

MCI FAIR FUND

STATEMENT TO AFFECTED INVESTORS

INTRODUCTION

You are eligible to receive a distribution payment from the *MCI Fair Fund* arising out of *In the Matter of Moors & Cabot, Inc.* (“Moors & Cabot, Inc.” or “Respondent” or “the Company”), United States Securities and Exchange Commission (“SEC”) Administrative Proceeding File No. 3-21282. As a result of the settlement, you as an investor (“Affected Investor(s)”) will receive a distribution payment.

The SEC’s allegations relate to the Company’s alleged failure to disclose conflicts of interest with respect to revenue sharing payments and financial incentives received from two unaffiliated clearing brokers between February 2017 and September 2021. According to the SEC, the Company did not adequately disclose the revenue sharing payments and financial incentive arrangements, in adequate detail to advisory clients. Importantly, the Company neither admitted nor denied the SEC findings.

The Company settled to avoid the cost of protracted litigation and to provide certainty for its clients and employees. As this was a legacy disclosure matter under prior ownership, settling this matter allowed the Company to move forward with the recent sale to Eighteen Ninety Partners LLC and move forward with the best interests of the Company’s clients in mind.

Payments to affected investors were determined based on a calculation methodology reviewed and approved by the SEC (the “Distribution Payment”). Please see the website www.mcifairfund.com for additional information or contact your Financial Professional to better understand your account holdings in 2017 through 2021, upon which the Distribution Payment is based.

This Statement to Affected Investors (“SAI”) provides information to help you and your tax advisor determine the U.S. federal, state, local, non-US or other tax consequences of the distribution payment if you are a citizen or resident of the U.S. for U.S. federal income tax purposes.

The MCI Fair Fund is a Qualified Settlement Fund (“QSF”) under the U.S. Internal Revenue Code (“IRC”). Moors & Cabot, Inc. retained Miller Kaplan Arase LLP (“MKA”) as a tax advisor to the MCI Fair Fund.

MKA has prepared this Statement to Affected Investors (“SAI”) but are not providing tax services or tax advice to you or any other Affected Investor receiving a Distribution Payment.

Some Affected Investors may be subject to special tax rules, including, without limitation, if you are a non-U.S. investor or if you hold your shares in a tax-qualified retirement plan or an individual retirement account (“IRA”) (except as specifically discussed below). Additionally, some tax-qualified retirement plans may be subject to special tax rules. Note that this statement does not address the tax consequences to you; the tax reporting or paying obligations you may have under any state, local or non-U.S. tax laws; or the alternative minimum tax provisions of the Internal Revenue Code.

THE DISTRIBUTION PAYMENT

CAUTION: YOU SHOULD NOT RELY ON THIS STATEMENT AS TAX ADVICE RELATED TO YOUR PERSONAL CIRCUMSTANCES.

CONSULT WITH YOUR TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF THE DISTRIBUTION PAYMENT, INCLUDING THE EFFECTS OF U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX RULES AND THE EFFECT OF POSSIBLE CHANGES IN LAWS.

Some Affected Investors held their investment(s) in a Qualified Plan (e.g., a 403(b), 457(b), 401(k), IRA or similar plan).

Caution: Consult with your tax advisor because the rules related to Qualified Plan transfers and rollovers are complicated and technical.

Your payment has two (2) components, (i) an amount representing the impact of the alleged non-disclosure (the “Disgorgement Component”); and (ii) an amount representing pre-judgment interest (the “Interest Component”).

COMPONENTS OF YOUR PAYMENT

Disgorgement Component

The Disgorgement Component may constitute ordinary income to you depending on several factors. The MCI Fair Fund will not issue a Form 1099 or other tax reporting form to you with respect to the Disgorgement Component portion of your payment. This is not dispositive of the tax consequences to you with respect to the Disgorgement Component, which may be impacted by several factors related to your investment. We recommend that you consult your tax advisor regarding how you should treat the Disgorgement Component for tax purposes based on your situation.

Interest Component.

Your payment includes an Interest Component. You will receive a form 1099-INT for the Interest Component only if the Interest Component is \$600 or more. If you are, or are presumed to be, a non-resident alien of the U.S. or a payee subject to withholding under the Foreign Account Tax Compliance Act, you may instead receive a form 1042-S with respect to the Interest Component.

SPECIAL ISSUES FOR INVESTMENTS HELD IN AN IRA OR A TAX QUALIFIED PLAN LIKE A 401(K) PLAN

If you held some or all your investment in an IRA or a Tax Qualified Retirement Plan, in most cases, the Distribution Payment will have been made payable to your IRA or Plan trustee/custodian but mailed directly to you. You may choose to forward the check to your custodian with a letter of instruction.

Caution: Please consult with your tax advisor because the rules related to transfers and rollovers are complicated and failure to comply with those rules could subject the payment to income tax and a 10% penalty.

If you cash the check or deposit it in any account other than an account qualified to receive an asset of your IRA, it may be subject to a 10% penalty and be taxed as ordinary income in the year of receipt.

Caution: Consult your Tax Advisor if you have any questions about the tax treatment of a payment related to an investment you held in an IRA or other tax qualified plan.

Additional information on this topic is available on the Internal Revenue Service Web Site www.irs.gov, Tax Topic 558.
<https://www.irs.gov/taxtopics/tc558>

ACCOUNTS NOT HELD IN A QUALIFIED PLAN

If your investment was not originally held in a Qualified Plan, your Distribution Payment has been made payable to you. Please contact the MCI Fair Fund Administrator, SS&C GIDS, Inc., by using the toll-free number on the statement accompanying your payment if you have any questions related to this distribution.

The MCI Fair Fund may issue a Form 1099 to you for your Distribution Payment depending on the amount of the payment. Nevertheless, you should consult with your tax advisor as to how to report any portion of the distribution that may be taxable to you. Whether you receive a Form 1099 or not is not dispositive of the tax consequences of the Distribution Payment.

**CLIENTS WHO RECEIVED A SOLICITATION FOR COMPLETION OF AN IRS
FORM**

Clients may find themselves in various factual circumstances with respect to the Distribution Payment. Some of these factual circumstances have made it necessary for the MCI Fair Fund to ask you to complete an IRS Form. We refer to this process as solicitation.

In some cases, it has been or will be necessary to solicit a W-9 or a Form W-8 series Form from former clients. If you received a solicitation for a W-9 or W-8 series Form and did not return it, your Distribution Payment may be subject to mandatory IRS withholding at a rate determined by your US tax status. If withholding has been applied to your Distribution Payment, it is not possible to refund the withholding to you once the withholding has been deposited with the IRS.

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