



Phillip Capital Inc.

Disclosure Documents
CFTC §1.55(k)

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OVERVIEW

The U.S. Commodity Futures Trading Commission (“CFTC”) requires each futures commission merchant (FCM), including Phillip Capital Inc. (“Phillip”), to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money or securities with the FCM.

Except as otherwise noted below, the information set out is as of July 2023. Phillip will update this information annually and as necessary to take account of any material change to its business operations, financial condition, or other factors that Phillip believes may be material to a customer’s decision to do business with Phillip. Nonetheless, Phillip business activities and financial data are not static and will change in non-material ways frequently throughout any 12-month period.

PRINCIPAL INFORMATION CFTC §1.55(k)(2)

Hua Min Lim, founder, and Executive Chairman of PhillipCapital Group of Companies, located at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179 101, is the majority shareholder of PCPL. For the Parent Company headquartered in Singapore, Hua Min Lim founded Phillip Capital Group of Companies in 1975 and is the Executive Chairman. He began his career holding senior positions in the Stock Exchange of Singapore and the Securities Research Institute. He has served on a number of committees and sub-committees of the Stock Exchange of Singapore.

Lynette Lim, founder, Board Member of Phillip, located at 141 West Jackson Boulevard, Suite 1531A, Chicago, IL 60604. Ms. Lim is a NFA registered Principal since August of 2010, and registered NFA Member and Associated Person since February 2011, and founded Phillip in April 2010. Previously Ms. Lim worked for the Phillip Capital Group of Companies for 9 years. While there she managed an IT group that developed internal projects as well as customer projects in the financial industry. She also managed the development of POEMS which was the first online stock trading system in Singapore and launched in 1996. Ms. Lim received a bachelor’s degree in computer systems engineering with honors from Warwick in England and an MBA from the University of Chicago.

Cameron Frazier, advisor and Board Member of Phillip, located at 141 West Jackson Boulevard, Suite 1531A, Chicago, IL 60604. Mr. Frazier is a NFA registered Principal since August 2010 and NFA registered Principal and Associated Person since February 2011 and Forex Associated Person. Prior to

Derek Carter, Chief Financial Officer of Phillip, located at 141 West Jackson Boulevard, Suite 1531A, Chicago, IL 60604, is mainly responsible for treasury, accounting, finance, and regulatory functions, including annual financial statement audits, month-ending closes, general ledger, accounts receivable and accounts payable, commissions receivable and payable, and intercompany transactions. Before joining Phillip Capital Inc., Mr. Carter was the FinOp at Getco, LLC (KCG), Assistant Controller at Countrywide Securities Corporation, and the Director of Accounting at National Planning Holdings. At these firms, Mr. Carter has been responsible for statutory and regulatory reporting functions of regulated entities (broker-dealers and futures commission merchants) - mainly in the U.S., U.K., and Hong Kong. He has managed annual financial statement audits, as well as periodic regulatory examinations by regulators. Mr. Carter has served on liquidity and capital planning management teams and, as FinOp, has served as a strategic reference person for business function leaders within the respective organizations. Mr. Carter received a Bachelor of Science in Business Management – Accounting Emphasis from Utah Valley University and an MBA – Accounting Emphasis from Utah State University.

Timothy Cullen, Chief Compliance Officer of Phillip, located at 141 West Jackson Boulevard, Suite 1531A, Chicago, IL 60604, is mainly responsible for administering policies and procedures, consulting with senior management and resolving conflicts, ensuring compliance with the CEAct rules and the

joining Phillip Capital, Mr. Frazier was Senior Manager of Product Design at Apple. While at Apple his team of ten engineers developed 35 new products in the iPod/iPhone accessory space and he is listed on more than 26 patents issued and being pursued by Apple. Prior to Apple Inc., Mr. Frazier worked with several other firms including Motorola and Flextronics involved in product design management, product design, process development, operations, quality, sales, and sourcing. Mr. Frazier received a bachelor's degree with high honors in mechanical engineering from the University of California at Davis and an MBA with honors from the University of Chicago.

