

# CUSTOMER AGREEMENT

The following is a legally binding agreement (the "Agreement") between you and Securities America, Inc. ("SAI") with regard to your account, whether it is a brokerage or non-brokerage account, and whether or not you and your account receive advisory services under a separate agreement. Please review these Terms and Conditions as they contain important information regarding the Agreement and your risks and responsibilities. Do not return it with your account application and keep it with your records.

The type of account you are opening is set forth on the account application executed contemporaneously with the receipt of the Agreement.

## Parties to the Agreement

In this document, "us," "we," and "our" refers to SAI, a Financial Industry Regulatory Authority ("FINRA") member firm and Introducing Broker/Dealer and applies to all activities in any accounts opened with us. References to the "Clearing Firm" apply to Pershing LLC ("Pershing") which is a New York Stock Exchange member firm (collectively the "Parties"). The Clearing Firm has been engaged to provide account custody and clearing services for brokerage accounts opened through SAI. The terms "account owner," "you," and "your" refer to the owner(s) indicated on the account application or such individuals added as account owners. For joint accounts, these terms refer to all owners, collectively and individually. For accounts owned by entities, such as trust or business accounts, these terms refer both to the entity and to all persons authorized to transact business on behalf of the entity.

"Representative" refers to the person or persons who have been selected by you to service your account. Such services may include making insurance or investment related recommendations or accepting orders on your behalf; providing you with necessary documents and information; as well as updating or changing your records to reflect your current financial or personal situation. Your Representative may be duly licensed and registered with SAI. In some instances, your Representative may not be registered with SAI but will be an investment advisor representative of an SEC Registered Investment Advisor firm affiliated with SAI ("RIA"); and in some cases, your Representative may be registered with SAI and affiliated with our RIA firm. If your Representative is an investment advisor representative of our RIA, any reference to "us," "we," and "our" refers to SAI and our RIA, as may be applicable; and, the term "Parties" includes both SAI and our RIA. The services your Representative provides to you under this Agreement may vary based on his or her affiliation with SAI and/or our RIA.

Brokerage account activities are processed and cleared through the Clearing Firm and customer assets are held by the Clearing Firm. Non-Brokerage activities are processed through accounts opened and maintained directly with various product sponsors (such as Mutual Funds and separate accounts of Insurance Companies) ("Product Sponsor") and customer assets are held at the Product Sponsor.

## Notices

SAI is a FINRA member firm and is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board ("MSRB"). FINRA runs a public disclosure program known as BrokerCheck that provides information about the background and experience of brokerage firms and their registered persons. An investor brochure that includes information about the BrokerCheck Program is available by calling the BrokerCheck Program Hotline at (800) 289-9999 or by accessing the BrokerCheck website at <http://brokercheck.finra.org>. In addition, an investor brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority is posted on the MSRB website at <http://msrb.org>. Representatives affiliated with our RIA will provide disclosure information about himself or herself in a Form ADV Part 2B. Other information about our RIA is available at <http://SEC.gov>.

As set forth under Monitoring your Account, you are responsible for monitoring the activities of your Representative and you should contact us at the attention of our Compliance Department whenever any activities are unauthorized or contrary to your express directions. You may contact us using the following address and telephone number.

**Securities America, Inc.**  
**12325 Port Grace Blvd.**  
**La Vista, NE 68128**  
**800-747-6111**

If you would like to file a complaint related to your account, you may contact our Compliance Department using the following address and telephone number.

**Securities America, Inc.**  
**Attn: Client & Regulatory Inquiry Group**  
**12325 Port Grace Blvd.**  
**La Vista, NE 68128**  
**800-747-6111**

**The following paragraphs apply to all activities in a brokerage or non-brokerage account. When you see reference to the activities of a Clearing Firm, it applies to activities in brokerage accounts.**

## COMMITMENTS BETWEEN YOU AND THE PARTIES

### Our Commitments to You

When we accept your account application, we are agreeing to serve as your broker and to maintain an account for you. We agree, subject to industry regulations and our internal procedures that upon acceptance of an authorized order, we will buy, sell, or otherwise dispose of securities for you according to your instructions. We and the Clearing Firm agree to provide various services and features, as described in this Agreement.

Custody is provided by the Clearing Firm. We are not a custodian and therefore cannot hold your securities, stock powers, monies or any other personal or real property in which you may have an interest.

