Commodity Futures Trading Commission Rule 1.55(k): FCM-Specific Disclosure Document – December 2023

The Commodity Futures Trading Commission ("CFTC") requires each Futures Commission Merchant ("FCM"), including Wedbush Securities Inc. ("Wedbush"), to provide the following information to a client(s) prior to the time the client(s) first enters into an account agreement with the FCM or deposits money or securities (funds) with the FCM. Except as otherwise noted the information set out is as of the date listed above. Wedbush will update this information annually and as necessary to account for any material change to its business operations, financial condition or other factors that the company believes may be material to a customer's decision to do business with Wedbush. Nonetheless, business activities and financial data are not static and will change throughout any 12-month period.

Wedbush also operates as a broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC"). Information that may be material with respect to Wedbush for purposes of the CFTC's disclosure requirements may not be material for purposes of applicable securities laws and vice versa.

1. THE FIRM:

Wedbush Securities, Inc. – Corporate Headquarters
1000 Wilshire Blvd., Los Angeles, CA 90017
Telephone Number: 213-688-8000

Wedbush Futures Division – Principal Place of Business
141 West Jackson Blvd., Suite 1710A, Chicago, IL 60604
Telephone Number: 312-784-0408
FAX Number: 312-786-0189
Email: futurescompliance@wedbush.com

2. PRINCIPALS OF THE FIRM:

- **Bob Fitzsimmons**
  Executive Vice President; Fixed Income, Commodities, and Stock Loan 141 West Jackson Blvd., Suite 1710A, Chicago, IL 60604

  Business Background
  Robert Fitzsimmons is Executive Vice President at Wedbush Securities with oversight of futures, securities lending, the fixed income groups, and the FX business. Bob also serves on the Presidents' Executive Committee and Management Committee. Bob joined Wedbush Securities in 2016 as its Managing Director and Head of Wedbush Futures, where he oversaw the business within the Futures Commission Merchant ("FCM"), with a focus on developing and defining the strategic direction for the Futures and Treasury Division.

  Bob has over 30 years of experience in the financial industry, with extensive experience in the fixed income, futures, equities and technology space. He also held CEO tenures with several other financial services organizations including ITG Derivatives and NQLX.

Bob graduated from Harvard University with a Bachelor's Degree in Economics and earned his MBA from the Booth School of Business at the University of Chicago. Bob holds Series 4, 8, 9, 10, 24, 63 and 99TO licenses. Bob is also a listed Principal of the firm.

- **Kevin Wirth**
  Managing Director, Head of Futures, Director of Finance
  141 West Jackson Blvd., Suite 1710A, Chicago, IL 60604

  Business Background
  Mr. Wirth is Managing Director, Head of Futures, and Director of Finance of Wedbush Futures. He brings more than 25 years of experience in FCM, Investment Banking, Agency Execution and Prop Trading, to his role at the firm, where he is responsible for managing accounting, treasury, regulatory reporting and financial planning and analysis for the FCM.

  Before joining Wedbush Futures, Kevin served as the Director of Finance with ITG where he supported the efforts of the US Execution Services Division. He was also the Director of Finance at IMC Chicago and Senior Vice President of Accounting at ABN AMRO Bank for their Wholesale Banking Division, where he was tasked with technical accounting, M&A and regulatory reporting. Additionally, Mr. Wirth worked at First Options of Chicago as Futures Controller for the FCM's Introducing Broker business. He began his career in finance as a staff auditor at the Chicago Mercantile Exchange before becoming a colleague at Ernst & Young.

  Mr. Wirth received his Bachelor's degree in Accounting from Butler University, and is a Certified Public Accountant in the State of Illinois. Mr. Wirth also holds his Series 7 and 27 licenses. He is also a listed Principal of the firm.

- **Diane Pejkovich**
  Senior Vice President, Head of FICS Business Supervision
  141 W Jackson Blvd, Suite 1710A, Chicago, IL 60604

  Business Background
  Ms. Pejkovich is Head of Business Supervision of the FICCS Division of Wedbush Securities. Having over 38 years of experience in the futures industry, Ms. Pejkovich began her career as an auditor with the Chicago Mercantile Exchange after which she served in various senior positions with industry leaders including the role of Chief Financial Officer at IBFX, and Bank of New York Mellon Clearing, Head of North American Accounting at ABN AMRO and UBS as well as Chief Compliance Officer at Sakura Dellsher Inc.
  Prior to joining Wedbush Securities full time in March, 2023, Ms. Pejkovich served the company in a senior Finance and Compliance consultancy role for several years.

  Diane received her Bachelor's Degree in Public Accounting from Loyola University and is a Certified Public Accountant in the State of Illinois.