Filippo Lecchini, Chief Executive Officer of Phillip, located at 141 West Jackson Boulevard, Suite 1531A, Chicago, IL 60604. Mr. Lecchini is a NFA registered Principal since April of 2021, an NFA Member and an Associated Person of Phillip since October 2017. Before joining Phillip Capital Inc., Mr. Lecchini held the role of VP of Risk Management at Apex Clearing Corp, a Peak6 Investments company. At Peak6, Mr. Lecchini held different roles as a risk manager and volatility arbitrage trader since 2005.

CFTC regulations, remediation of noncompliance issues and overseeing internal or external audit reviews and findings. Mr. Cullen is a NFA registered Principal since June 2022. Prior to joining Phillip Capital Inc., Mr. Cullen served as Deputy Chief Compliance Officer and Chief AML Officer at Zero Hash, LLC, Managing Director of AML Advisory at CIBC, Inc., Managing Director Compliance and Chief Anti-Money Laundering Compliance Officer at INTL FCStone, Inc./StoneX, and Head of AML, Associate and Trade Surveillance at TD Ameritrade, Inc.

Kevin Page, Vice President of Risk of Phillip, located at 141 West Jackson Boulevard, Suite 1531A, Chicago, IL 60604. Mr. Page, NFA Registered Principal since April 2022 and an Associated Person of Phillip since January 2022, is responsible for the implementation and enforcement of Phillip Capital Inc.'s Risk policy and procedure, risk assessment of prospective clients, business, and products, administration of appropriate record keeping, enforcement of applicable margin/risk regulations and rules, supervision of transactions and fulfillment of client obligations, and the evolution of risk framework to accommodate Phillip's business goals. Prior to joining Phillip Capital Inc., Mr. Page held roles of VP, Equity Analyst at Societe Generale, Senior Risk Manager at TD Ameritrade, and CBOE Market Maker.

Phillip Capital (USA) Pte. Ltd. ("PCPL), 250 North Bridge Road, #06-00, Raffles City Tower, Singapore 179101. Incorporated February 2, 2010, as a Limited Exempt Private Company. PCPL is the U.S. holding company of Phillip Capital Inc.

PHILLIP BUSINESS CFTC §1.55(k) (3)

Phillip is a registered Futures Commission Merchant, Swap Firm, and a registered Broker Dealer. The majority of our business is clearing commodity futures and options on commodity futures contracts. Phillip is a registered broker dealer with the Securities Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and the Depository Trust Clearing Corporation (DTCC) to self-clear equity, equity options, government, and corporate debt securities.

Phillip's significant types of business activities and product lines and the approximate percentage of assets and capital as of 5/31/2023, that are used in each type of activity can be summarized in the following table:

ACTIVITY/PRODUCT LINE	Percentage of Assets	Percentage of Capital
US and non-US Customers trading on US futures exchanges	87%	61%
US and non-US Customers trading on non-US futures exchanges	4%	1%
US and non-US Securities Customers	7%	0%
Other	2%	1%
Excess Capital		37%

Phillip does not trade for its own account (no proprietary trading); we pride ourselves on specializing our services to a broad client base, from retail to institutional customers, trading both US and International derivative markets.

PHILLIP CUSTOMER BUSINESS - FUTURES CFTC §1.55(k)(4)

Phillip has a diverse customer base. Customer types include, but are not necessarily limited to retail, commercial, and institutional clients. Markets traded by our customers include, but are not necessarily limited to, financial, equity, equity derivatives, agricultural, energy, foreign exchange, and metals. International businesses of our affiliate entities expand through Asia, Europe, Australia, and the Middle East. Phillip US' exchange memberships and clearing relationships can be summarized in the tables below:

EXCHANGE MEMBERSHIPS	
Chicago Mercantile Exchange (CME)	ICE Futures US, Inc. (ICE Futures US)
Chicago Board of Trade (CBOT)	CBOE Futures LLC (CFE)
New York Mercantile Exchange (NYMEX)	The Dubai Mercantile Exchange Limited (DME)
Commodity Exchange (COMEX)	The Small Exchange
ICE Futures Europe (ICE Futures EU)	Eurex
ICE Futures Abu Dhabi	

