



## REGULATION BEST INTEREST DISCLOSURES

This guide summarizes important information concerning the scope and terms of the services MDB Capital ("MDB") (a dba of Public Ventures, LLC) offers and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you receive from us.

As you review this information, we would like to remind you that we are registered with the Securities and Exchange Commission ("SEC") as a broker-dealer providing investment banking and brokerage services. A brief summary containing general information about our firm and services is available on our Form CRS - Customer Relationship Summary.

### Our Business Model

MDB provides services related to an asset class that should only be an appropriate allocation within a properly diversified investment portfolio based on your personal situation and investment objectives. MDB deals with securities for a limited number of companies which may be affiliates of MDB, or in which MDB and its customers and financial professionals otherwise own substantial equity. These securities are generally of early-stage companies often doing research and development and without earnings. In addition, they will generally have small capitalizations and limited trading volume, creating inherent risks above and apart from the risks inherent in their business. They are for a very limited part of a diversified portfolio. **This limited area of service creates substantial conflicts since the securities sold for the companies are sold for affiliates of MDB, and if you trade in the public shares of these companies, MDB, its affiliates, its financial professionals or its customers may be buying or selling shares at the same time, or at any time, and may be holding a substantial amount of shares.** While customers may use their accounts for general securities investing, MDB is not in the business of advising on general securities investing.

MDB's limited selection of investments, including the public and private offerings we sell, may not be suitable for all retail investors. We may allocate these investment opportunities in new offerings depending on customer type (e.g., institutional or accredited investor vs. retail investor), investment history with the firm, etc. Other firms could offer a wider range of choices, some of which might have lower costs.

Our parent company, MDB Capital Holdings, LLC, co-founds, develops, and launches partner companies through investment banking transactions that MDB may conduct. MDB financial professionals may be officers or directors of these partner companies in addition to being controlling shareholders at various times. Any customer who invests in a private or public offering sold by MDB will receive disclosure documents, a private placement memorandum or prospectus, describing MDB's relationship with the issuer company, which you should read carefully. **Customers who trade in the stock of these companies after they go public**

**should be aware that MDB, its affiliates, its financial professionals, and its customers may still own substantial equity in these companies even if they are no longer affiliates of the firm. MDB, its affiliates, and its financial professionals at any given time may be selling or buying shares of these companies including while you are buying or selling shares. Your purchase or sale may impact the price to the benefit of MDB, its affiliates, and its financial professionals who may be buying or selling.**

MDB does not solicit transactions except in regard to offerings of securities done by prospectus or private placement disclosure. We will not recommend a purchase or sale in the secondary market unless the customer asks to discuss it, and at the time we remind you that your purchase or sale may impact the price to the benefit of MDB, its affiliates, and its financial professionals who may be buying or selling.

In addition, MDB's financial professionals who serve as officers or directors of affiliated or other public companies may occasionally possess material non-public information concerning such companies that the financial professionals are unable to share with clients. We restrict individual or firm-wide trading in a stock for which a financial professional possesses material inside information.

MDB financial professionals' most recent ownership in these public companies would be reported at [sec.gov/edgar](http://sec.gov/edgar) as of the date of that filing, if the ownership meets the requirements of SEC regulations for disclosure by a public company. Although an ownership amount may not require reporting, it is not an indication that MDB's financial professionals and/or customers do not own substantial equity.

Certain company specific conflicts are listed below.

- Our financial professionals may have a financial interest in the debt or equity securities (e.g., option, right, warrant, future, long or short position) of the following companies for which we have provided investment banking services: HeartBeam, Inc. (BEAT) (see [BEAT filings](#)); ClearSign Technologies Corporation (CLIR) (see [CLIR filings](#)); and eXoZymes, Inc. (EXOZ) (see [EXOZ filings](#)).
- We provided investment banking services in the past twelve months for the following companies: HeartBeam, Inc. (BEAT); and eXoZymes, Inc. (EXOZ).
- We have one financial professional who is a director of Endra Life Sciences Inc. (NDRA) (see [NDRA filings](#)). We have three financial professionals who are directors of MDB Capital Holdings, LLC (MDBH) (see [MDBH filings](#)). We have three financial professionals who are directors of eXoZymes, Inc. (EXOZ).
- MDB Capital is a wholly-owned subsidiary of MDB Capital Holdings, LLC (MDBH). MDB Capital Holdings has a financial interest in the equity securities of the following company for which MDB Capital expects to receive compensation for investment banking services: Paulex Bio.