- **Matthew Lisle**
  Senior Vice President, Chief Compliance Officer / Futures
  Division 141 W Jackson Blvd, Suite 1710A, Chicago, IL 60604

Business Background

Mr. Lisle is the Chief Compliance Officer for the Futures Division of Wedbush Securities. Mr. Lisle has been a licensed attorney for over 30 years with more than 25 years of legal and regulatory compliance in the futures industry. His roles have included serving for five years as the CCO of ABN AMRO Clearing Chicago, 10 years in senior compliance roles at the New York Stock Exchange ("NYSE") and Eurex, and as General Counsel of the National Grain and Feed Association (NGFA). Matt started his futures regulatory career as a staff attorney with the Commodity Futures Trading Commission ("CFTC") in its Washington DC office. Since 2018, he has been actively involved in the digital assets industry, as co-founder and General Counsel of Drawbridge Lending, which was acquired by Galaxy (Ticker: GLXY) in 2020. At Galaxy, he served as CCO of the commodity pool and trading advisory business. He also co-founded and was the first Chairman of the Global Digital Asset & Cryptocurrency Association, a digital assets industry SRO.

Matt is a 1992 graduate of the Loyola University of Chicago School of Law and a graduate of Colgate University. He is licensed to practice law in the State of Illinois and holds a Series 3 license.

- **Gary L. Wedbush**
  President
  1000 Wilshire Blvd., Los Angeles, CA 90017

Business Background

Gary Wedbush is President of Wedbush Securities, overseeing day-to-day management, strategic direction, development, and growth of all Wedbush Securities client and corporate services. Gary is a member of the Wedbush Securities Board of Directors, the Presidents' Executive Committee and Management Committee. Having been at Wedbush Securities for over 20 years, Gary served as Executive Vice President and Head of Capital Markets and Correspondent Services responsible for all Capital Markets Correspondent functions, including investment banking, equities, fixed income, and clearing and execution services.

Gary joined the Firm in February 1998 as Senior Vice President and Head of the Trading Division. Previously, he was a Principal and Director of Convertible Securities of the former Montgomery Securities (now Bank of America Merrill Lynch Securities) in San Francisco. He also served as an Institutional Trader and Trading Manager in the Convertible Securities Department at Lehman Brothers and S.G. Warburg in New York.

He received his Bachelor of Arts from the University of California, Los Angeles, and his MBA from the Kellogg School of Management, Northwestern University. Gary holds the Series 7, 9, 10, 24, 55, 63, 57TO, 79TO, 82TO, and 99TO licenses. He is also a listed Principal of the firm.

- **Andrew Druch**
  Executive Vice President, General Counsel & Chief Administrative Officer
  1000 Wilshire Blvd., Los Angeles, CA 90017

Business Background

Andrew Druch, Executive Vice President and General Counsel & Chief Administrative Officer, is responsible for firm-wide oversight of legal, compliance, surveillance, and regulatory matters, as well as human resources and corporate governance. He also serves as a member of the Presidents' Executive Committee.

Andrew has over 30 years of broad-reaching legal experience in securities and banking. Throughout his career he has played a pivotal role in building and mentoring legal and compliance departments to better serve companies' business lines. He held the role of General Counsel for ING Bank, Rabobank, and most recently, DNB. Andrew began his legal career at the New York Stock Exchange, where he was held in high regard for his deep regulatory knowledge, drawing attention from firms, including Lehman Brothers and Drexel Burnham Lambert, where he played an integral role during both of the firms' periods of success.

Andrew received his Bachelor's degree in Political Science from State University of New York at Albany and his J.D. from Rutgers University School of Law. Andrew also holds Series 7, 14, 24, 63 and 99TO licenses and is a listed Principal of the firm.

- **Dan E. Billings**
  Executive Vice President & Chief Financial Officer
  1000 Wilshire Blvd., Los Angeles, CA 90017

Business Background
Daniel Billings is Executive Vice President and Chief Financial Officer at Wedbush Securities. Dan also serves on the Presidents' Executive Committee and Management Committee. He joined Wedbush in 2015 as Senior Vice President and Controller and was appointed to Chief Financial Officer in 2017. During his tenure at Wedbush, he also served as Chief Financial Officer of Lime Brokerage from January 2016 to April 2018. With over two decades of experience within financial services, his extensive background has included roles within accounting, treasury, financial reporting and regulatory accounting.

Prior to joining Wedbush, Dan served in multiple positions during 15 years at Jefferies: Vice President, Treasury; Senior Vice President, High Yield Trading Controller; and Senior Vice President, General Ledger Controller. Dan began his career as Audit Manager at KPMG US, where his clients included SEC registrants, asset managers, registered broker dealers, and precious metals brokers.

Dan earned his Bachelor of Science Degree in Accounting from Pepperdine University. He currently holds his CPA and Series 27 licenses and is a listed Principal of the firm.