CLEARINGHOUSES USED: MEMBER, NON-MEMBER

CLEARING ORGANIZATIONS (for which Phillip clears business)	Phillip	Phillip's Affiliate(s)
Chicago Mercantile Exchange (CME)	Member	
ICE Clear US Inc. (ICE Clear US)	Member	
Options Clearing Corporation (OCC)	Member	
ICE Clear Europe Limited (ICE EU)	Member	
ICE Clear Singapore		Member
Singapore Exchange (SGX) Member		Member
Singapore Mercantile Exchange (SMX)		Member
Hong Kong Exchanges and Clearing Limited (HKEX)		Member
Indentrust Security International (ISI) Clearing (ICDX)		Member
Japan Commodity Clearing House Co., Ltd. (JCCH)		Member
Japan Securities Clearing Corporation (JSCC)		Member
Bursa Malaysia Derivatives Clearing Sdn Bhd (BMD)		Member
Thailand Clearing House Co., Ltd. (TCH)		Member
The Multi Commodity Exchange of India Limited (MCX)		Member
Dubai Gold & Commodity Exchange (DGCX)		Member
Taiwan Futures Exchange Corporation (TAIFEX)	Non-Member	
Korea Exchange, Inc. (KRX)	Non-Member	
Minneapolis Grain Exchange Clearing House (MGEX)	Non-Member	

Eurex Clearing (Eurex)	Non-Member	
LCH.Clearnet SA	Non-Member	
ASX Clear (Futures)	Non-Member	
Nodal Clear, LLC	Non-Member	
Montréal Exchange (TMX)	Non-Member	

CARRY BROKERS USED, AFFILIATE AND NON-AFFILIATE

CARRYING BROKERS: US/Non-US	Relationship
Phillip Nova Pte Ltd (“Nova”)	Affiliate
ADM Investor Services, Inc.	Non-Affiliate
StoneX Group Inc.	Non-Affiliate

PERMITTED DEPOSITORS AND COUNTERPARTIES

Permitted Depositors and Counterparties: Permitted counterparties are limited to a bank as defined in section 3(a)(6) of the Securities Exchange Act of 1934, a domestic branch of a foreign bank insured by the Federal Deposit Insurance Corporation, a securities broker or dealer, a futures commission merchant, or a derivatives clearing organization; Phillip does not enter into repurchase and reverse repurchase agreements.

All securities representing investments of customer funds trading US exchanges will be segregated in safekeeping only with a bank, trust company, derivatives clearing organization, or to the registered futures commission merchant in accordance with the provisions of CFTC §1.20 part.

All securities representing investments of customer funds trading non-US exchanges will be held in safekeeping only with banks located in the United States, non-US banks qualified under CFTC §30.7, clearing organizations of foreign boards of trade or members of foreign boards of trade.

Securities purchased from a single counterparty, or from one or more counterparties under common ownership or control shall not exceed 25 percent of total assets held in segregation or under §30.7 secured.

Criteria used by Phillip to consider when making a decision about a suitable counterparty may include but is not necessarily limited to: Capitalization; Credit Rating; Reliability/Suitability; Access to Liquidity; Presence of Deposit Insurance; Regulatory Oversight; Management Team, Upcoming Capital Expenditures; Industry Changes Effecting Counterparty.

MATERIAL RISKS CFTC §1.55(k)(5)

In order to assure Phillip is in compliance with its regulatory capital requirements and that it has sufficient liquidity to meet its ongoing business obligations, Phillip holds a significant portion of its assets in cash and US Treasury securities guaranteed as to principal and interest. At 5/31/2023, Phillip had no holdings in other short-term highly liquid instruments such as money market instruments due to the low yield. At 5/31/2023, the average weighted maturity of US Treasury investments held is 3.50 months and the average weighted coupon is .38%.

CREDIT WORTHINESS

Phillip maintains lines of credit totaling over \$76 million (or over 192 times the average daily CME settlement amount for the past 6 months) with a group of US and International banks and may use the proceeds to provide temporary liquidity in the unlikely event of a large customer default, constraint or default by a depository, or if there is a temporary problem with US or international payments of settlements.

