

MSRB Rule G-43 Procedures

The Nature of Our Undertaking

Pinnacle Investments, LLC. ("Pinnacle ") is a fixed income interdealer broker (IDB), acting as agent or riskless principal to facilitate buys and sells of municipal securities between two contra parties, including broker-dealers, dealer banks, and institutional customers. Pinnacle does not disclose the identities of its bidders and sellers prior to or at the conclusion of its bid-wanted auction, unless requested by one party and agreed to by both parties.

General Obligations

Pinnacle must make a reasonable effort to obtain a price that is fair and reasonable in relation to prevailing market conditions. Pinnacle will avoid taking any action that works against that client's interest to receive current available market pricing. Pinnacle is presumed to act on behalf of the seller in a bid-wanted unless both the seller and bidders agree otherwise in writing in advance of the bid-wanted.

Conduct of Bid-Wanted

In order to meet its obligations under MSRB rules, Pinnacle takes several steps to ensure it is obtaining a fair and reasonable price for its selling clients.

- Pinnacle widely disseminates its bid-wanted to as many market participants as possible. Pinnacle will not limit dissemination unless directed by the Seller.
- Pinnacle considers previous bid history and knowledge of clients' trading interests to direct its resources utilizing voice brokers and emails to reach the dealers who are more likely to take an interest in a specific security, including but not limited to the issuer and previous bidders.
- Pinnacle uses Fabkom as our trading platform and establishes Predetermined Parameters that are formulaic and based on objective pricing criteria. They are: (A) reasonably designed to identify most bids that may not represent the fair market value of municipal securities to which they are applied; (B) systematically determined by Fabkom upon entry of a bid-wanted item in the trading system and in advance of the acceptance of bids on the item; and (C) systematically applied to all bids on that item.

The methodology used to create the Predetermined Parameters is non-discretionary, systematically implemented, and periodically tested. The Predetermined Parameters are displayed on the detail of each bid-wanted item and are permanently stored in the record of that item. Once a bid has been received on a bid-wanted, the Predetermined Parameters for that bid-wanted cannot be altered.

Pinnacle and/or Fabkom will periodically perform, but not less than on a monthly basis, testing of the predetermined parameters for bid wanted items in the system. This testing will be used to determine where the predetermined parameters stand in relation to bids provided in the Firm's system. The observance of a material amount of deviations in excess

of a reasonable threshold may result in adjustments being made to the predetermined parameters so that these better reflect the market for the relevant bid wanted items. Such adjustments will be made taking into considerations various factors including acceptable deviation percentages as determined by Fabkom from time to time, current market conditions and other information available at the time the testing is performed. A record of this testing that includes security information, independent valuation figures reviewed, and the date of the testing will be created for each instance where such testing is performed, and will be kept and accessible as a record of the Firm.

All testing will be performed FabKom and Pinnacle. In the absence of guidance from the MSRB describing how such testing is to be performed, Pinnacle has determined that the methodology described in this procedure is reasonable to achieve compliance with MSRB Rule G-43(c)(i)(F).

Policies in the Conduct of Bid-Wanted

Pinnacle upholds a high standard of ethical conduct and as such will continue to conduct its bid-wanted according to certain policies and procedures, including the following:

- Bids will not be accepted after the earlier of the sharp/firm time, the time the seller directs Pinnacle to sell the securities to the high bidder, the time the seller informs Pinnacle the bonds will not be sold in that bid-wanted, or the end of the trading day, 17:00 Eastern Time on a standard business day, 14:00 Eastern Time on an early close business day (as dictated by SIFMA's recommended early close schedule).
- Pinnacle will not allow changes to a bid after that bidder has been informed as to whether his or her bid is being used.
- Pinnacle will maintain strict procedures around contact with a bidder and changes to that bid. If the high bid is outside of Pinnacle's predetermined parameters and the Pinnacle broker believes the bid may have been submitted in error, the high bidder may be contacted without first obtain consent from the seller. However, if the high bid is within Pinnacle's predetermined parameters and the Pinnacle broker believes the bid may have been submitted in error, the broker will first obtain authorization from the seller to contact the bidder.
- If the high bid received in a bid-wanted is below the predetermined parameters of Pinnacle, Pinnacle must disclose that fact to the seller, in which case Pinnacle may still effect the trade, if the seller acknowledges such disclosure either orally or in writing.
- If the winning high bid or cover bid in a bid-wanted has been changed, Pinnacle will disclose the original and changed bids to the seller prior to execution.
- Pinnacle will always inform the seller of the highest bid.
- Pinnacle will inform the seller if the high bid is an institutional customer.
- Pinnacle will prohibit its brokers from providing any person other than the seller and the winning bidder with information about bid prices until the bid-wanted is complete. After the bid-wanted is complete, that information is available to Pinnacle clients at no cost via a posting report.

- Pinnacle will not encourage bids that do not represent the fair market value of municipal securities.

Additional policies and information can be found on our website:

<http://www.Pinnacleinvestments.com>

Pinnacle is a member of FINRA and SIPC. The firm is registered with the MSRB.

Pinnacle Investments, LLC
Municipal Securities Brokers Broker Commission Schedule
As of January 2018

* Note: These are our standard commissions, but upon agreement with any dealer, any commission can be adjusted up or down. If there is an increase in commissions it will be documented on the trade ticket along with the trader's name who agreed to the commission.

Bid Wanted

2.5M + bonds	\$.65
1M - 2.5M bonds	\$.075
400 - 1M bonds	\$1.00
100 - 400 bonds	\$1.25
50 - 100 bonds	\$2.50
25 - 50 bonds	\$5
10 - 25 bonds	\$10
0 - 10 bonds	\$20

Situations

\$.60- \$.75

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