

## **Citadel Securities LLC FX Market Making Disclosures for Counterparties**

This document sets forth the manner in which Citadel Securities LLC (“Citadel Securities”) enters into foreign exchange and precious metals spot and other transactions (“FX Transactions”) with counterparties, either on a disclosed trading basis or as an anonymous counterparty through electronic trading platforms (collectively, “Disclosures”). The information contained herein supersedes all prior versions of these Disclosures as well as all other communications regarding any topics covered herein. Moreover, the information contained herein may be modified only by (i) the distribution of a subsequent version of these Disclosures or (ii) pursuant to the terms of a specific written agreement that Citadel Securities may have with a particular counterparty that specifically amends these Disclosures. The general descriptions in this document may not be representative of how a given individual transaction is handled and executed. The obligations of Citadel Securities and the rights of its counterparties are limited only to those established by existing laws, rules, and regulations, as applicable. Nothing in this document or in any other communication expands upon Citadel Securities’ obligations under applicable laws, rules, and regulations.

Please note that these Disclosures do not cover the activities of other Citadel Securities’ affiliates which also engage in FX Transactions. Citadel Securities has implemented protocols designed to ensure that counterparty FX Transaction information is not shared with such affiliates.

### **General Information**

- Citadel Securities is acting as a market maker when trading with counterparties. Accordingly, when entering into FX Transactions with counterparties, Citadel Securities acts as principal for its own account. Citadel Securities does not act as agent, fiduciary, or financial adviser for its counterparties, nor does Citadel Securities act on behalf of its counterparties or otherwise represent counterparties on those transactions in any manner. Accordingly, Citadel Securities neither owes any duties nor otherwise undertakes any obligations, to counterparties in connection with those FX Transactions.
- Citadel Securities does not recommend that counterparties enter into any particular FX Transaction or express any view on whether any FX Transaction is suitable for a counterparty. Additionally, when entering into FX Transactions with counterparties, Citadel Securities is not acting in the capacity of a “swap dealer,” as that term is defined under the rules of the U.S. Commodity Futures Trading Commission (“CFTC”) and, therefore, Citadel Securities is not required to comply with the “business conduct standards” set forth in CFTC rules.
- Please note that Citadel Securities acts purely in a principal capacity when engaged in market making, and the provision of liquidity by Citadel Securities may be influenced by market information that it derives from such activity.

### **Liquidity Provision and “Last Look”**

- As a principal market maker, Citadel Securities does not apply a mark up to its price quotations and, therefore, the bid and offer price quotations that counterparties receive represent “all-in” prices.
- Citadel Securities executes FX Transactions with a diverse range of counterparties who trade in different manners. As a result, Citadel Securities may, at its discretion, provide certain counterparties with transaction pricing and terms that are different from those it provides to

other counterparties on the same or a similar FX Transaction. Any price or other terms of an FX Transaction may vary depending on a range of factors including, but not limited to, the overall size of the FX Transaction, a counterparty's previous trading behavior, Citadel Securities' historical profitability when trading with a counterparty, Citadel Securities' expenses associated with effecting the FX Transaction (including venue and clearing fees), prevailing market conditions, and Citadel Securities' inventory and risk appetite at the time of the FX Transaction. Citadel Securities is not obligated to disclose how the aforementioned items factor into its specific pricing methodology or the amount of its expected or actual profitability on an FX Transaction with a counterparty.

- In a manner consistent with the FX Global Code of Conduct, Citadel Securities may utilize “Last Look” when executing FX Transactions directly with a counterparty. “Last Look” functionality gives Citadel Securities a certain period of time after receiving a counterparty's FX Transaction request (a so-called “Last Look period”) to conduct price and other verifications. During the Last Look period, Citadel Securities generally conducts a “price check” in which Citadel Securities refreshes its estimate of the current market price and compares the current market price to the counterparty's requested FX Transaction price. If the difference between the refreshed price and the counterparty's requested FX Transaction price has changed by more than a certain price tolerance (as determined by Citadel Securities in its discretion), then Citadel Securities generally will reject the counterparty's FX Transaction request. During the Last Look period Citadel Securities may, at its discretion, also reject a counterparty's trade request for other reasons unrelated to price movements, such as the result of a credit check.
- If a counterparty does not want Citadel Securities to utilize Last Look, Citadel Securities has the ability to provide firm pricing with no Last Look period through certain third-party platforms that can facilitate that trading protocol. Counterparties wishing to trade on a firm basis in which Last Look functionality is not used should contact their Citadel Securities representative.
- If a counterparty receives pricing that is subject to Last Look functionality then Citadel Securities' quotations are provided to that counterparty on an indicative basis. Accordingly, counterparties should not construe those quotations to be firm in nature and to represent Citadel Securities' commitment to enter into a definitive FX Transaction on the terms contained in the quotation. Citadel Securities maintains discretion over whether to engage in a particular FX Transaction and the terms of any such transaction.
- When utilizing Last Look, Citadel Securities, by default, conducts the price check on a symmetrical basis in which a trade request will be rejected if the estimate of the current market price compared to your requested FX Transaction price changes by more than an absolute amount either in the direction that is favorable or unfavorable to Citadel Securities. To provide flexibility, disclosed counterparties or electronic trading platforms through which Citadel Securities trades anonymously may elect instead to have Citadel Securities conduct the price check on an asymmetrical basis in which a trade request will be rejected if the estimate of the current market price compared to the counterparty's requested FX Transaction price moves by more than a certain amount in the direction that is unfavorable to Citadel Securities. The number of FX Transaction requests that are rejected may be lower if Citadel Securities uses an asymmetrical price check. Counterparties wishing for Citadel Securities to conduct the price check on an asymmetrical basis should contact their Citadel Securities representative.
- Citadel Securities has set the duration of the Last Look period for both disclosed counterparties and electronic trading platforms through which Citadel Securities trades anonymously generally to be 5 milliseconds from the time a counterparty's FX Transaction request is received by Citadel Securities.

- During the Last Look period, Citadel Securities does not use any information from a counterparty's FX Transaction request to change the price quotations it provides over electronic platforms, to engage in pre-hedging or to otherwise trade for its own account (other than to execute the counterparty's FX Transaction request). Notwithstanding the foregoing, in addition to its FX market making strategies, Citadel Securities operates multiple algorithmic trading strategies that trade for Citadel Securities' own proprietary account in FX and other financial instruments without knowledge of the counterparty's FX Transaction request, and these strategies may continue to trade during the Last Look period for reasons unrelated to the counterparty's FX Transaction request. In line with market practice, Citadel Securities may use information from FX Transactions that it has executed with counterparties. If an FX Transaction request is rejected, Citadel Securities does not use information derived from that rejected request for pricing or trading purposes.