for investment through a depositary receipt, which is an investment representing shares in a foreign company traded on a local stock exchange. This both exposes the investor to the general risks of investing in shares as noted below, as well as the risk that the rights of the holder of a depositary receipt and the rights of a shareholder in the underlying company may differ greatly, adversely affecting the value of the depositary receipt.

- 1.3 Investing in shares involves risks, including:

- 1.3.1 **Market risk.** Equity markets can experience rapid price volatility which cannot be assumed to follow past performance and trends. In adverse market conditions, market volatility can lead to losses. Investments in a company's equity securities can become worthless or near worthless without warning.
- 1.3.2 **Issuer default risk.** Shares generally present more risk to investors than debt securities since remuneration is tied more closely to the profitability and commercial decisions of the issuer. If a company fails and fall into insolvency or bankruptcy, shareholder claims will usually be subordinated to claims of preferred or secured creditors and ordinary unsecured creditors of the issuer.
- 1.3.3 **Dividend risk.** Dividends are not guaranteed, may be cancelled or withheld and will typically only be paid where profits are available for distribution in accordance with the company's dividend policy. Issuers may elect to pay dividends in specie (i.e. by issuing more shares) in certain circumstances. Financial performance can fluctuate significantly, meaning that a company may not be able to pay dividends at all during certain periods. A failure to pay dividends may result in a reduction in share price.
- 1.3.4 **Liquidity risk.** Where there is a lack of demand or supply for a share, the share price of the company may be affected. Where there is less demand, it may be difficult to sell your shares, meaning you may receive much less back than you paid. If the price of a share goes down, the issuer may find it difficult to raise further capital which may lead, in turn, to further reductions in the share price. An investor with a significant position may find it difficult to dispose of large volumes of shares even in a liquid market, and pricing and/or the speed of execution may be affected. Even if a share is listed this does not guarantee liquidity and certain exchanges may suffer from shallower and/or narrower pools of liquidity than others, potentially affecting price and your ability to invest or exit your investment.
- 1.3.5 **Unlisted securities and trading OTC generally.** While we will endeavour to confirm if a particular share you are investing in is listed or unlisted or is purchased on-exchange or OTC, it may not always be apparent. Trading off exchange is subject to generally applicable risks which are discussed in more detail below. Unlisted securities are subject to the liquidity risks described above and may be illiquid.

Exchange traded funds ("ETFs")

- 1.4 ETFs are closed-ended collective investment schemes, traded as shares on stock exchanges, and typically replicate a stock market index, market sector, commodity or basket of assets.
- 1.5 ETFs may expose you to similar risks as detailed in respect of corporate equities above. In addition, investing in an ETF may involve specific risks including:
 - 1.5.1 **Derivative risk.** ETF managers may employ a synthetic structure to provide the stated return and/or use derivatives or other instruments to hedge risks, whereby the return or success of a hedging strategy is based on a derivative executed with one or more counterparties. Therefore, returns may be dependent on the credit quality of the counterparty or the collateral held to support the position.
 - 1.5.2 **Concentration risk.** ETFs may have a specific focus, for example in relation to a specific market, index, geography, sector or commodity. As such, there is a risk that its area of focus suffers a downturn or other issue, adversely affecting the value of your investment.
 - 1.5.3 **Underlying risk.** You will be exposed to the risks and returns associated with the underlying financial instruments or other investments made by the manager of the ETF.