CAPITAL RISK

Capital risk management is vital to any FCM’s approach to financial stability. Phillip maintains this financial stability by not participating in its own proprietary trading and investing in short-term liquid assets to cover current,

forecasted and stress tested business needs. By not participating in proprietary trading, Phillip may forego capital growth through profitable trading, but more importantly, Phillip does not jeopardize its capital through poor performances by proprietary trading losses.

LIQUIDITY RISK

Phillip's objective is to promote short-term resilience of liquidity by ensuring Phillip has adequate funds of unencumbered high-quality liquid assets that can be converted easily and immediately into cash to meet our liquidity needs to cover any client shortfalls (debits/deficits), settlement payment obligations that may be impacted by non-US banking hours and house asset write-downs. The following financial information was obtained from our unaudited financial statement dated May 31, 2023:

LEVERAGED CALCULATION

Equaled 8.93 (total balance sheet assets, less any instruments guaranteed by the U.S. government and held as an asset or to collateralize an asset (e.g., a reverse repo) divided by total capital (the sum of stockholder's equity and subordinated debt capital). A higher leverage results in additional risk to clients as less capital is available to cover increased liabilities.

PRINCIPAL LIABILITIES RISK

As of 5/31/2023, Phillip's principal liabilities (which largely consists of accounts/loan payable/stock loaned and accrued expenses) are approximately \$71.7 million or less than 8.7% of its \$821.1 million total liabilities (which largely consists of customer payables trading on US and foreign exchanges).

CYBERSECURITY RISK

The Firm is guided by principles in the framework provided by the National Institute of Standards and Technology (nist.gov). The framework consists of standards, guidelines, and best practices to manage cybersecurity related risk.

The Firm provides all of its employees with cybersecurity training that is appropriate to the security risks that the Companies are facing as well and the composition of its workforce.

OTHER LINES OF BUSINESS

Phillip is a privately held company that is a member of the Phillip Capital Group of Companies. The activities of Phillip's affiliates may pose slight risks for the company. One affiliate account, comprised of multiple customer omnibus accounts, could lead to concentration concerns which are mitigated by conservative quantity limits, daily stress testing, heightened margin requirements, and additional funding considerations. Large clearing house settlement payments may pose a temporary liquidity risk should international banking holidays exist.

Phillip does not have any significant liabilities, contingent or otherwise, or any material commitments.

A material risk to any customer is placing funds with a depository (or FCM) then such depository defaults and is unable to fulfill its financial obligation to its customers, resulting in the customer's partial or full loss of their deposit. Therefore, it is important to know your counterparty and understand the various risks involved.

CUSTOMER FUNDS SEGREGATED CFTC §1.55(k)(8)

A basic overview of customer fund segregation, futures commission merchant collateral management and investments, futures commission merchants, and joint futures commission merchant/broker dealers is noted below:

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 that trade futures and options on futures listed on US futures exchanges;
- (ii) **30.7 Account** for customers that 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 CFTC.

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 CFTC may permit by order. For example, the CFTC has issued orders authorizing ICE Clear Europe Limited, which is registered with the CFTC 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
 - (a) futures and options on futures traded on ICE Futures US and
 - (b) 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 US, *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 CFTC 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 US; (ii) a bank or trust company located outside of the US 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 US; (ii) in a money center country;¹ or (iii) in the country of origin of the currency.

An FCM must hold sufficient US dollars in the US to meet all US 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 US dollar) as follows: (i) US dollars may be held in the US or in money center countries to meet obligations denominated in any other currency; and (ii) funds in money center currencies² may be held in the US or in money center countries to meet obligations denominated in currencies other than the US 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 CFTC Rule 30.7.

¹ Money center countries means Canada, France, Italy, Germany, Japan, and the United Kingdom.

² Money center currencies mean the currency of any money center country and the Euro.

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 US; (ii) a bank or trust company located outside the US 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 (vii) 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, CFTC Rule 30.7 restricts the amount of such funds that may be held outside of the US.

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 US 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 US Bankruptcy Code. Return of 30.7 Customer Funds to the US 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 US customers' transactions on foreign markets.

