

Securities with call features may be called in whole or in part. The following provides information related to the partial redemption procedures established at Stifel, Nicolaus & Company, Incorporated (“Stifel”). This process is also used when securities are pre-funded or defeased in part.

Partial Redemptions

In a partial redemption, the issuer elects to exercise or call only a portion of the outstanding par value of the security outstanding. In such a case, some investors may have all or a portion of their position redeemed, while others may not have any portion of their position redeemed. It should also be noted that the issuer, not the investor, has the right to exercise a call or redemption.

Description of Partial Redemptions Allocation Process

The redemption process begins when an issuer notifies the Depository Trust Corporation (“DTC”) that it will exercise a partial call of the securities outstanding for a specific issue. DTC provides depository services to approximately 3.5 million security issues located in the United States and other countries. The issuer provides the specific security and the amount to be redeemed. After receiving a redemption notice from the issuer, DTC, using an impartial, random lottery system, allocates security positions to broker-dealers that hold securities in “street name.” In a partial call, participants may not receive an allocation from DTC because of the random lottery process.

Upon notification of a partial call by an issuer, Stifel conducts a lottery to allocate the calls in a fair and impartial manner among accounts holding the specific security.

Partial Redemption Lottery System

The lottery system is designed to allocate calls for redeemed securities in a fair and impartial manner, and is consistent with MSRB Rule G-17 (in the case of municipal securities) and FINRA Rule 4340 (in the case of other securities). Specifically, Stifel uses a type of lottery system that is based on a mathematical formula to randomly select accounts for allocation.