Erin Preston
Senior Vice President, Chief Compliance Officer
1000 Wilshire Blvd., Los Angeles, CA 90017

Business Background
Erin is the Chief Compliance Officer of Wedbush Securities Inc. and serves as the AML CO for the entire firm, including the Futures Division. Prior to joining Wedbush, Erin served as CCO at Nabsecurities, as CCO, AMLCO, and Associate General Counsel at Dash Financial, and Director of Compliance at Verition Fund Management. She graduated with Honors from The Ohio State University and holds a degree from Pace University School of Law, and is admitted to practice in New York and Connecticut. Erin holds Series 7, 24, and 63 licenses, and is a Certified Anti- Money Laundering Specialist.

- **Donald W. Hultgren, CFA**
  Executive Vice President
  1000 Wilshire Blvd., Los Angeles, CA 90017

Business Background

Donald Hultgren is Executive Vice President, Business Strategy. . Don also chairs the Presidents' Executive Committee and serves on the Management Committee.

With over 35 years of experience in the financial industry, Don joins Wedbush after being President of Three Part Advisors, LLC, a Texas-based, capital markets advisory firm. Previously, he was President and Chief Executive Officer of SWS Group, the New York Stock Exchange listed holding company of Southwest Securities. Don began his career in 1981 as an equity research analyst and was Director of Equity Research at Raymond James and Associates before moving on to SWS. Prior to joining Wedbush Securities as CAO, Don has served on the Board of Directors of Wedbush Securities since 2013, and is a current director.

Don earned his Bachelor of Arts in Accounting and Business/Management from Augustana College in Rock Island, IL, and then went on to complete his MBA with a concentration in Finance from the University of Texas at Austin. Don holds Series 7, 16, 24, 63 and 99TO licenses and is a listed Principal of the firm.

3. BUSINESS ACTIVITIES:

Wedbush Securities Inc.

Wedbush Securities is the largest holding of Wedbush Financial Services, which in turn is owned by Wedbush Capital. The combined strength and resources of Wedbush subsidiaries provides a full line of banking and investment services for individual, institutional and issuing clients.

Wedbush provides innovative financial solutions through our Private Client Services, Capital Markets, Clearing & Execution and Fixed Income, Commodities, Currencies and Stock Loan (FICCS) divisions. Wedbush limits proprietary futures trading to hedging the firm's interest rate and foreign exchange exposure; it does not engage in speculative proprietary futures trading.

Wedbush's Designated Self- Regulatory Organizations ("DSRO") are the following:

FCM – The CME Group ("CME"), www.cmegroup.com
Broker-Dealer - Financial Industry Regulatory Authority ("FINRA"), www.finra.org

Asset and Capital Usage

In general, Wedbush Securities Inc.'s capital and assets are dedicated to all of the Broker-Dealer and Futures Commission Merchant activities since it is all part of one entity. As of October 31, 2023, Wedbush has further allocated an estimated $194.5 Million of excess net capital as follows: 45% to Advanced Clearing Services, 25% to Futures Division, 5% to Capital Markets, 10% to Wealth Management, and 10% to Stock Loan/Repos. The remainder of capital is allocated to the Corporate divisions. Please note that this is subject to change at any time and may fluctuate as customer activity and market conditions require.

Futures & Commodities

The Futures Division is engaged in the business of execution and clearing for exchange traded commodity futures and options.

Its customers can be divided into four categories:

1. Professional Traders
2. Wholesale (Introducing Brokers, CTA's, Foreign Brokers, Omnibus Accounts… etc.)
3. Retail Customers
4. Commercial Hedgers

Carrying Brokers Used:
- StoneX
- CIBC World Markets Inc.
- Phillip Capital USA

Wedbush customers are both foreign and domestic and trade on the following markets:

- CME Group
  - Chicago Mercantile Exchange (CME)
  - Chicago Board of Trade (CBOT)
  - New York Commodity Exchange (COMEX)
  - New York Mercantile Exchange (NYMEX)
  - Kansas City Board of Trade (KCBT)
- MIAX Company
  - Minneapolis Grain Exchange (MGEX)
- Cboe Global Markets
  - Cboe Futures Exchange (CFE)
- Intercontinental Exchange Inc.
  - ICE Futures U.S. (IFUS)
  - ICE Futures Europe (ICEU)
  - ICE Futures Abu Dhabi (IFAD)
  - ICE Clear US
  - ICE Clear Europe
  - Euronext
- EUREX (Non-Clearing Member)
- Bourse de Montreal Inc. (TMX)
- The Options Clearing Corporation (OCC)
- Nodal Exchange
- The Small Exchange (SMFE)
- Coinbase Derivatives Exchange FKA FAIRX
- London Clearing House (LCH)

Wedbush's Credit Policy for Counterparties consists of the following:

- To obtain and utilize the services of Carrying Brokers who are well capitalized and in good standing with the exchanges for which they provide services to Wedbush. Such firms shall be capable of and deliver superior customer service to Wedbush.
- To obtain and utilize services of Banks that are well capitalized and approved by the CME as settlement banks.
  - Wedbush reserves the right to utilize other banking relationships on a case-by-case basis. All such banks shall be approved by the Wedbush Steering Committee.