If the foreign broker does not fail but the 30.7 Customers' US 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 US FCM were to fail, potential differences between the trustee for the US 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 US 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 US, CFTC Rule 30.7 generally provides that an FCM may not deposit or hold 30.7 Customer Funds in permitted accounts outside of the US 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 US, an FCM may maintain in accounts located outside of the US 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 CFTC'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 US; (ii) a bank or trust company located outside of the US 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.

CFTC 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. CFTC 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 CFTC 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

NO SIPC PROTECTION

Phillip is a registered futures commission merchant; it is important to understand that the funds deposited with Phillip for trading futures and options on futures contracts on either US or foreign markets or cleared swaps are not protected by the Securities Investor Protection.

³Obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Association are permitted only while these entities operate under the conservatorship or receivership of the Federal Housing Finance Authority with capital support from the United States.

⁴As discussed below, NFA publishes twice-monthly a report, which shows for each FCM, *inter alia*, the percentage of Customer Funds that are held in cash and each of the permitted investments under Commission Rule 1.25. The report also indicates whether the FCM held any Customer Funds during that month at a depository that is an affiliate of the FCM.

Further, CFTC rules require Phillip to hold funds deposited to margin futures and options on futures contracts traded on US designated contract markets in Customer Segregated Accounts. Similarly, Phillip must hold funds deposited to margin cleared swaps and futures and options on futures contracts traded on foreign boards of trade in a Cleared Swaps Customer Account or a 30.7 Account, respectively. In computing its Customer Funds requirements under relevant CFTC rules, Phillip may only consider those Customer Funds actually held in the applicable Customer Accounts and may not apply free funds in an account under identical ownership but of a different classification or account type (e.g., securities, Customer Segregated, 30.7) to an account's margin deficiency. In order to be used for margin purposes, the funds must actually transfer to the identically owned under margined account.

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/fia/articles/protection-customer-funds-frequently-asked-questions>

IMPORTANT FINANCIAL INFORMATION CFTC §1.55(k)(10)

Phillip's annual audited financial statement(s) are made available on our website www.phillipcapital.com.

Phillip's financial data (our most recent month-end when this Disclosure Document was prepared) is as follows:

As of May 31, 2023	
Total Ownership Equity/Net Worth:	\$91,178,318
Net Capital:	\$84,717,899
Adjusted Net Capital:	\$84,682,415
Excess Net Capital:	\$36,377,821
Dollar value of Phillip's proprietary margin requirements as a % of total customer margin Requirements (futures, 30.7 and cleared swaps):	\$0
Aggregate notional value (by asset class), of all non-hedged, principal over-the counter transactions into which Phillip Capital has entered:	\$0
Amount of short-term funding (uncommitted, unsecured) available from various international banks that Phillip has obtained but not yet drawn upon: such amount reflects additional resources to Phillip in the unlikely event that the internal resources of Phillip are exhausted:	\$76,609,000
Aggregate amount of financing Phillip provides for customer transactions involving illiquid financial products for which it is difficult to obtain timely and accurate prices:	\$0
Percentage of futures customer, cleared swaps customer, and 30.7 customer receivable balances that the FCM had to write-off as uncollectable during the past 12-month period, as compared to the current balance of funds held for futures customers, cleared swaps customers, and 30.7 customers:	0%

Phillip has no committed unsecured lines of credit.

Phillip carries multiple customer omnibus accounts on behalf of Nova (an affiliated entity). As of the date of the financial information presented above, the smallest number of futures customers that comprise 50 percent of Phillip's total funds held for futures customers is 3; the smallest number of 30.7 customers that comprise 50 percent of Phillip's total funds held for 30.7 customers is 1.

Additional financial information on all FCMs is also available on the CFTC's website at:

<http://www.cftc.gov/MarketReports/financialcmdata/index.htm>.

