

# Stephens Inc.

## Annual Disclosure Statements

### **BROKERAGE AND INVESTMENT ADVISORY RELATIONSHIPS**

Depending on your needs and your investment objectives, you may have brokerage accounts, advisory accounts or both. There are important differences between these types of accounts, and you should understand them so you choose the services that are right for you. Stephens Inc. (“Stephens”) is registered with the SEC as a broker-dealer and as an investment adviser, offering both brokerage and investment advisory services. Your relationship with your Financial Consultant, and the obligations of Stephens, will be different in different types of accounts. For more information regarding your relationship with Stephens, please go to [stephens.com](http://stephens.com) or contact your Financial Consultant.

### **NOTICE TO REVIEW CUSTODIAL STATEMENT**

Pershing serves as the clearing broker and custodian for Stephens clients and furnishes you with account statements or reports for your information and review. The information contained in the Stephens statements and reports was obtained from sources believed to be reliable but has not been independently verified. Only the statement of the custodian of the account assets should be considered the official record of account assets, and only the statement of the custodian of the account assets should be relied upon for tax reporting purposes. If Pershing is not the custodian of the account assets, please compare the Stephens reports/statements with the account statement(s) provided by the custodian of the account assets to verify funds and securities in the account. If Pershing is the custodian of the account assets, then the Stephens brokerage account statement is the custodial statement for the account assets. Please review that statement carefully and compare it with any portfolio reports, performance reports or other statements or reports that may be provided regarding the account assets. Please notify us promptly if you do not receive an account statement on at least a quarterly basis from the custodian(s) of all account assets.

### **INVESTMENT ADVISORY BROCHURE**

Stephens provides its advisory customers with either (i) the current brochure(s) (including a summary of material changes, if applicable) relating to the investment advisory services we provide to each respective customer or (ii) a summary of material changes, if applicable, to the brochure(s), as contemplated by Form ADV, Part 2A. There are no material changes contained in our Form ADV annual update this period. You may obtain a complete brochure by contacting us at [877-891-0095](tel:877-891-0095) to request a copy or by contacting your Financial Consultant. The Stephens ADV and additional brochures are now available at [www.stephens.com/investment-disclosures/](http://www.stephens.com/investment-disclosures/). To access your FC’s SEC Advisor Biography, go to [www.stephens.com](http://www.stephens.com), use the search bar in the top right corner of the home page and search by your FC’s name. SEC Advisor Biographies are also available in the “Our Team” section and are there for your review. Stephens and its affiliates provide a wide range of investment-related services to our customers, and these relationships could give rise to conflicts of interest. You may view a list of companies at [www.stephens.com/potential-conflicts-of-interest/](http://www.stephens.com/potential-conflicts-of-interest/). If there have been any changes in your financial situation, investment objectives or risk tolerance or if you wish to impose reasonable restrictions on the management of your account or reasonably modify existing restrictions or objectives, please contact your Financial Consultant.

### **MUNICIPAL SECURITIES CLIENT PROTECTION AND EDUCATION (MSRB RULE G-10 DISCLOSURE)**

Stephens Inc. is registered with the U. S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (MSRB). The MSRB’s website is [www.msrb.org](http://www.msrb.org). An investor brochure is posted on the website of the MSRB that describes the protections that may be provided by MSRB rules and how to file a complaint with an appropriate regulatory authority.

### **SIPC**

Stephens is a member of the Securities Investor Protection Corporation (“SIPC”). You may obtain information about SIPC, including the SIPC Brochure, by calling the SIPC Membership Department at 202-371-8300, or visiting them on the Web at [www.sipc.org](http://www.sipc.org).

### **MARGIN DISCLOSURE**

Securities purchased on margin or carried in your margin account are collateral for margin loans made 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, Stephens and/or Pershing can take actions, such as issue a margin call and/or sell securities or other assets in any of your accounts introduced by Stephens to Pershing in order to maintain the required equity in the account. It is important that you fully understand the risks involved in trading securities on margin. These risks can include the following:

- You can lose more funds than you deposit in the margin account.
- Stephens and/or Pershing can force the sale of securities or other assets in your account(s).
- Stephens and/or Pershing can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.
- Stephens and/or Pershing can increase its “house” maintenance margin requirements at any time and is not required to provide you advance written notice.
- You are not entitled to receive an extension of time to pay a margin call.

### **COMPLAINTS**

To report a complaint regarding your brokerage account, please contact the Stephens Compliance Department at 111 Center Street, Little Rock, Arkansas, 72201 or call 1-888-731-3829.