2. BONDS AND OTHER DEBT SECURITIES

- 2.1 Bonds and other debt securities are instruments issued by a company, government body or other entity, which represent a loan by the investor to the issuer. Terms such as the duration and conditions of repayment of the debt are determined in advance, and the debt security will usually be issued for a fixed term to be redeemed at the maturity date. Debt securities can include sovereign issuer and non-sovereign issuer bonds, structured products, convertibles, asset backed securities, covered bonds and inflation linked bonds.
- 2.2 Investing in debt securities involves risks, including:
 - 2.2.1 **Default risk.** As the investor acts as lender to the issuer, there is a risk of a negative credit event occurring that would mean the investor does not receive interest payments or potentially some or all of the principal investment amount back following issuer default. This may happen if the issuer becomes insolvent or bankrupt, but may occur for other reasons, including operational failures.
 - 2.2.2 **Credit risk.** Debt securities may be rated by credit rating agencies based on the issuer's creditworthiness. In such cases, the value of the debt security will likely also fall in an event of default or reduced credit rating of the issuer. A higher relative rate of interest (relative to the interest rate on a risk-free security of similar maturity) generally indicates a higher perceived credit risk of the issuer.
 - 2.2.3 **Interest rate risk.** Investors in fixed-rate securities carry the risk of a fall in the price of the debt security if interest rates rise out of proportion to the fixed rate of the debt security. Longer duration debt securities with lower interest rates are more sensitive to this risk.

2.2.4 **Restructuring risk.** Where a sovereign or non-sovereign bond issuer is having difficulty making payments, it may renegotiate the terms of its bonds in issue with its creditors. This could result in a lower rate of interest, longer term to maturity, or a reduction of the principal amount invested.

2.2.5 **Additional risks specific to certain types of debt securities.** Additional risks may be relevant regarding specific types of debt securities, for example, the value of structured products, covered bonds, asset backed securities, and inflation-linked bonds may be linked to the value of an index (which may be widely traded or bespoke), rate or reference price, or basket or pool of assets, including high risk investments. Convertible debt instruments may be written down or converted into equity or another form of investment in specified circumstances. Investing in such debt securities will therefore expose you to additional risks which you should take time to understand. You are therefore advised to familiarise yourself with these additional risks before making any investment decision, including by reviewing any product documentation such as term sheets and offering documents.

3. **MONEY MARKET INSTRUMENTS**

3.1 Money market instruments ("**MMIs**") are short-term fixed-income obligations generally with remaining maturities of one year or less. MMIs may include commercial paper, Treasury bills, certificates of deposit and structured deposits.

3.2 Due to the short term duration of MMIs, they are generally more liquid than other investments. Whilst MMIs are generally considered to be lower risk investments, they are subject to similar risks to those discussed above in relation to debt securities and may involve specific risks including:

3.2.1 **Market risk.** MMIs can be adversely exposed to interest and market risks in periods of volatility given the speed and quantum of transactions undertaken in these instruments during periods of volatile market movements.

3.2.2 **Default risk.** Similar to the above investments, in an insolvency or default event of an issuer, the price and liquidity of MMIs may be adversely affected, making the investor an unsecured creditor of the relevant issuer.

4. **DERIVATIVES**

4.1 The risk of loss in trading derivatives contracts can be substantial. You should, therefore, carefully consider whether such trading is suitable for you in light of your circumstances and financial resources. You should be aware of the following points.

Futures

4.2 All futures positions involve risk, and a "spread" position may not be less risky than an outright "long" or "short" position. Futures positions are subject to, among others, the following risks:

4.2.1 **Market risk.** You may sustain a total loss of the funds that you deposit with us to establish or maintain a position in the futures market, and you may incur losses beyond these amounts. If the market moves against your position, you may be called upon by us to deposit a substantial amount of additional margin funds, on short

notice, in order to maintain your position. If you do not provide the required funds within the time required by us, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account.

- 4.2.2 **Insolvency risk.** Our insolvency or default, or that of any other brokers involved with your futures transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments in cash.
 - 4.2.3 **Liquidity risk.** Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market reaches a daily price fluctuation limit ("limit move").
 - 4.2.4 **Leverage risk.** The high degree of leverage (gearing) that is often obtainable in futures trading because the small margin requirements can work against you as well as for you. Leverage (gearing) can lead to large losses as well as gains.
- 4.3 When trading in the futures markets, we wish to remind you of the risks if the market moves against your futures positions. These risks may be particularly acute in those instances in which a futures contract settles at a negative price. The circumstances that lead a futures contract to settle at a negative price may vary. One example of when a futures contract with a physical commodity as the underlying asset may settle at a negative price is when the supply of the commodity faces physical constraints in distribution or storage to such an extent that some suppliers are prepared to pay others to physically take away the commodity. Futures contracts across other asset classes may also settle at negative prices for any number of reasons. Regardless of whether prices are positive or negative, you should keep in mind that, if the market moves against your futures positions:
- 4.3.1 You may sustain a total loss of the funds that you have deposited to establish or maintain your positions and may incur additional losses beyond these amounts;
 - 4.3.2 You may be called upon to deposit additional margin funds on short notice;
 - 4.3.3 If you do not provide the additional funds within the time we require, your positions may be liquidated at a loss; and
 - 4.3.4 You will be liable for any resulting deficit in your account.
- 4.4 Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit your losses to the intended amounts, since market conditions on the exchange where the order is placed may make it impossible to execute such orders.