Wedbush Securities, Inc. - Creditworthiness and Leverage
As of October 31, 2023, Wedbush maintains equity capital of approximately $289.1MM.

Proprietary and Affiliate Activities
Wedbush Capital, wholly owned by Wedbush Financial Services, which in turn owns Wedbush Securities Inc., is a global financial services firm that, through its holdings, provides private and institutional brokerage, investment banking, research, securities trading technologies, private capital, commercial banking, and asset management services. Below please find reference to the Wedbush Securities, Inc. audited financial statements, which notes affiliated activities. Wedbush Securities, Inc. does not maintain speculative proprietary trading accounts.

5. IMPORTANT RISK DISCLOSURES:

See our website (https://www.wedbushfutures.com/disclosures) for important disclosures regarding risk and conflicts of interest, please read them carefully.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. TRADING COMMODITY FUTURES AND OPTIONS IS SPECULATIVE AND INCLUDES LEVERAGED TRANSACTIONS. TRADING COMMODITY FUTURES AND OPTIONS INVOLVES RISK OF LOSS (WHICH MAY INCLUDE MORE THAN YOUR INITIAL INVESTMENT), AND IS NOT SUITABLE FOR ALL INVESTORS

Foreign Futures

Foreign futures transactions involve executing and clearing trades on a foreign exchange. Customers who trade on foreign exchanges may not be afforded certain protections which apply to domestic transactions; including the right to use domestic alternative dispute resolution procedures. In addition, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. Before you trade, you should familiarize yourself with the foreign rules which will apply to your particular transaction.

Outstanding Litigation

Commodity Futures Trading Commission ("CFTC") Regulation 1.55(k)(7) requires Wedbush Futures to disclose any material administrative, civil, enforcement or criminal complaints or actions filed against FCM where such complaints or actions have not concluded, and any enforcement complaints or actions filed against FCM during the last three years.

Wedbush Futures is a division of Wedbush Securities Inc. Wedbush Securities Inc. is also a broker-dealer registered with FINRA and the SEC.

Such issues and actions may be found at the following websites:

Actions taken by the SEC, FINRA and US Securities exchanges can be found at BrokerCheck - Find a broker, investment or financial advisor (finra.org) This link will take you to FINRA's BROKERCHECK homepage. There are boxes on the top of the home page for INDIVIDUAL and FIRM. Click on FIRM, and type in "Wedbush Securities". On the resulting page, click on MORE DETAILS to access Wedbush's posted regulatory history.

Actions taken by the CFTC, NFA and US futures exchange can be found at https://www.nfa.futures.org/basicnet/

This link will take you to the NFA homepage. Click on the BASIC box of the top-right of the page. Click on FIRM, and type in "Wedbush Securities". Choose WEDBUSH SECURITIES INC, *with NFA ID: 0086156.* On the resulting page, click on VIEW ALL ACTIONS to access Wedbush's posted regulatory history.

Recent Regulatory Actions:

CME Group 22-1591-BC (11/17/2023): Pursuant to an offer of settlement in which Wedbush Securities Inc. neither admitted nor denied the rule violation upon which the penalty is based, the CME Group found that Wedbush Securities Inc. violated exchange position reporting and recordkeeping rules after its settlement platform reached an upper limit of traded contracts due to extremely high trading volume non February 24,2022. As a result, from that date through March 2022, Wedbush: (1) submitted inaccurate large trader position reports to the Exchange; and (2) failed to submit position change data to the Clearing House in a timely manner. In accordance with the settlement offer, the CME Group imposed a monetary penalty of $175,000 which was shared among the CBOT, CME, NYMEX and Comex.

ICE US 2022-024 (9/20/2023): Pursuant to an offer of settlement in which Wedbush Securities Inc. neither admitted nor denied the rule violation upon which the penalty is based, the ICE found that Wedbush may have violated Exchange Rule 6.15(a) by misreporting large trader positions in multiple instances in the option and futures contracts of the Henry LD1 Same Day Fixed Price Future market. The BCC separately determined Wedbush may have violated Exchange Rule 4.01(b) by failing to establish, administer, and enforce effective supervisory systems, policies, and procedures to ensure the accurate reporting of large trader positions to the Exchange and Exchange Rule 21.04 by failing to respond to Exchange inquiries in a timely and sufficient manner. In accordance with the settlement offer, ICE imposed a monetary penalty of $110,000.