Neither we as a company nor the Clearing Firm offer any tax, legal or accounting advice regarding the suitability or profitability of a security or investment. You should consult your own tax advisor regarding tax consequences with respect to transactions in or for your account. In addition, unless otherwise disclosed as required by law or regulation, SAI and SAI's Registered Representatives are not fiduciaries as that term is defined under the Employee Retirement Income Securities Act of 1974 (ERISA), as amended, and other statutory and regulatory requirements applicable to the retirement plans or retirement accounts.

Your Representative may be an investment advisor representative of our RIA and/or may also hold industry or association designations such as Certified Financial Planner (CFP). However, when your Representative is acting solely in his/her capacity as an SAI Registered Representative, and has not been engaged by you in a financial planning process or advisory agreement, any recommendations will be made in accordance with FINRA suitability standards and not in the capacity as an investment advisory fiduciary, CFP, or other standard.

### Statements

For Brokerage accounts, The Clearing Firm will send to the physical or electronic address of record given to us by You, a statement of your account:

- every calendar quarter, at a minimum; or
- for any month when you have trading or cash management activity.

Your brokerage account statements will show all activity in your account for the stated period, including securities transactions, cash and margin balances, credits and debits to your core account, and all fees paid directly from your account.

The Clearing Firm will also send to you a confirmation for every securities transaction in your account. The only exceptions are automatic investments, automatic withdrawals, dividend reinvestments, transfers to other accounts, and transactions that involve only your core account; for these activities, your regular account statement serves in place of a confirmation. For Non-Brokerage accounts, statements showing all activity and confirmations for every securities transaction will be sent to you by the Product Sponsor. Reports of executions of orders and statements of your account shall be conclusive if not objected to in writing within five (5) days

and ten (10) days, respectively, after transmitted to me you by mail or otherwise.

#### **Your Commitments to the Parties**

When you sign an account application, you agree to the following Commitments to the Parties, many of which are spelled out more completely elsewhere in this Agreement:

- To accept full responsibility for the content and accuracy of all authorized instructions placed on your account, and for all results and consequences of these instructions; this includes all investment decisions and trading orders, and all instructions placed by you or any other person you authorize including your Representative.
- If you have not checked the box for Affiliations, you represent and warrant that you are not affiliated with or employed by a stock exchange or a broker/dealer or you are not a control person or affiliate of a public company under SEC Rule 144 (such as a director, 10% shareholder, or a policy-making officer), or an immediate family or household member of such a person.
- Understand that electronic communications sent via email are not considered private. Messages sent electronically may be intercepted or accessed by unauthorized or unintended parties. No representation or warranty is made or given that any communications sent to us or your Representative(s) via email will be secure. For your protection, in certain circumstances we may not act on instructions received via email without first confirming the validity of the request. This means that certain requests may be delayed while we validate the authenticity of the request.
- To carefully review all trade confirmations and account statements and report discrepancies immediately as more fully explained later in this Agreement under Monitoring your Account.
- To pay all fees, charges, and expenses incurred in your account. The Parties may change their fees and commissions at any time subject to applicable legal requirements. SAI reserves the right to vary commissions and other charges among clients in connection with special offers, combinations of services, or in other circumstances. The Parties may pay all or a portion of the revenues or marketing allowance fees derived from certain transactions in your account, or from servicing your account, to third parties including your Representative.
- To let us, your Representative, or the Clearing Firm monitor and/or record any phone conversations with you.
- To let us, your Representative, or the Clearing Firm verify the information you provide and obtain credit reports and other credit-related information about you at any time, such as payment and employment information (whether for margin or any other purpose).
- For the name and address of any credit reporting agency from whom we or the Clearing Firm has obtained information about you, send a written request to us or the card issuer, as applicable.
- To let us, our RIA or the Clearing Firm share with third parties any information you provide, but only as required by law or as permitted by our, our RIA's and/or the Clearing Firm's privacy policy(ies) respectively.
- To monitor the activities of any Representative serving your account and contact us with regard to any unauthorized activities or activities that are contrary to your expressed instructions. You understand that you need to contact us if you have any concerns regarding your account. Your failure to provide us with timely notice can be viewed by us as authorization or ratification of such activities for which you are responsible.
- To refuse to lend or borrow monies or securities from your Representative or any other person associated with the Parties.
- To refuse to allow your Representative or any other person(s) associated with the Parties to serve as trustee, guardian, fiduciary, or co-owner for your account unless you are an immediate family member of the Representative (i.e. spouse, parent, child or other person living in the Representative's household).
- To refuse to purchase or sell securities in order to receive a pending or announced dividend as the value of the security will usually decline by the amount of the dividend.
- To refuse to purchase or sell a security, insurance, or other product based upon the promise that you will receive a commission rebate, share in compensation due your Representative, or for any other inducement such as a prize or gift.
- To resolve disputes concerning your relationship with us or The Clearing Firm (other than class actions) through arbitration rather than in a court of law. See "RESOLVING DISPUTES – ARBITRATION" on Page 8 of this Agreement.
- To understand that if the core account investment vehicle included in your brokerage account is a money market mutual fund, the Clearing Firm, SAI or your Representative will provide the prospectus for that fund describing the product in detail including a description of the fund, the fund's fees and charges and the operation of the fund. You represent that you have read this Customer Agreement and the prospectus and understand, authorize and consent to the Clearing Firm administering your core account investment vehicle according to the terms and conditions of those documents.
- To understand that if the core account investment vehicle included in your brokerage account is an Insured Cash Account Program ("IC Program") or a Bank Deposit Sweep Program ("BD Program"), your Representative will make available to you, as applicable, the IC Program or BD Program Disclosure Document describing the product in detail including:
  - > The description of the IC Program or BD Program;
  - > The location where you can view a list of eligible banks (each a "bank" or "Program Bank") in which deposits will be made for the IC Program or BD Program and the applicable interest rate;
- To understand that if your core account investment vehicle included in your brokerage account is the IC Program or BD Program, you represent that you have read this Customer Agreement and the IC Program or BD Program Disclosure Document and understand, authorize and consent to the Clearing firm administering your core account investment vehicle according to the terms and conditions of those documents.
- To understand that different protections and terms apply to investments in shares of a mutual fund and deposits of funds into the IC Program or BD Program; including differences between SIPC protection and FDIC insurance.
- To determine if any funds transferred to an account at a bank in the IC Program or BD Program and any separate bank accounts held at that same bank will affect FDIC insurance coverage for all your funds held at that bank.
- If you have the IC Program or BD Program as your core account investment vehicle, to authorize the withdrawal of cash from the IC Program or BD Program to satisfy any and all debits against your brokerage account.
- If you have a money market mutual fund as your core account investment vehicle, to authorize the liquidation of shares to satisfy any and all debits against your brokerage account.
- To understand that, as it relates to brokerage accounts, we or the Clearing Firm can change the core account investment vehicle(s) available for your brokerage account or amend the terms and conditions relating to the use of such core account investment vehicle at any time, upon notice to you.
- To understand that whenever you purchase or exchange any mutual fund or variable annuity/life product, you are responsible for obtaining and reading that fund's prospectus.
- To refuse to use cash or cash equivalents to purchase securities or to make a deposit to your account, and to use traceable instruments such as personal checks, wires or Electronic Funds Transfer (EFT).
- To refuse to obtain credit or otherwise borrow money from your Representative or other third party to purchase securities except through a properly approved margin account.
- To refuse to enter into any other personal business relationship with your Representative, including but not limited to providing funds for any type of business activity that involves your Representative or someone associated with your Representative.

- To obtain from your Representative current offering documents prior to purchasing an interest in any partnership, real estate investment trust, mutual fund, variable product, unit investment trust or new issue security.
- For each purchase of mutual fund shares, you agree to provide your Representative with information regarding your current holdings within the same fund family, either individually or in related accounts, and to advise your Representative at the time of each mutual fund purchase whether or not you have recently liquidated mutual fund shares within the same fund family or a different fund family. This information will enable us to provide you with any volume discounts (also known as “breakpoints”) to which you may be entitled.
- To make payment for purchases of securities or deposits for your account to the Clearing Firm or Product Sponsor. You should never make payment for the purchase of securities payable to SAI, our RIA or your Representative.
- To notify us in writing any time there is a material change in your financial circumstances or investment objectives as set forth in your account application.
- If a check issued to you from your account remains uncashed and outstanding for at least six months, you authorize and instruct the Clearing Firm to cancel the check and return the underlying proceeds to you by depositing the proceeds into your account’s core position.
- You understand that upon the request of the issuers of any securities held in your account and in accordance with applicable rules and regulations, we will disclose your name to these issuers so that you might receive any important information regarding them, unless you do not consent to disclosure. If you do not consent to such disclosure, you agree to notify us in writing. (You may not be able to object to this disclosure for certain securities issued by Investment Companies that are registered under the Investment Company Act of 1940, or as required by law).
- You understand and agree that SAI and the Parties may amend this Agreement from time to time without prior notice to you, except as may be required by applicable law. The most current version of the Agreement is available on line at [www.securitiesamerica.com](http://www.securitiesamerica.com), from your Representative, or by contacting SAI. You agree to be bound by the current and future terms of this Agreement, from the time you first use your account or sign your application, whichever happens first.