Options

- 4.5 Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.
- 4.6 The following risks, among others, should be noted when considering investing in options:

- 4.6.1 **Risk regarding futures.** The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable is ordinarily remote.
- 4.6.2 **Leverage risk.** As with futures, options can involve a high degree of leverage, with the associated risk that comes with this. Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the position is “covered” by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced, If the option is not covered, the risk of loss can be unlimited.
- 4.6.3 **Margin risk.** Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

SECTION 2: GENERAL RISKS

The value of any financial instrument or other investment will depend on fluctuations in the financial markets and economic conditions outside of the investor or issuer’s control. Past performance is no indicator of future performance. The nature and extent of investment risks vary between countries, the type of investment being made, the requirements of particular investors, diversification or concentration in an investment portfolio, and the complexity of the transaction and use of leverage. Each product may yield a different result to the next. Below, general risks that could impact any product have been listed. Further risks may apply.

5. SUSPENSION OR RESTRICTION OF TRADING AND PRICING RELATIONSHIPS

- 5.1 Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contract month because of price limits or ‘circuit breakers’) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options in particular, this may increase the risk of loss.

5.2 Further, normal pricing relationships between an underlying interest and a future, and an underlying interest and an option may not exist. This can occur when, for example, a futures contract underlying an option is subject to price limits while the option is not.

5.3 The absence of an underlying reference price may make it difficult to judge “fair” value.

6. COLLATERAL

6.1 If you deposit collateral as security with us for transactions you enter into, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and any associated clearing house) applying, or trading off-exchange. Collateral may lose its identity as your property once dealings on your behalf are undertaken, particularly where you transfer the title to such collateral and “right to use” provisions apply. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash.

7. MARKET RISK

7.1 As noted above, market supply and demand will cause the value of financial instruments to fluctuate both positively and negatively. Investor perception, sector, political and economic factors, and the prices of any underlying investments can also impact the market and subsequently the value of an investment. These are unpredictable risks.

7.2 Investing in overseas markets may change how this risk manifests, and in some cases the risk will be greater. This is impacted by exchange rates as noted below. In emerging markets, price volatility, price discrepancies, low trading volumes and wide pricing spreads can be common and extreme. News on emerging markets can also dramatically impact the market and investments linked to it. Developing regulation in emerging markets may also lead to unpredictable and dramatic fluctuations in price.

8. CREDIT RISK

8.1 The risk of loss caused by borrowers, counterparties or bond obligors failing to fulfil their obligations or being of lower credit quality is particularly to be noted when considering any credit linked financial instrument. The potential losses to be sustained may be substantially greater than for an investment in another product.

9. CURRENCY RISKS

9.1 The profit or loss in transactions in foreign currency-denominated financial instruments or other investments (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the product to another currency.

10. INTEREST RATE RISK

10.1 The relative value of a security (especially bonds) will worsen where the interest rate rises. Additionally, the interest income on floating rate instruments are unpredictable due to its link to the interest rate, meaning a definite yield cannot be predicted for floating rate instruments

at the time of purchase. This means that you may receive a lower yield than expected, depending on external factors.

11. TRADING FACILITIES

- 11.1 Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary.

