

Disclosure Statement

Payment for Order Flow

Midwood Securities is required by the Securities and Exchange Commission to disclose to all new customers, and annually to all customers, its policies regarding the practice of receiving “payment for order flow”. The SEC defines “payment for order flow” to include any cash or non-cash compensation received by a broker or a dealer from another broker or dealer, national securities exchange, registered securities association or exchange member in exchange for sending customer orders to such entities for execution.

Midwood Securities transmits customer orders for execution to various exchanges or market centers based on a number of factors. These include size of order, liquidity within a certain market center, trading characteristics of the security, favorable execution prices (including the opportunity for price improvement), access to reliable market data, availability of efficient automated transaction processing and reduced execution costs through price concessions from the market centers. While the client may specify that an order be directed to a particular market center for execution, the order-routing policies, taking into consideration all of the factors listed above, are designed to result in favorable transaction processing for our clients.

Midwood may receive liquidity provider rebates on orders that add liquidity to certain market centers. Such rebates range from nominal amounts to .24 cents per 100 shares of order flow executed, and have no significant influence on Midwood’s routing decisions. Midwood Securities, Inc. always seeks best execution for clients – to execute customers’ orders at the most favorable terms reasonably available. The source and nature of any compensation on executions will be provided upon request.

Upon written request, you may obtain the identity of the venue to which your orders were routed for the six months prior to your request and the time of the transactions that may have resulted from such orders.

Pursuant to SEC Rule 606, Midwood Securities publishes quarterly statistics regarding customer agency order routing practices. The report outlining our order routing practices is accessible on our website at www.midwood.com. A written copy may be obtained by contacting Midwood’s Compliance Officer at compliance@midwood.com.