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## ACCOUNT REGISTRATION

You have selected the manner in which your account will be set up based on your personal requirements. You certify that the manner in which your account is titled reflects the ownership interest of the parties and is allowed under applicable state laws. We have no obligation to verify the legality of any registration under the probate, estate, or transfer laws of the state where this account is being opened or to determine which state laws govern the interpretation of the registration status of your account.

### Joint Registration

With regard to accounts with joint owners, whether joint tenants or tenants in common, any obligations or liabilities resulting from one account owner’s actions are the responsibility of each account owner, both individually and jointly. We or The Clearing Firm may enforce this Agreement against all account owners or against any one of them individually.

Each owner of a joint account may act as if he or she were the sole owner of the account, with no further notice or approval necessary from other joint owners. For example, a joint owner can — in his or her own name — write checks, buy and sell securities, withdraw or transfer assets, borrow against the account (such as through short sales or margin), arrange for account statements to be sent only to them, or change the account’s features and services (although no account owner may remove another’s name from the account without their authorization).

In addition, with joint accounts, the principle of “notice to one is notice to all” applies. We or The Clearing Firm are legally considered to have fulfilled our obligation to you and the account if we fulfill it with respect to just one account owner (for example, sending statements or other required communications to just one account owner).

The Parties are not obligated to question the purpose or propriety of any instruction of a joint account owner that appears to be authentic, or to let other owners know about any changes an owner has made to the account, unless we have received written notice to the contrary, from another account owner. The Parties reserve the right at any time and at their discretion to require the written consent of all account owners before acting on an instruction from one account owner.

In the event of death of any one of you, the survivor or survivors will notify us immediately. We may take such actions as we deem necessary, such as request additional documents, retain such portion and/or restrict transactions in the account to protect us against any claim, penalty or loss. The estate of any deceased account owner or any other living account owner shall be liable, jointly and severally, to us for any debt or loss in this account resulting from the completion of transactions initiated prior to our receipt of a written notice of such death or incurred in the liquidation of the account or the adjustment of the interest of the respective parties.

Laws covering joint or community property vary by state. You are responsible for verifying that the joint registration you choose is valid in your state. You may want to consult your legal counsel before establishing your account. Generally, for joint tenants with rights of survivorship and tenants by the entirety, upon the death of an account owner the entire interest in the account transfers to the surviving account owner(s). However, such transfer of interest is subject to the same terms and conditions set forth in the Agreement and does not release the decedent’s estate from the liability for amounts owed to the Parties. For tenants in common, a deceased account owner’s interest (which equals that of the other account owner(s) unless specified otherwise) goes to that deceased account owner’s legal representative. The interests in the account shall be determined as of the close of business on the date of death of the decedent (or on the next business day if the date of death is not a business day). Tenants in common are responsible for maintaining records of the percentages of ownership.

### Custodial Registration

For accounts opened under the Uniform Gifts/Transfers to Minors Acts, you, the account owner, are the custodian. By opening this type of account, you agree that all assets belong to the minor and that you will only use them for the minor’s benefit — even after the assets have been removed from the account.

As custodian, it is your obligation to monitor the minor’s age and you agree to transfer the custodial property in the account to the minor or to the minor’s estate upon the earlier of: (i) the minor’s attainment of age of majority with respect to the custodial property in the account and as such age is defined by state law (also referred to as age of termination); or (ii) the minor’s death.

It is not our obligation to, nor do we, monitor the age of the minor for whose benefit an UGMA/UTMA account is established. However, if we should become aware that such person has reached the age of termination, we will attempt to notify you. If you have not taken appropriate action within sixty (60) days of receiving such notice, the account will be restricted to liquidating transactions and transfers out of the account and no new deposits or new investments would be allowed.

