

Hilltop Securities Inc.

Material Aspects of Relationships with Market Centers

Hilltop Securities Inc. (Hilltop) has prepared this report pursuant to a U.S. Securities and Exchange Commission rule requiring all brokerage firms to make available to the public quarterly reports about their order routing practices.

The report provides information on the routing of "non-directed orders" -- any order that the customer has not specifically instructed to be routed to a particular venue for execution. For these non-directed orders, Hilltop has selected the execution venue on behalf of its customers.

This report identifies the venues most often selected by Hilltop, sets forth the percentage of various types of orders routed to the venues, and discusses the material aspects of Hilltop's relationship with the venues.

This report has been reviewed by S3, a third party market surveillance and auditing firm. Questions regarding this report should be addressed to the Hilltop Securities Compliance Department at compliancedept@hilltopsecurities.com.

Hilltop's agency trading receives financial remuneration for orders routed to the following market centers listed below. Order routing decisions are not based on the availability of payment for order flow.

Hilltop receives payment from Virtu Financial (Virtu), Citadel Securities LLC (Citadel), and UBS Capital Markets (UBS) for directing equity order flow. Payments received during the fourth quarter 2019 averaged \$0.00035, \$0.00017, \$0.00043 per share respectively. Payment varies based upon a number of factors including but not limited to: size of the order, time of order placement, whether an order is marketable at the time of order entry, the underlying price of the security and any special handling instructions.

In addition, the New York Stock Exchange (NYSE), NYSE Arca (ARCA), EDGX Exchange (EDGX), BATS Trading (BATS) and Nasdaq OMX (Nasdaq) also offer cash credits for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books. There are times when the amount of the credit that Hilltop receives from one or more of these exchanges exceeds the amount that Hilltop is charged. Such payment may also constitute payment for order flow.

Hilltop receives financial remuneration for options orders routed to the following market centers: Susquehanna Capital Group (SIG), Wolverine Execution Services (WEXX), Citadel Securities, LLC (CDRG), and Citigroup Global Markets (CITI). Payments received during the fourth quarter 2019 averaged \$0.222, \$0.401, \$0.424, \$0.415 per contract respectively. Payment varies based upon a number of factors including but not limited to: size of the order, whether an order is marketable at the time of order entry, and the underlying price of the option.