CFTC Administrative Action, 23-37 (8/8/2023): Pursuant to an offer of settlement in which Wedbush Securities Inc. neither admitted nor denied the rule violation upon which the penalty is based, the CFTC found that from approximately 2018 to the present, Wedbush employees, including those at senior levels, communicated both internally and externally on unapproved channels, including via personal text messages. Wedbush employees sent and received the written communications, which included messages related to Wedbush's business as a CFTC registrant. These messages were required to be maintained under CFTC-mandated recordkeeping requirements and Wedbush did not maintain or preserve thousands of communications, including communications related to its commodities business. Additionally, Wedbush generally would not have been able to provide the communications promptly to a CFTC representative when requested. The CFTC imposed a $6,000,000 fine.

Potentially material actions that have not been concluded and are not noted above:

Live Well Financial vs, Wedbush. US Bankruptcy Court District of Delaware 19-11317 (LSS) -Chapter 7-Adv.Proc.No. 21-50989 06/26/21 A two-count complaint was filed against Wedbush Securities Inc., and John Does 1- 50, by the Chapter 7Trustee, David W. Carickhoff of Live Well Financial: Count 1 Avoidance of Actual Intent Fraudulent Transfer pursuant to 11U.S.C. § 548(a)(1)(A); and Count 2 Recovery of Avoidable Transfer 11 U.S.C. § 550(a).

The Motion to Dismiss (MTD) was filed on September 10, 2021. On June 16, 2023, the Bankruptcy Judge denied the Motion to Dismiss ("MTD") that was originally filed on September 10, 2021. Wedbush filed an answer on July 28, 2023. The parties are engaged in discovery.

Arlington Commodities, LLC v. Wedbush Securities Inc. CFTC Docket No. 22-R010. The claim is for an alleged breach of Wedbush's obligations to provide promised services as a futures commission merchant (FCM) in the ERCOT (Electric Reliability Council of Texas) market on the Intercontinental Exchange, resulting in alleged losses to Arlington of over $1 million in February 2021. Arlington further alleges that Wedbush acted with gross negligence and/or intentional misconduct towards Arlington and materially breached the Customer Agreement between Wedbush and Arlington

A complaint was docketed and filed March 2, 2022 and assigned. The Statement of Answer to the Reparations Complaint was filed July 8, 2022. Discovery was exchanged on September 26, 2022. A Discovery Status Conference was conducted on December 15, 2022. At that hearing, the ALJ stayed all pending deadlines, and ordered the parties to brief the issue of subject matter jurisdiction. Briefing has been completed, and we are still awaiting a ruling from the ALJ.

Swenson Partnership v. Wedbush Securities Inc., Inc. d/b/a Kluis Commodity Advisors and Wedbush Futures. NFA Case No. 22-ARB-33. (1/8/23). Claimant Swenson Partnership ("Swenson") is owned and operated by Todd and Jill Swenson. Swenson was a client of Kluis Commodity Advisors ("Kluis"). The Claimant alleges that in 2021 and 2022, misconduct perpetrated by Kluis, including recommending and using discretion to implement speculative, grossly negligent and reckless strategies that breached Wedbush's duties to Swenson, among other allegations, resulted in damages in excess of $7 Million in realized losses.

The Statement of Answer was filed on April 14, 2023. The hearing has been scheduled for January 15, 2024, through

January 19, 2024, in Minneapolis, MN.

LJM Partners Ltd., et al. v. Wedbush Securities Inc. NY Supreme Court. Case/Index No, 651700/2023. 04/04/23. The Plaintiffs allege that during a market event on February 5, 2018 and February 6, 2018, devastating losses were suffered by Plaintiffs and their affiliates, after the failure of Wedbush to fulfill its contractual obligation and legal duty under exchange rules to report certain LJM options transactions to the Chicago Mercantile Exchange ("CME") within thirty (or, at most, sixty) minutes of their execution on the trading floor. Although the Prayer for Relief does not specify exact damages, the Complaint alleges LJM was forced to realize losses, incurred in the hundreds of millions of dollars, further alleging it was put entirely out of business.

The answer was filed May 31, 2023. Opposing counsel dismissed the action in New York state court in order to re-file it in Illinois state court. The Illinois action has been been filed.

6. Customer Complaints

Contact the Compliance Department at 312-786-1930 or email: futurescompliance@wedbush.com

A customer that wishes to file a complaint about Wedbush or one of its employees with the Commission can contact the Division of Enforcement either electronically at http://www.cftc.gov/ConsumerProtection/FileaTiporComplaint/index.htm or by calling the Division of Enforcement toll-free at 866-FON-CFTC (866-366-2382).

A customer that wishes to file a complaint about Wedbush or one of its employees with the CME can contact CME either electronically at http://www.cmegroup.com/market-regulation/file-complaint.html or by calling CME directly at 312-341-7970.