### Tax Deferred Retirement Accounts

For tax deferred retirement accounts opened in the name of a Third Party Trustee or Custodian, for the benefit of an underlying retirement account plan or owner, by signing the account application, you, the third party trustee or custodian, represent to us and the Clearing Firm that you are qualified to act in that capacity under applicable provisions of the IRC and you represent to us to the best of your knowledge and belief this account is a duly qualified tax-deferred retirement account in good standing at the date of execution and will be maintained as such during the time the retirement account remains open. You, the third party trustee or custodian agree to promptly notify us if you have submitted incorrect tax documentation (at the time of account opening), such as an IRS Form W-9 or any substitute form, or if such tax documentation otherwise becomes invalid you agree to promptly submit corrected tax documentation to us. You, the third party trustee or custodian, agree you are responsible for (i) maintaining, at all times, the qualified tax-deferred retirement account status of this account, and (ii) all applicable federal and state tax reporting and withholding for such account, required annual valuation reports, issuance of appropriate payee statements and timely depositing of withheld taxes, and (iii) shall provide to us, if requested, proof that you have timely and correctly completed all required U.S. federal and state tax reporting and withholding for this account.

## Plan Registration

The plan trustee is responsible with regard to the administration of the retirement plan including its obligations to follow the governing plan document.

The Clearing Firm is not responsible for any tax filing on behalf of your plan or IRA. The plan trustee or IRA Custodian will be responsible for additional reporting, tax filing, and disclosures required on this account.

The Clearing Firm does not perform any disclosures and/or filings on behalf of the plan.

For plan accounts, note that the Clearing Firm in its capacity as a clearing firm may not be providing all the necessary information required for your plan's trustee to complete these additional filings and disclosures.

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## TRUSTED CONTACT INFORMATION

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FINRA Rule 4512 requires that SAI make reasonable efforts to obtain the name of and contact information for a trusted contact person upon opening of a non-institutional account or when updating account information for an existing non-institutional account.

By providing trusted contact information you are authorizing SAI to contact the trusted contact person and disclose information about your account to address possible financial exploitation, to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney or as otherwise permitted by FINRA Rule 2165.

Please note the following:

- The trusted contact person must be age 18 or older and may not be authorized to transact business on behalf of your account.
- SAI may elect to notify this individual that he or she was named as a trusted contact.
- When trusted contact information is provided, pursuant to FINRA Rule 2165, SAI must attempt to notify the trusted contact person if we have placed a temporary hold on a disbursement of funds or securities from your account due to concerns that financial exploitation is occurring, unless SAI reasonably believes the trusted contact person is engaged in the financial exploitation.

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## INVESTMENT RISK AND OTHER DISCLOSURES RELATING TO TRANSACTION CHARGES AND REVENUE SHARING

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You understand that investment in securities involves risks and that many variables, including but not limited to market and economic fluctuations, may have a substantial negative effect on the value of your securities positions. Furthermore, you represent that you are willing to assume these risks and that you are in fact financially able to bear these risks. You also acknowledge and agree that you have an affirmative obligation to notify us in writing should there be material change in your investment objectives.

You understand that securities products purchased or sold through a SAI branch office located on a financial institution's premise (i.e., bank or credit union) are not insured by the FDIC, are not deposits or otherwise obligations of the financial institution, are subject to investment risk, including possible loss of principal invested, and are not insured by SIPC as to the loss of principal amounts invested. Further, you understand that in the event the financial institution is located on a military installation, the securities products are not being offered on behalf of the Federal Government, and the offer is not sanctioned, recommended or encouraged by the Federal Government.

**Mutual Fund Purchases in a Brokerage Account.** You acknowledge that when purchasing mutual fund investments in your Brokerage account (including no-load funds) that you may be assessed certain transaction, execution and confirmation charges which will be specified on the transaction confirmation. You further acknowledge and understand that mutual fund shares may be purchased directly from the mutual fund company without any sales charges on no-load funds, or any charges in excess of the amounts disclosed in the prospectus for mutual fund shares sold with a sales charge. You understand that the funds' Distribution and Service Plan, as allowed under SEC Rule 12b-1, permit the funds to pay fees to broker dealers with respect to the distribution of the funds' shares, and that we may receive such a fee as a result. Information concerning all fees and charges are also set forth in the funds' prospectus.