### **FINRA BrokerCheck INFORMATION**

The Financial Industry Regulatory Authority (“FINRA”) BrokerCheck Hotline Number is 1-800-289-9999 and their website is [www.finra.org](http://www.finra.org). An investor brochure that includes information describing FINRA BrokerCheck is available upon request from the FINRA.

### **ORDER FLOW DISCLOSURE**

Stephens may from time to time receive payment for order flow. This compensation may be received in various manners, including, but not limited to, direct cash payments on a per share basis and rebates from various stock exchanges. Such payments assist in offsetting Stephens’ expense and exchange charges attendant to order execution. Absent specific instructions from customers, it is Stephens’ policy to direct orders in an attempt to achieve the best execution on behalf of the customer. A number of considerations are utilized in deciding the market, exchange and/or market maker to which Stephens will direct the order. The receipt of payment for order flow is not a determinative factor in the decision.

Orders are exposed across exchanges and market centers for the purpose of obtaining price improvement. If price improvement is not obtained, Stephens will make best efforts to execute the order at the national best bid or best offer. Stephens’ foremost objective is to obtain the best execution regardless of any compensation factor. Please visit Stephens Inc.’s website at [Stephens.com](http://Stephens.com) to view reports on Stephens order routing and execution practices, SEC Rules 605 and 606.

In addition to SEC Rule 606 quarterly reports, certain information under the Rule about the routing of individual customer orders is available to customers, upon request, for the prior six months’ trading activity. This includes directed or non-directed orders and the transaction time, separated for NMS held orders, NMS not held orders and options on NMS securities. Upon request of a customer who places a not held order, Stephens must provide a standardized set of individualized disclosures

### **FINRA RULE 5320 DISCLOSURES**

FINRA Rule 5320 generally prohibits a broker-dealer that accepts and holds an order in an equity security from its customer or a customer of another broker-dealer without immediately executing the order from trading that security on the same side of the market for its own account at a price that would satisfy the customer order, unless it immediately thereafter executes the customer order up to the size and at the same or better price at which it traded for its own account.

**Held Orders:** “Held” orders for equity securities will continue to receive priority over Stephens’ principal orders. Stephens may trade principally at prices that would satisfy these trading orders through the use of internal controls, such as information barriers and separate lines of supervision, that operate to prevent a trading unit that handles principal positions from obtaining knowledge of these orders.

**Not Held Orders:** For “Not Held” non-institutional orders that are less than 10,000 shares or \$100,000, Stephens may rely on such internal controls to trade principally at prices that would satisfy these orders.

“Not Held” orders for more than 10,000 shares and \$100,000 may be worked alongside principal orders handled by Stephens and would not necessarily receive priority over these principal orders. Client may instruct

Stephens that with respect to all or any portion of Client's order that Client does not want Stephens to trade principally alongside this type of order.

**Trading Outside Normal Market Hours:** Stephens generally does not execute orders outside of normal market hours of 9:30 to 4:00 Eastern Time. The business practices discussed above will apply should Stephens accept an order for execution outside of normal market hours. Customers should be aware that any orders executed outside of normal market hours are subject to the following risks: Risk of Lower Liquidity, Risk of Higher Volatility, Risk of Changing Prices, Risk of Unlinked Markets, Risk of News Announcements, and Risk of Wider Spreads.

#### **FINRA RULE 5270 DISCLOSURES**

FINRA Rule 5270 expands the scope of its existing front running prohibitions beyond equity securities to include trades in related financial instruments (e.g., options, derivatives, security-based swaps, and other financial instruments overlying a security that is the subject of an imminent block transaction).

Under FINRA Rule 5270, Stephens would be generally prohibited from trading for its own account while in possession of material, non-public market information concerning an imminent customer block transaction or providing such information to other customers 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 does provide the following "permitted transactions" as outlined in the Rule while in possession of detailed order information regarding an imminent block sized transaction in the following limited circumstances:

- Transactions undertaken to facilitate the execution of your block sized order;
- Transactions that are executed, in whole or in part, on a national securities exchange and comply with the marketplace rules of that exchange;
- Transactions effected to satisfy a prior customer order;
- Transactions to correct a bona-fide error; and,
- Transactions executed to offset customer odd-lot orders.

Please note that your order will be handled in a manner that is consistent with best execution standards and that Stephens maintains a surveillance and supervisory infrastructure to monitor execution quality.

Please contact your Stephens sales representative if you require more information regarding how your block transactions are handled or if you object to the terms and conditions mentioned above.