Information on our firm and financial professionals can be reviewed by the public at FINRA's website [brokercheck.finra.org](http://brokercheck.finra.org). You may also obtain more information by contacting MDB at 945.262.9010 or at our website [mdb.com](http://mdb.com).

## **Brokerage Services**

MDB Capital offers brokerage services that give you the ability to buy, sell, and hold equities and other exchange traded securities within your account. We offer these services through

accounts held at MDB through our self-cleared, online trading platform, MDB Direct that provides custody, clearing, and settlement services to internally execute your trades. In addition, we offer brokerage services for fully disclosed accounts introduced to our third-party clearing firm, Interactive Brokers LLC.

The brokerage services we provide are non-discretionary, meaning that you may select investments, or we may recommend investments for your account, but the ultimate investment decision as to investment strategy and the purchase and sale of investments will be yours.

When we make a securities recommendation, investment strategy recommendation or recommendation as to account type, the recommendation is made in our capacity as a broker-dealer. In a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is also important for you to understand that when we make an investment recommendation to you, we are obligated to ensure the recommendation is in your best interest, by considering reasonably available alternatives, and based on your stated investment objective, investment experience, and other financial information you provide us. You may accept or reject any recommendation.

All investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. We generally deal in an asset class that involves high risk, illiquid securities that may not be suitable for all investors. Higher-risk investments may have the potential for higher returns but also for greater losses. You should select the investment objective best aligned with your brokerage account goals and needs.

While we may review the investments in your brokerage account for the purposes of determining whether to provide you with a recommendation, it is your responsibility to monitor these investments, and we encourage you to do so regularly. We do not commit to provide ongoing monitoring of your brokerage account. If you prefer ongoing monitoring of your account or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you.

Please also consider that, from time to time, we may provide you with additional information and resources to assist you with managing your brokerage account. This may include, but is not limited to, educational resources, sales and marketing materials, performance reports, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

## **Cash Brokerage and Margin Brokerage Accounts**

MDB provides brokerage services through either a cash brokerage account or margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. In a margin brokerage account, you are engaging in a transaction in which securities are purchased partially through a margin loan extended to you by our clearing firm, for which the securities act as collateral. If the securities

in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, our clearing firm can sell securities or other assets in your account held with MDB in order to maintain the required equity in the account. You will incur interest costs as a result of your margin balance. While many securities are eligible to be used as collateral for a margin loan, some assets are not eligible to be used for margin collateral. It is important that you fully understand the risks involved in trading securities on margin.

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is a cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. This agreement contains important information you should understand and consider before establishing a margin brokerage relationship. If contemplating use of margin, please visit our website [mdb.com/disclosures/margin-disclosure-statement](https://mdb.com/disclosures/margin-disclosure-statement) for additional details.

## **Compensation Practices**

MDB has established compensation practices including fees and other charges for the services provided and products sold. MDB financial professionals are compensated in connection with the firm's investment banking revenues (including revenues from the sale of private placements or public offerings) and/or purchase or sale of securities, i.e., through participation in MDB equity compensation (which can be stock, options or warrants) and cash compensation.

MDB also receives upfront commissions or sales charges when it executes transactions in public securities for you. A commission on these transactions is typically paid by the customer at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. Commissions are often based on the dollar price of the asset as well as the source and direction of the particular asset. The higher the amount and the more frequently you trade in a customer account, the more commissions MDB will charge you. Cash commissions on transactions in public securities in the secondary market are not the firm's only source of revenue.

MDB generally does not make customer-specific recommendations nor do we sell proprietary products or participate in sales contests. The compensation that we and our financial professionals receive from you varies based upon the product you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

For information on our brokerage fees visit [mdb.com/disclosures/commission-schedule/](https://mdb.com/disclosures/commission-schedule/).

## **Account and Service Fees**

If you hold an account at MDB, you may be charged miscellaneous fees directly to your account for clearing services, transaction processing, account transfers, and account maintenance, among others. These fees are not shared with the firm's financial professionals.

In addition, MDB may charge fees that consider the cost to the firm of effecting the transaction or strategy on behalf of the customer (e.g., the effort or cost of buying or selling an illiquid security).

For more information on our brokerage fees visit [mdb.com/disclosures/commission-schedule/](http://mdb.com/disclosures/commission-schedule/). For information on our clearing firm's Account and Service Fees Schedule visit [interactivebrokers.com/OtherFees](http://interactivebrokers.com/OtherFees).