7. CUSTOMER FUNDS SEGREGATION

Customer Accounts:

FCMs may maintain up to three different types of accounts for customers, depending on the products a customer trades:

(i) Customer Segregated Account for customers who trade futures and options on futures listed on U.S. futures exchanges;

(ii) 30.7 Account for customers who trade futures and options on futures listed on foreign boards of trade; and

(iii) Cleared Swaps Customer Account for customers trading swaps that are cleared on a DCO registered with the Commission.

The requirement to maintain these separate accounts reflects the different risks posed by the different products. Cash, securities and other collateral (collectively, Customer Funds) required to be held in one type of account, e.g., the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, e.g., the 30.7 Account, except as the Commission may permit by order. For example, the Commission has issued orders authorizing ICE Clear Europe Limited, which is registered with the Commission as a DCO, and its FCM clearing members: (i) to hold in Cleared Swaps Customer Accounts Customer Funds used to margin both (a) Cleared Swaps and (b) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such Cleared Swaps and foreign futures and foreign options; and (ii) to hold in Customer Segregated Accounts Customer Funds used to margin both (c) futures and options on futures traded on ICE Futures US and (d) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such transactions.

Customer Segregated Account. Funds that customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on futures exchanges located in the U.S., i.e., designated contract markets, are held in a Customer Segregated Account in accordance with section 4d(a)(2) of the Commodity Exchange Act and Commission Rule 1.20. Customer Segregated Funds held in the Customer Segregated Account may not be used to meet the obligations of the FCM or any other person, including another customer.

All Customer Segregated Funds may be commingled in a single account, i.e., a customer omnibus account, and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside of the U.S. that has in excess of $1 billion of regulatory capital; (iii) an FCM; or (iv) a DCO. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers. Unless a customer provides instructions to the contrary, an FCM may hold Customer Segregated Funds only: (i) in the U.S.; (ii) in a money center country; or (iii) in the country of origin of the currency.

An FCM must hold sufficient U.S. dollars in the United States to meet all U.S. dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Notwithstanding the foregoing, assets denominated in a currency may be held to meet obligations denominated in another currency (other than the U.S. dollar) as follows: (i) U.S. dollars may be held in the U.S. or in money center countries to meet obligations denominated in any other currency; and (ii) funds in money center currencies may be held in the U.S. or in money center countries to meet obligations denominated in currencies other than the U.S. dollar.

30.7 Account. Funds that 30.7 Customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on foreign boards of trade, i.e., 30.7 Customer Funds, and sometimes referred to as the foreign futures and foreign options secured amount, are held in a 30.7 Account in accordance with Commission Rule 30.7.

Funds required to be held in the 30.7 Account for or on behalf of 30.7 Customers may be commingled in an omnibus account and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside the U.S. that has in excess of $1 billion in regulatory capital; (iii) an FCM; (iv) a DCO; (v) the clearing organization of any foreign board of trade; (vi) a foreign broker; or such clearing organization's or foreign broker's designated depositories. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's 30.7 Customers. As explained below, Commission Rule 30.7 restricts the amount of such funds that may be held outside of the U.S.

Customers trading on foreign markets assume additional risks. Laws or regulations will vary depending on the foreign jurisdiction in which the transaction occurs, and funds held in a 30.7 Account outside of the U.S. may not receive the same level of protection as Customer Segregated Funds. If the foreign broker carrying 30.7 Customer positions fails, the broker will be liquidated in accordance with the laws of the jurisdiction in which it is organized, which laws may differ significantly from the U.S. Bankruptcy Code. Return of 30.7 Customer Funds to the U.S. will be delayed and likely will be subject to the costs of administration of the failed foreign broker in accordance with the law of the applicable jurisdiction, as well as possible other intervening foreign brokers, if multiple foreign brokers were used to process the U.S. customers' transactions on foreign markets.

If the foreign broker does not fail but the 30.7 Customers' U.S. FCM fails, the foreign broker may want to assure that appropriate authorization has been obtained before returning the 30.7 Customer Funds to the FCM's trustee, which may delay their return. If both the foreign broker and the U.S. FCM were to fail, potential differences between the trustee for the U.S. FCM and the administrator for the foreign broker, each with independent fiduciary obligations under applicable law, may result in significant delays and additional administrative expenses. Use of other intervening foreign brokers by the U.S. FCM to process the trades of 30.7 Customers on foreign markets may cause additional delays and administrative expenses.

To reduce the potential risk to 30.7 Customer Funds held outside of the U.S., Commission Rule 30.7 generally provides that an FCM may not deposit or hold 30.7 Customer Funds in permitted accounts outside of the U.S. except as necessary to meet margin requirements, including prefunding margin requirements, established by rule, regulation, or order of the relevant foreign boards of trade or foreign clearing organizations, or to meet margin calls issued by foreign brokers carrying the 30.7 Customers' positions. The rule further provides, however, that, in order to avoid the daily transfer of funds from accounts in the U.S., an FCM may maintain in accounts located outside of the U.S. an additional amount of up to 20 percent of the total amount of funds necessary to meet margin and prefunding margin requirements to avoid daily transfers of funds.