**Sales Charges on Mutual Fund Purchases.** As explained below, many mutual funds offer volume discounts to the front-end sales charge assessed on Class A shares at certain predetermined levels of investment, which are called "breakpoint discounts." In contrast, Class B and C shares usually do not carry any front-end sales charges. Instead, investors who purchase Class B or C shares pay asset-based sales charges, which may be higher or lower than the ongoing asset based charges associated with Class A shares. Investors that purchase Class B or C shares may also be required to pay a sales charge known as a contingent deferred sales charge when they sell their shares prior to the expiration of particular time periods (also referred to as surrender charges), depending upon the rules of the particular mutual fund. You also understand that SAI may share all or a portion of such fees with our Representatives.

It may not be advisable for you to switch or move assets from one variable product or mutual fund to another if such transfer involves payment of additional up-front or contingent sales charge or surrender charge. However, there may be circumstances in which it is reasonable to do so. Exchanges within the same mutual fund family may be available with no commission or sales charges and at reduced processing costs.

**Breakpoint Discounts.** Most mutual funds offer investors a variety of ways to qualify for breakpoint discounts on the sales charge associated with the purchase of Class A shares. In general, most mutual funds provide breakpoint discounts to investors who make large purchases at one time. The specific terms and conditions under which breakpoint discounts may become available are determined by mutual funds and can vary. Generally, an investor can procure a breakpoint discount through either a single purchase large enough to reach a breakpoint, or multiple purchases in a single mutual fund or any of the funds in a fund complex, the aggregate value of which is large enough to reach a breakpoint. An investor may reach breakpoint thresholds by aggregating transactions made by certain family members and transactions in certain other related accounts, or by aggregate purchases over time to meet applicable breakpoint thresholds through rights of accumulation or letter of intent. You agree to review the individual fund prospectus and Statement of Additional Information for detailed information on ways to reduce or eliminate the sales charge. You understand that you are responsible for informing your Representative of all relevant facts, so that your Representative may assist you in identifying and obtaining any reductions or waivers to which you may be entitled.

**Charges and Fees for Services Performed.** You understand that your account may be assessed certain fees and charges for miscellaneous services performed, including but not limited to account transfer and termination fees, research fees, bank wire fees, inactivity fees, third party check fees and legal transfer fees. You understand that these fees may be changed from time to time and that You will receive notice of such change as required by regulation. You understand that should such fee assessment result in a negative balance in your account, we have the right to liquidate assets to cover such negative balance without notice to you. You understand that a schedule of brokerage account fees and charges is available on our website at [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor information or from your Representative upon request.

**Transaction or Ticket Charges.** Transaction or ticket charges may apply to securities sales, purchases and exchanges in your account in addition to sales charges, loads, concessions or other expenses that you may be responsible for depending on the type of product in question. The amounts charged vary for mutual funds, variable products, stocks, bonds and option transactions. Factors that determine transaction charges include size of purchase, type of transaction, mutual fund family, advisor, advisor representative, variable product sponsor and processing method (on-line/phone/systematic). Full transaction charges may not apply to certain transactions associated with mutual fund and variable product sponsors participating in the Premier Funds program. Accordingly, the transaction charges incurred will vary. At your Representative's discretion he/she may apply these transaction charges to the expenses that you pay for your securities transactions. For more information on these transaction charges or commissions, please review your confirmation or statement; ask your Representative or visit our website [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/investor information.

**Compensation and Reimbursement of Expenses to SAI and Representative.** SAI and your Representative receive revenue on the products and services you purchase from several sources. These sources include fees and charges you pay and other arrangements we have in place with affiliated and non-affiliated entities including: sales charges; commissions; periodic fees; periodic expenses paid from product assets

such as 12b-1 fees from mutual funds and the funds available in variable annuities; financial planning and advisory service fees; a portion of the organization and offering fees and expenses for REITs, limited partnerships and other non-public securities offerings.

SAI receives compensation from those mutual funds and variable product sponsors made available to you through your Representative. These payments may include:

- sales charges (sometimes called loads); and
- trailing commissions (including service fees known as 12b-1 payments).

As described below, we may also receive additional payments called revenue sharing payments and/or marketing allowances from certain Product Sponsors under special agreements with those firms. Specific details regarding the Premier Funds and Premier Partners Programs and Non-Publicly Traded Products are set forth below. Other revenue and marketing allowance payment programs involving certain Real Estate Investment Trusts (commonly referred to as REITs) also exist. SAI, at its sole discretion and as allowed by law, may share some or all of these additional payments with your Representative.