12. ELECTRONIC TRADING

- 12.1 Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risk associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

13. OFF-EXCHANGE TRANSACTIONS

- 13.1 While some off-exchange markets are highly liquid, a transaction in off-exchange financial instruments or other investments may involve greater risk than investing in on-exchange products as it may be difficult to liquidate or close-out existing positions or to assess the value of the position or your exposure to risk.
- 13.2 Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

14. COMMODITY RISK

- 14.1 The prices of commodities can be volatile and may fluctuate substantially due to the impact of natural disasters or human conflict affecting commodity production. Where a product is linked to a commodity, a change in the price of the commodity may result in the reduction of the amount of interest or redemption amount payable, which may mean that you receive a lower return than expected or originally invested.

15. CONTINGENT LIABILITY

- 15.1 Products may be contingent liability investments, which means that investors may assume losses, financial commitments and other financial obligations that are greater than their initial investment. As such, you could lose not only your initial investment but be liable to make further payments.

16. LEVERAGE RISK

- 16.1 Leveraged products may be subject to more risk than non-leveraged products. This is because a minor price movement of an underlying asset or reference index may result in a disproportionately large movement in the price of the leveraged instrument. The insolvency of an issuer of an underlying asset may also have a disproportionately large impact on a holder

of a leveraged product or investment compared to the holder of the underlying asset without leverage.

17. OPERATIONAL RISK

- 17.1 Losses may occur due to the failures of processes and systems, including those used to calculate and make payments or deliveries under derivative contracts, exercise rights before their expiry, monitor lifecycle events and deliver notices in a timely manner. You may not have a claim or be able to recover your investment in such circumstances, for example, where the event is outside the control of the third party concerned and/or is subject to another limitation of liability.

18. TAXATION

- 18.1 Tax treatment depends on individual circumstances and may be subject to change in the future. In addition, tax law and practice varies from jurisdiction to jurisdiction. As such, it is possible that you could become subject to taxation that is not anticipated when investments are made, valued or disposed of. There is no guarantee that double tax treaties will remain in place or will not be modified, or that they will in practice be honoured. As stated above, where appropriate you should obtain advice based on your own individual circumstances from your own tax advisors before making an investment decision, including to make an investment in, hold or continue to hold, or dispose of, a financial instrument or other investment.

SECTION 3: ELECTRONIC TRADING AND ORDER ROUTING SYSTEMS DISCLOSURE STATEMENT

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade.

Note: Each exchange's rules are available upon request and/or on the exchange's website.

19. DIFFERENCES AMONG ELECTRONIC TRADING SYSTEMS

- 19.1 Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of Internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

20. RISKS ASSOCIATED WITH SYSTEM FAILURE

- 20.1 Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority.

21. SIMULTANEOUS OPEN OUTCRY PIT AND ELECTRONIC TRADING

- 21.1 Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.

22. LIMITATION OF LIABILITY

- 22.1 Exchanges offering an electronic trading or order routing system and/or listing the contract may have adopted rules to limit their liability, the liability of futures commission merchants, and software and communication system vendors and the amount of damages you may collect for system failure and delays. These limitations of liability provisions vary among the exchanges. You should consult the rules and regulations of the relevant exchange(s) in order to understand these liability limitations.

SECTION 3: HOLDING CLIENT MONEY AND CLIENT ASSETS ON YOUR BEHALF

- 22.2 When we hold your financial instruments, other safekeeping assets, or money, we do so in accordance with the UK Financial Conduct Authority's Client Assets Sourcebook (CASS 6 and CASS 7). These requirements are designed to provide protection for client assets and client money; however, the use of custodians, banks, and other third-party institutions involves risks that professional clients should recognise.

23. HOW YOUR ASSETS AND MONEY ARE HELD

- 22.3 Your financial instruments and other safekeeping assets may be held in pooled accounts with assets belonging to other clients. While your individual entitlement is recorded in our books and records, assets held in a pooled account are not identifiable in your name at the custodian. Assets may also be held with third-party custodians, sub-custodians, or settlement systems, including those located outside the UK, where legal and regulatory protections may differ.
- 22.4 Client money is held in segregated client accounts, separate from our own funds, and may also be held on a pooled basis. Client money may be deposited with third-party banks, custodians, or settlement systems, including institutions outside the UK, where applicable protections may vary.

