



TRADING SYSTEM DISCLOSURES

INTRODUCTION

Hudson River Trading LLC currently has two broker-dealer subsidiaries, a Financial Industry Regulatory Authority (“FINRA”) registered broker-dealer, HRT Execution Services LLC (“HRTX”), and a Securities and Exchange Commission (“SEC”) regulated, market making, proprietary broker-dealer, HRT Financial LP (“HRTF”). HRTX provides access to a single dealer platform (the “Platform”) whereby counterparties who execute an Electronic Access and Trading Agreement with HRTX (each, a “Counterparty”) can route orders in NMS Stocks (as defined in Regulation NMS under the Securities Exchange Act of 1934) through the Platform for potential execution.

The Platform does not operate as an Alternative Trading System as defined by the SEC. Counterparties using the Platform must be registered as a broker-dealer with the SEC.

This document is intended to provide Counterparties with certain disclosures relating to the operation of the Platform.

TRADE FLOW

HRTX routes all Counterparty orders to HRTF. In the event a Counterparty order is executed, HRTX acts as Counterparty’s agent for such order and enters into a transaction with HRTF which corresponds to Counterparty’s order (the “HRTF Trade”). The resulting fill from the HRTF Trade forms the transaction between HRTX and Counterparty. HRTX reports the HRTF Trade to the NASDAQ Trade Reporting Facility (“TRF”) for public dissemination. The parties on the trade report are HRTX and HRTF. Pursuant to FINRA rules, a trade between a FINRA member (HRTX) and a non-FINRA member (HRTF) is reported to the TRF by the FINRA member and the non-FINRA member is not identified. Therefore, HRTF is not identified on the trade report.

OPERATIONAL MATTERS

Counterparties may access HRTF’s unique and proprietary liquidity through the Platform. The Platform only supports the receipt of market or limit immediate-or-cancel orders from Counterparties. The Platform will not accept day orders and will not facilitate a resting limit order book. All orders are either filled, in full or partially, by HRTF or cancelled back to the Counterparty.

Where a Counterparty’s order is executed, such execution will occur at or within the national best bid or offer using direct feeds, where available. Where direct feeds are not available or where the Platform loses access to one or more direct feeds, the Platform will use the Securities Information Processor (“SIP”). At any point in time the Platform is using direct feeds or the SIP for a particular market, but not both.

The Platform may stream indications of potential trading interest (“IOI”) to a Counterparty who is connected to the Platform. IOIs may be customized to each connected counterparty. IOIs are



merely an indication of interest, not quotes, and may change following transmission to a Counterparty.

COUNTERPARTY DATA

Certain historical order flow information will be made available to associated persons of HRTX and HRTF who provide liquidity to the Platform or who maintain and test the Platform and/or other systems that may affect the operation of the Platform. These personnel may analyze order and execution data for the purposes of administering, maintaining or managing the Platform. This data may contain historic unexecuted Counterparty order information.

Real-time unexecuted order information will not be used by HRTF proprietary strategies or to strategies providing liquidity to the Platform. However, for risk management purposes, Counterparty attributed real-time executed order information will be available only to those HRTF proprietary strategies providing liquidity to Counterparty through the Platform.

Certain associated persons of HRTX and HRTF will have access to both historic and real-time Counterparty order information. Access is restricted through internal policies and procedures to only those associated persons whose job function requires access to such information. Currently, this includes business supervisors, support, risk management, compliance, trading operations and other similar personnel.