## **Cash Sweep Program**

If you hold an account at MDB and enroll to participate in the Bank Sweep Program, the excess cash balance in your account will be deposited daily in an FDIC-insured interest-bearing account at one or more participating banks. The sweep program is offered by nonaffiliated banks that keep a portion of the interest earned in the account and share a portion of that revenue with us, which could indirectly provide incentives to our financial professionals to recommend such products over similar products or services which do not provide revenue to MDB. For more information about cash sweep deposits please see your customer account agreement.

## **Money Market Fund Investments**

MDB has partnered with Invesco Advisers, Inc. to offer its money market products as your core position. You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. MDB and its affiliates, the fund's sponsor, have no legal obligation to provide financial support to money market funds and you should not expect that the sponsor will provide financial support to the fund at any time. For more information about money market fund investments please see your customer account agreement.

## **Payment for Order Flow**

MDB does not receive payment for order flow for "held" orders. Such orders are intended to be immediately represented in the market and executed as soon as practicable. For orders that a customer gives to a MDB trader with time and/or price discretion over execution, also known as "not held" orders, MDB may receive compensation in the form of liquidity rebates or be charged costs for directing orders to particular broker dealers or market centers for execution.

In deciding where to send an order, MDB looks at a number of factors, such as size of order, trading characteristics of the security, favorable execution prices (including the opportunity for price improvement), access to reliable market data, availability of efficient automated transaction processing, and execution cost. Some market centers may execute orders at prices superior to the publicly quoted market in accordance with their rules and practices. Although you can instruct us to send an order to a particular marketplace, our order-routing policies are designed to result in transaction processing that is favorable for you. MDB reserves the right to wait for the primary exchange to open before commencing trading in a particular security.

MDB makes a reasonable effort to pass through any rebate it receives or cost assessed from order flow activity to the client account. The amount of the compensation depends on the agreement reached with each venue. The source and nature of any compensation received by MDB in connection with any transaction is available upon written request of the customer.

For customers introduced by MDB to Interactive Brokers LLC on a fully disclosed basis, MDB directs order flow to Interactive Brokers. MDB does not receive payment for order flow for these trades.

Please visit our website at [mdb.com/disclosures/payment-for-order-flow-practices-disclosure-of-order-execution-and-routing-practices/](https://mdb.com/disclosures/payment-for-order-flow-practices-disclosure-of-order-execution-and-routing-practices/) for more details.

## **Securities Lending Program**

If you sign up to participate in a securities lending program available through your account at MDB, you will be allowing our clearing firm, Interactive Brokers, to borrow any Fully-Paid Securities in your account and loan these out in the securities lending market to third parties who want to sell short. Interactive Brokers receives a fee for this stock loan and shares a portion of the fee with MDB. You will be paid interest based on a percentage of the net income received by the clearing firm for lending your securities. You will not have direct control over when to initiate or terminate loans of specific shares; however, you can sell your shares at any time or terminate your participation in the program.

Please review further disclosures on our clearing firm's securities lending program at [interactivebrokers.com/Fully-Paid Securities Lending Program Disclosure](https://interactivebrokers.com/Fully-Paid_Securities_Lending_Program_Disclosure).

## **Retirement Rollovers**

Recommending a client roll over an existing workplace retirement plan, such as a 401K, into an Individual Retirement Account ("IRA") creates an inherent conflict of interest as we would have a financial incentive to recommend that a customer invests those assets with MDB, because we will be paid on those assets, for example, through commissions and/or fees.

Before moving assets, you should consider a variety of factors including, but not limited to:

- Fees and expenses
- Level of services available
- Available investment options
- Ability to take penalty-free withdrawals
- Application of required minimum distributions
- Protections from creditors and legal judgements

For more information about rollovers, see Interactive Brokers' website [interactivebrokers.com/IRAAccountInformation](https://interactivebrokers.com/IRAAccountInformation).

## **Conclusion**

The conflicts of interest described above are provided to keep you better informed, to detail the inherent conflicts in our industry and with our firm, and to detail our method for mitigating these conflicts. If you have any questions, please speak to your MDB financial professional.

## **Additional Resources**

Firm and financial professional information at SEC [investor.gov](https://investor.gov) and FINRA [brokercheck.finra.org](https://brokercheck.finra.org)

Customer Relationship Summary (Form CRS) [mdb.com/disclosures/customer-relationship-summary](https://mdb.com/disclosures/customer-relationship-summary)

Other MDB disclosures [mdb.com/disclosures](https://mdb.com/disclosures)