24. RISK OF CUSTODIAN, SUB-CUSTODIAN OR BANK FAILURE

- 22.5 If a custodian, sub-custodian, bank, or other institution holding your assets or client money becomes insolvent, the return of your property may be delayed. You may also be exposed to a shortfall if the assets or funds recovered are insufficient to meet all client claims.

25. OPERATIONAL AND ADMINISTRATIVE RISKS

- 22.6 Operational errors, such as settlement failures, reconciliation discrepancies, or recordkeeping issues, may affect the accuracy of your holdings or delay access to your assets or money.

26. OVERSEAS CUSTODY AND BANKING RISKS

- 22.7 Where assets or client money are held outside the UK, they may be subject to different insolvency, property, and regulatory regimes. These differences may affect your rights, the priority of claims, or the speed and extent of recovery. See Annex 1 to this Risk Warning Notice and Disclosure.

27. CORPORATE ACTIONS AND INCOME

- 22.8 Processing of dividends, interest, or other corporate-action entitlements may be delayed, particularly where third-party or overseas custodians are involved.

28. USE OF ASSETS OR MONEY WITH YOUR CONSENT

- 22.9 Where you consent to the use of your assets or money (for example, for stock lending, collateral, or margin purposes) your rights may be modified during the period of use, and you may rely on the return of equivalent assets or funds.

29. SECURITY INTERESTS, LIENS AND RIGHTS OF SET OFF

- 22.10 Custodians, sub-custodians, banks, or other third parties may have security interests, liens, or rights of set-off over your assets or client money. These rights may arise under local law, market practice, or contractual arrangements. They may restrict the prompt return of your property if obligations owed by you or by us to that third party remain outstanding. In certain circumstances, these rights may permit the third party to retain or realise assets or apply client money to satisfy those obligations.

30. HOW WE PROTECT YOUR ASSETS AND MONEY

- 22.11 We maintain accurate books and records, conduct regular reconciliations, and oversee third-party custodians and banks in accordance with CASS 6 and CASS 7. These controls are intended to mitigate, but cannot eliminate, the risks associated with holding assets and client money.
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Annex 1: Holding Your Safe Custody Assets and Client Money Overseas

United States

In providing services to you, we may arrange for some or all of your safe custody assets and/or client money to be held in the United States.

This notice is provided pursuant to our obligations under the FCA's Client Assets Sourcebook ("CASS"), including CASS 6.3 (safe custody assets held with third parties, including in overseas jurisdictions) and the applicable provisions of CASS 7 (client money), which require us to inform you of the material differences in legal protections that apply when your assets or money are held outside the United Kingdom. Please read this notice carefully so that you are aware of the key differences between the arrangements for holding safe custody assets and client money in the United States vs the UK.

PART 1 - SAFE CUSTODY ASSETS

1. Scope and Location

Clear Street UK Limited ("we", "us", "our" or "CSUK") has arranged for some or all of your safe custody assets to be held with Clear Street LLC ("CS LLC"), which in turn holds such assets with US clearing agencies or US central securities depositories, in accordance with applicable law. In each case, the legal framework governing how those assets are held differs materially from the UK framework under CASS 6.

2. Different Legal and Regulatory Framework

Safe custody assets held in the United States are subject to US federal and state laws, which differ from UK law. The principal differences are:

- **Security entitlement framework:** US custodians hold securities under a "security entitlement" framework governed by Article 8 of the Uniform Commercial Code ("UCC"), rather than the trust-based model applied under CASS 6. Under the UCC framework, you hold an entitlement against CSUK, which in turn holds an entitlement against CS LLC. Your rights are primarily contractual and statutory rather than proprietary.
- **SEC regulatory framework:** CS LLC is subject to the SEC's Customer Protection Rule (Rule 15c3-3) and Net Capital Rule (Rule 15c3-1), which require it to maintain physical possession or control of customer securities and to fund a Special Reserve Account for the benefit of customers. These requirements operate differently from CASS 6.
- **Omnibus account risk:** Your safe custody assets will typically be held in an omnibus account alongside the assets of other clients of CSUK, pooled but separately from CS LLC's own proprietary assets. In the event of a shortfall in the omnibus account (whether caused by fraud, operational failure, or insolvency) all clients in the pool may share the loss proportionately. There is no individual segregation within the omnibus account. This differs materially from certain individual account structures where specific assets may be more directly traceable.