Customers should be aware that the National Futures Association (NFA) publishes on its website certain financial information with respect to each FCM. The FCM Capital Report provides each FCM's most recent month end adjusted net capital, required net capital, and excess net capital. (Information for a twelve-month period is available.) In addition, NFA publishes twice-monthly a Customer Segregated Funds report, which shows for each FCM: (i) total funds held in Customer Segregated Accounts; (ii) total funds required to be held in Customer Segregated Accounts;

and (iii) excess segregated funds, i.e., the FCM's Residual Interest. This report also shows the percentage of Customer Segregated Funds that are held in cash and each of the permitted investments under CFTC Rule 1.25. Finally, the report indicates whether the FCM held any Customer Segregated Funds during that month at a depository that is an affiliate of the FCM.

The report shows the most recent semi-monthly information, but the public will also have the ability to see information for the most recent twelve-month period. A 30.7 Customer Funds report and a Customer Cleared Swaps Collateral report provides the same information with respect to the 30.7 Account and the Cleared Swaps Customer Account.

The above financial information reports can be found by conducting a search for a specific FCM in NFA's BASIC system (<http://www.nfa.futures.org/basicnet/>) and then clicking on "View Financial Information" on the FCM's BASIC Details page.

REGULATORY AND FINANCIAL INFORMATION CFTC §1.55(k) (6)

- Designated self-regulatory organization is The CME Group, Inc.
- Phillip Capital Inc.'s annual audited financial statement is available on our website: www.phillipcapital.com.

COMPLAINTS CFTC §1.55(k)(7) & CFTC §1.55(k)(9)

Material Complaints or Actions: Phillip Capital Inc. has no material administrative, civil, enforcement, or criminal complaints or actions filed against it or any of its Principals, either pending or concluded except for the below:

On June 11, 2021, Phillip Capital Inc. was fined \$50,000 by the CME for non-current books and records due to an issue with the firm's middleware provider. Phillip Capital Inc. was also fined \$5,000 by the CME Group, Inc. in a related matter on March 19, 2021. During the month of February 2021, Phillip Capital Inc. inaccurately reported its open interest and large trader positions in several instances of CME, CBT, NYMEX, and COMEX contracts due to the aforementioned middleware issue.

FILING A COMPLAINT

A customer that wishes to file a complaint about Phillip, or one of its employees, with the CFTC can contact the Division of Enforcement either electronically at <https://www.cftc.gov/complaint> 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 Phillip, or one of its employees, with the Chicago Mercantile Exchange electronically at: <https://www.cmegroup.com/market-regulation/file-complaint.html> or by calling the CME at 312-341-7970.

Complaints

CFTC:

- <https://www.cftc.gov/complaint>; or toll-free at 866-FON-CFTC (866-366-2382)

CME:

- <https://www.cmegroup.com/market-regulation/file-complaint.html>; or 312-341-7970

SUMMARY CFTC §1.55(k)(11)

A summary of FCM's current risk practices, controls, and procedures.

Phillip is committed to maintaining a strong risk management framework to safeguard its business operations and protect its clients. The company has implemented comprehensive risk practices, controls, and procedures across various areas, including market risk, credit risk, liquidity risk, foreign currency risk, legal risk, operational risk, settlement risk, segregation risk, technological risk, and capital risk. To ensure effective risk management, Phillip sets risk tolerance limits, which are reviewed and approved quarterly by senior management and annually by the governing body. These limits define the acceptable level of risk exposure for different types of risks and guide decision-making processes. By regularly reviewing and updating these limits, Phillip aims to adapt to changing market conditions and regulatory requirements. Phillip's Risk Management Program is designed to address risks posed by its affiliates, its customers, and the various lines of business. The program includes mechanisms for detecting breaches of risk tolerance limits and defines the escalation process for reporting such breaches to senior management. This ensures that any potential risks are promptly identified and appropriate actions are taken to mitigate them. Phillip also imposes higher risk management standards on its clients. This includes implementing pre-trade and post-trade risk controls for clients, aligning trading activity with PCI's risk appetite. Phillip prioritizes the protection of client assets over higher returns with conservative investments of funds. By implementing comprehensive risk practices, controls, and procedures, and by holding clients to higher risk management standards, the company strives to protect its business and clients while fostering a secure and sustainable environment for its operations.

This Disclosure Document was first used on July 12, 2014. This document was updated as of **July 20, 2023**.