Cleared Swaps Customer Account Funds deposited with an FCM, or otherwise required to be held for the benefit of customers, to margin swaps cleared through a registered DCO, i.e., Cleared Swaps Customer Collateral, are held in a Cleared Swaps Customer Account in accordance with the provisions of section 4d(f) of the Act and Part 22 of the Commission's rules. Cleared Swaps Customer Accounts are sometimes referred to as LSOC Accounts. LSOC is an acronym for "legally separated, operationally commingled." Funds required to be held in a Cleared Swaps Customer

Account may be commingled in an omnibus account and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside of the U.S. that has in excess of $1 billion of regulatory capital; (iii) a DCO; or (iv) another FCM. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's Cleared Swaps Customers.

Investment of Customer Funds:

Section 4d(a)(2) of the Act authorizes FCMs to invest Customer Segregated Funds in obligations of the United States, in general obligations of any State or of any political subdivision thereof, and in obligations fully guaranteed as to principal and interest by the United States. Section 4d(f) authorizes FCMs to invest Cleared Swaps Customer Collateral in similar instruments.

Commission Rule 1.25 authorizes FCMs to invest Customer Segregated Funds, Cleared Swaps Customer Collateral and 30.7 Customer Funds in instruments of a similar nature. Commission rules further provide that the FCM may retain all gains earned and is responsible for investment losses incurred in connection with the investment of Customer Funds. However, the FCM and customer may agree that the FCM will pay the customer interest on the funds deposited.

Permitted investments include:

(i) Obligations of the United States and obligations fully guaranteed as to principal and interest by the United States (U.S. government securities);

(ii) General obligations of any State or of any political subdivision thereof (municipal securities);

(iii) Obligations of any United States government corporation or enterprise sponsored by the United States government (U.S. agency obligations);3

(iv) Certificates of deposit issued by a bank (certificates of deposit) as defined in section 3(a)(6) of the Securities Exchange Act of 1934, or a domestic branch of a foreign bank that carries deposits insured by the Federal Deposit Insurance Corporation;

(v) Commercial paper fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (commercial paper);

(vi) Corporate notes or bonds fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (corporate notes or bonds); and

(vii) Interests in money market mutual funds.

The duration of the securities in which an FCM invests Customer Funds cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with non-affiliated registered broker-dealers, provided such transactions are made on a delivery versus payment basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions with Customer Funds must be held in the appropriate Customer Account, i.e., Customer Segregated Account, 30.7 Account or Cleared Swaps Customer Account. Further, in accordance with the provisions of Commission Rule 1.25, all such funds or collateral must be received in the appropriate Customer Account on a delivery versus payment basis in immediately available funds.4

For additional information on the protection of customer funds, please see the Futures Industry Association's "Protection of Customer Funds Frequently Asked Questions" located at https://www.fia.org/

Wedbush Securities is dually registered as an FCM with the Commodities Futures Trading Commission and as a broker/dealer with the Securities and Exchange Commission. The funds you deposit with a futures commission merchant for trading futures positions are not protected by insurance in the event of the bankruptcy or insolvency of the futures commission merchant, or in the event your funds are misappropriated. The funds you deposit with a futures commission merchant for trading futures positions are not protected by the Securities Investor Protection Corporation even if the futures commission merchant is registered with the Securities and Exchange Commission as a broker or dealer.

On the Broker-Dealer side of the business, the company segregates cash, certificates of deposit, short-term investments purchased under an agreement to resell, and securities owned according to the regulatory standards of 15c3-3 of the Securities and Exchange Act of 1934. These assets are held in segregated accounts exclusively for the benefit of clients. Cash is held in money market deposit accounts at banks. Short-term investments are purchased under agreements to resell and are carried in the amounts at which the securities will subsequently be resold, as specified in the related agreements and consist of U.S. treasuries and securities guaranteed by the U.S. government. Securities segregated consist of securities guaranteed by the U.S. government.

8. FINANCIAL DATA: (as of: October 31, 2023)

- Wedbush proprietary margin requirements as a percentage of total is de minimis.
- Smallest number of customers = 50% of Segregated Funds = 8
- Smallest number of customers = 50% of Secured Funds = 3
- Aggregate notional value by asset class of all non-hedged, principal OTC transactions the firm has entered in to is zero; there are no non-hedge principal OTC positions.
- Wedbush Securities Inc. currently has approximately $355MM Secured and $212.250MM Unsecured formal lines of credits, consisting of $180M of committed lines and $50M of uncommitted lines. These are derived from general bank lines of credit and are periodically used as business needs dictate. As of October 31, 2023 the firm has drawn upon $38MM of the secured lines with $70MM on the unsecured lines.
- Wedbush does not provide financing for customer transactions involving illiquid financial products.
- Wedbush has not written-off any Futures Division customer receivables determined as uncollectable other than de minimis amounts, therefore <1% as a percentage of customer funds.

