



AN EXPLANATION OF FLARE AND CODA'S ROUTING STRATEGY OFFERING

CODA FLARE

Broker-Dealer subscribers or their customers who choose to have their orders routed outbound away from the Coda ATS do so using CODA's *Flexible Liquidity and Routing Engine* ("FLARE") product. FLARE provides connectivity and access to external market centers including Exchanges, Single Dealer Platforms, Market Makers, Broker-Dealers and other Alternative Trading Systems. FLARE provides the opportunity for a Broker-Dealer or its customer to create customized strategies that include specific terms and conditions defining the priorities on how CODA should handle that specific order. To be clear, external routing via FLARE occurs only at the discretion of a subscriber or its customer. For subscribers or customers who choose not to use FLARE, CODA does not route their orders away from the Coda ATS, and has never done so.

Customization of strategies and routing tables

CODA engages in extensive discussions with subscribers (and in many cases, their customers) to understand their goals and needs, and uses that information to create customized routing strategies in FLARE. Each strategy results in a routing table, and associated terms and conditions, for that subscriber and its customers. There is no limit to the number of strategies that a subscriber may have available to its customers, and strategies may be modified over time. A non-exhaustive list of the goals and terms and conditions that can be prioritized and specified on a strategy include: reduced or certainty of commission cost, limiting latency to a specific number of milliseconds, requiring price improved executions at midpoint or better prices, choosing a specific venue type (i.e., lit or dark markets), or seeking a high tiered rebate offered by an exchange. Some traders have access to close to 100 strategies and some access dozens of these strategies in a single day.

When FLARE receives an order from a trader, the strategy selected for that order will access the specific routing table associated with that strategy, and seek an execution through a "waterfall" of venues on the routing table. The trader often may choose the appropriate strategy on an order-by-order basis depending on their trading needs and the market conditions at that specific moment in time.

Selecting a strategy reflects tradeoffs. Some strategies offer low-cost, fixed fees, but less price improvement. The reduced price improvement can help offset instances in which CODA has to pay commissions greater than the fees it receives from its subscriber. Other strategies prioritize price improvement, but potentially have higher commission charges. These are just a few examples of how CODA can customize strategies based on the individual instructions and goals of its subscribers and their customers.

*Please reference CODA's full Disclosure document for further information.