3. How US Securities Are Held Through DTC and CEDE & Co.

Most US-listed securities are not registered in your name or in the name of CS LLC. Instead, they are typically immobilised and registered in the name of CEDE & Co., the nominee of the Depository Trust Company ("DTC"), the central securities depository for US equity and debt securities. This means:

- CEDE & Co. appears as the registered holder on the issuer's share register.
- CS LLC (and CSUK, and in turn you) hold securities through a chain of security entitlements maintained in the records of DTC, CS LLC, and CSUK, respectively.

- You will not appear as a registered owner in the issuer's books. This differs from certain UK custody arrangements where securities may be registered in a nominee controlled by your custodian.
- This structure does not affect your economic rights (including your rights to dividends, corporate actions, and proceeds of sale), but exercising voting and other membership rights may require additional steps.

4. Insolvency and Recovery of Safe Custody Assets

If CS LLC or another US custodian were to become insolvent, your ability to recover safe custody assets would be subject to US insolvency law. The following considerations apply:

- **SIPA framework:** The insolvency of a US broker-dealer is governed by the Securities Investor Protection Act ("SIPA"), administered by the Securities Investor Protection Corporation ("SIPC"). SIPC is not a government agency; it is a non-profit, industry-funded body.
- **Important limitation - intermediary structure:** SIPC protection applies to the direct customers of the SIPC-member broker dealer. In the structure described in this notice, CSUK (not you individually) is the direct customer of CS LLC. You are therefore not a direct SIPC customer, and SIPC coverage does not flow automatically to you as an underlying client of CSUK. In the event of an insolvency of CS LLC, any SIPC recovery would accrue to CSUK as accountholder, and the distribution of recovered assets to you would then depend on the applicable insolvency rules governing CSUK and the treatment of its client assets under CASS. There is no assurance that any SIPC recovery made at the CSUK level would be sufficient to cover your full entitlement.
- **SIPC coverage limits:** Even where SIPC applies, coverage is limited to USD 500,000 per customer (of which no more than USD 250,000 may be in cash). This cap applies to each customer account and does not multiply across underlying clients within an omnibus account.
- **SIPC asset scope:** SIPC does not cover commodity futures, foreign exchange, currency, or certain other instruments. See Part 3 of this notice for futures-specific protections.
- SIPC protection is not equivalent to, and should not be compared with, the UK Financial Services Compensation Scheme ("FSCS"). Safe custody assets held overseas are not directly protected by the FSCS.
- Recovery of safe custody assets in a US insolvency may be slower and less certain than under the UK regime and may depend on the accuracy and completeness of the custodian's books and records.

5. Use, Pledge, and Rehypothecation of Safe Custody Assets

US law may permit a custodian to use, pledge, or rehypothecate client assets in certain circumstances where the client has consented. CSUK will not permit CS LLC or any other US custodian to use, pledge, or rehypothecate your safe custody assets unless you have given explicit prior consent. Any such consent will be set out in a clearly identified provision of your account documentation. You should review your account agreement carefully to determine whether, and to what extent, you have granted any such rights.

PART 2 - CLIENT MONEY

6. How Client Money Is Held in the United States

Client money received by CSUK in connection with your account may be placed with CS LLC (as a US broker-dealer subject to Rule 15c3-3) or with a US bank. In each case, such money will be subject to US banking, insolvency, and regulatory rules. The trust-based protections that apply under CASS 7 when client money is held in the UK do not have direct equivalents under US law.