Proprietary Margin Requirements as a percentage of the aggregate margin for:

Futures Customers	.01%
Cleared Swaps Customers:	N/A
30.7 Customers	0.0%

The following additional financial data may be found on the Wedbush website:
http://www.wedbush.com/aboutus/financialStatements

Daily Segregation Statements – Rolling 12 months
Daily Statement of Secured Funds – Rolling 12 months
Monthly Focus
Annual Audit, including Section 3gation and Secured Statements
Monthly:
Tentative Net Capital
Net Capital
Excess Net Capital

Please note the following balances as of October 31, 2023.

Tentative Net Capital	$264MM
Net Capital	$260MM
Capital Requirement	$66MM
Excess Net Capital	$194MM

Further information as to how Wedbush Securities, Inc. invests and holds customer funds can be found on the NFA website. https://www.nfa.futures.org/basicnet/

Further information regarding FCM financial information can be found on the CFTC website, http://www.cftc.gov/MarketReports/financialfcmdata/index.htm

9. RISK PRACTICES, CONTROLS AND PROCEDURES:

The risk management policies and procedures of Wedbush are designed to identify, measure, and manage risks associated with the operations of the FCM. The following is intended to summarize risk management policies and procedures of Wedbush as they relate to the futures and options on futures trading activities of customers and affiliated entities.

Margin Requirement

Margin deposits are good faith deposit posted by each client to collateralize their obligation to the Company under open futures and options on futures positions. Generally, all futures clients are required to pre-fund their accounts with adequate margin to collateralize the risk associated with such clients' positions prior to establishing such positions. Margin requirements established by the Company may not be less than those mandated by the relevant exchange and/or clearinghouse and in certain circumstances such margin requirements may be increased above the exchange minimums at the sole discretion of the Company. The Risk Management Department of Wedbush monitors margin levels and compliance with funding requirements throughout all trading hours. Margin calls are issued daily and in certain circumstances intra-day. Under-margined accounts that fail to meet a margin call may be subject to a reduction of open positions or immediate liquidation.

New Accounts

Prior to opening of a futures account, the clients must complete relevant new account documents, which include certain information about the client. Such documents may include, without limitation:

- The Futures Division Customer Agreement
- CFTC Regulation 1.55 Risk Disclosure Statement
- Consent to Jurisdiction
- Electronic Trading Disclosure Form
- Identity Verification Document/Corporate Documents
- Financial Information

Additionally, a potential client must disclose certain information about his financial status, yearly income, and trading experience. Wedbush reserves the right to decline accounts that do not meet our standards for credit worthiness, financial resources, and/or trading experience.

Trading Limits

Pursuant to CFTC Regulation 1.73(a)(1) and (2) et al, each electronic trading system must maintain pre-execution credit and risk control features. Such features must allow Wedbush Risk Management personnel to set and maintain the following:

- Maximum order size
- Maximum theoretical position limits, or
- buying power/margin

The Wedbush Risk Management Department sets credit limits and risk controls for each electronic trader prior to enabling such trader's access to The Wedbush Futures Electronic Access Point. Determinations regarding the level of maximum order size, maximum position limit, and maximum dollar loss are set based on the review of relevant information for the client. Factors affecting risk management decisions in this area may include:

- Amount of funds on deposit
- Contemplated activity
- Trading experience
- Creditworthiness – as determined by the criteria set forth herein
- External market condition
- Client's historical activity with Wedbush

As part of its risk management program, Wedbush utilizes risk management tools provided by futures exchanges and/or futures clearing houses to the extent that such tools are available. Such tools shall be utilized in conjunction with other relevant tools and procedures as set forth herein.

Post Execution Risk Management

The Risk Management Department maintains ongoing post-execution surveillance of the trading activity in the accounts. Trading activity is captured by our risk management systems on a virtual real-time basis.

Pursuant to CFTC Regulation 1.73(a)(4), it is the policy of Wedbush to stress-test all futures client positions. Such stress-testing shall be conducted daily. Further, the Risk Management Department may stress-test futures positions held by clients and affiliates at more frequent intervals. Stress-testing shall include, but is not limited to, the following types of risk:

- Adverse price movement
- Adverse changes in volatility

b. Estimation of Liquidation Costs

Pursuant to CFTC Regulation 1.73(a)(7), Wedbush Risk Management Department evaluates periodically the ability to liquidate positions in an orderly manner. Further, the costs of such liquidation are also evaluated. The evaluation may include, but is not limited to:

- A review of positions and stress-testing of positions
- A review of internal calculation of "max risk" reports designed to estimate the effect of extreme movements on the value of open positions and subsequent account value.