7. Differences in Client Money Protections

The following key differences apply when client money is held in the United States:

- **No statutory trust:** Under CASS 7, client money received by a UK firm is immediately subject to a statutory trust in favour of clients, which provides proprietary protection in the event of the firm's insolvency. There is no equivalent automatic trust imposition under US law. Your rights over client money held in the US are primarily governed by contract and US regulatory requirements rather than by a trust.
- **FDIC deposit insurance - limited and conditional:** Client money held with a US bank may be eligible for FDIC deposit insurance, which covers deposits up to USD 250,000 per depositor per insured institution. However, eligibility for "pass-through" FDIC insurance for client money held in omnibus or custodial accounts is subject to specific conditions, including proper account titling, maintenance of accurate beneficial ownership records, and compliance with the FDIC's applicable rules on deposit brokering. These conditions may not always be satisfied. FDIC coverage is not guaranteed and may not cover the full amount of client money held.
- **Intermediary structure limitation:** As described in Section 4 above in the context of safe custody assets, CSUK is the direct account holder at CS LLC, not you. Any regulatory protection available to a direct customer of CS LLC under US law would run to CSUK rather than to you directly. Distribution to you would depend on CSUK's own insolvency regime and its obligations under CASS.
- In the event of the failure of a US institution holding your client money, recovery may be delayed, reduced, or subject to local insolvency proceedings, and the outcome may be less favourable than under the UK client money regime.
- Client money held outside the UK is not protected by the FSCS.

PART 3 - FUTURES ASSETS AND CS LLC AS FUTURES COMMISSION MERCHANT ("FCM")

This Part 3 applies to you only if CSUK arranges for the execution or clearing of futures or other commodity interest transactions through CS LLC acting in its capacity as a registered FCM.

8. Separate Regulatory Framework for Futures Assets

Futures customer assets held at an FCM are not governed by the SEC regulatory framework described in Parts 1 and 2 of this notice (including Rule 15c3-3, SIPA, and SIPC). Instead, they are regulated by the CFTC under the Commodity Exchange Act and CFTC regulations. The principal features of this regime are:

- **Segregation requirement:** FCMs are required to maintain futures customer funds in separately designated segregated accounts, distinct from the FCM's own proprietary funds. Customers located outside the US may have their funds held in a separate "30.7 account" in accordance with CFTC Rule 30.7.
- **CFTC Part 190 bankruptcy rules:** In the event of the insolvency of CS LLC as an FCM, futures customer assets would be distributed under CFTC Part 190 regulations, not under SIPA. The Part 190 framework prioritises futures customers within their designated pool but does not guarantee full recovery, and recovery may be affected by shortfalls caused by other customers within the same pool.
- **No SIPC coverage:** SIPC does not cover futures or commodity accounts. There is no direct UK or US equivalent to the FSCS for futures customer funds held at an FCM.
- **Omnibus account risk:** As with securities accounts, futures customer funds are typically held in omnibus accounts. A shortfall caused by one customer's default or by an operational failure may reduce the pool available to all customers within the same segregated account class.

PART 4 - CSUK'S RESPONSIBILITIES

9. Our Ongoing Obligations

Notwithstanding that your assets and client money may be held overseas, CSUK remains fully responsible for compliance with CASS. Specifically:

- We conduct initial and ongoing due diligence on CS LLC and any other US institutions we use, assessing their financial strength, regulatory status, internal controls, and systems for maintaining accurate records of client assets and money.
- We maintain our own records sufficient to identify your assets and money at all times, distinguishing your interests from those of other clients and from our own assets.
- In selecting CS LLC as custodian, we have taken into account the affiliated relationship and have implemented appropriate conflict management measures, including periodic review of the terms on which CS LLC holds assets on our behalf.
- We monitor the regulatory and financial condition of CS LLC on an ongoing basis and will notify you if we reasonably determine that a material change in circumstances requires revision of this notice or of the arrangements described in it.

By continuing to use Clear Street's services where your assets or client money are held in the United States, you acknowledge that you have read and understood this risk warning. If you have any questions about the arrangements described in this notice, please contact your Clear Street representative.