Representatives of Product Sponsors, often referred to as “wholesalers”, work with SAI and Representatives to promote their products. Consistent with rules set out by FINRA, these wholesalers and/or their firms may pay or make contributions to SAI for training or education of Representatives. Product Sponsors may also make payments to SAI to promote the marketing of their products to clients which includes seminars for clients and potential clients. These firms may also invite Representatives to due diligence or continuing education meetings regarding their products. From time to time SAI may also recognize certain Representatives through promotional programs that include attendance at off-site training sessions that may be sponsored or co-sponsored by these Product Sponsors.

It is SAI policy not to promote any fund family or insurance carrier's products over another based solely on any additional payments or other considerations that might be received from the sale of their products. Sponsors of these products are generally granted equal access to Representatives to promote their products, and Representatives are encouraged to make recommendations to clients based on the clients' needs and objectives. However, receipt of such payments could create a greater incentive by your Representative to recommend products that provide such payments. You are encouraged to talk with your Representative about any fees or compensation they receive from the sale of investment products.

Representatives may be incented to join and remain affiliated with Securities America through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. The receipt of such compensation may be considered to be a conflict of interest.

SAI may receive reimbursement from Pershing, for all or a portion of any transfer of asset fees which customers could incur from other clearing providers upon the transfer of accounts to an SAI account carried by Pershing. If SAI receives this type of reimbursement, SAI may retain all or a portion of such reimbursements or, at its discretion, may pass through all or a portion of such reimbursement to its clients and/or Representatives.

**Premier Funds Program.** SAI created the Premier Funds program for certain mutual funds and variable product sponsors. These Product Sponsors are selected to participate based on several criteria including brand recognition, product breadth, investment performance, training and wholesaling support. In exchange for certain benefits, such as broader access to SAI Representatives, Product Sponsors in the Premier Funds program are required to pay SAI for participation in the program by sharing with SAI a portion of the revenue generated from the sales of their products. SAI may, at its sole discretion, share all or a portion of the revenue generated under the Premier Funds Program with Representatives who recommend products of sponsors in the program. Certain product sponsors also provide for the payment of a marketing allowance to SAI which may be based upon a percentage of the amount of the sponsor's product purchased by clients. SAI, at its sole discretion, may share all or some of any marketing allowance payments with Representatives as part of compensating them for their marketing and distribution expenditures incurred as a result of promoting the sponsor's products.

For a list of participating funds and variable product sponsors, please ask your Representative or visit our website [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor Information.

**Premier Partners Program.** Securities America Advisors, Inc. (“SAA”) also referred to herein as “RIA”) is an SEC registered investment advisor and is an affiliate of SAI. SAA created the Premier Partners program for independent investment advisor firms. Investment advisor firms are selected to participate based on several criteria including, investment strategy, investment performance, transaction reporting capabilities and training and wholesaling support. In exchange for certain benefits, such as broader access to Representatives, investment advisors in the Premier Partners program are required to pay SAA for participation in the program by sharing with SAA a portion of the revenue generated from the sales of their services and/or paying a specified annual dollar amount. In addition, Representatives may receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by SAA and/or Representatives relating to the promotion or sale of the program sponsor's products or services.

For a list of the Premier Partners Program participants, please ask your Representative or visit our website [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor Information.

**Non-Publicly Traded Products.** SAI, also offers several non-publicly traded products, including, but not limited to non-listed real estate investment trusts (“REITS”), limited partnerships (“LPs”), and 1031 exchange programs; hedge fund or funds; managed futures; tax credit programs; oil and gas programs; venture capital funds; and private equity funds. SAI conducts or causes to be conducted a due diligence analysis of these products prior to making them available to the public. Such due diligence is not a guarantee or assurance that the products will not lose their value and you should read any offering document or prospectus for such products carefully as they describe the risk associated with such investments. In addition to receiving commissions on the sale of these products, SAI may receive due diligence and/or marketing allowance payments from certain sponsors. While the arrangements with each sponsor may vary, each product sponsor may pay a due diligence or marketing allowance fee based upon the amount of assets held at the sponsor or on the gross amount of each sale, depending on the product. In certain cases, these additional payments are paid or directed to Representatives who sell these products. This may create a conflict of interest based on the amount of compensation each Representative receives when recommending one non-publicly traded product over another.

**Due Diligence and Product Administration Expenses.** Consistent with prudent product approval practices SAI may require that an independent third party conduct a review of a product sponsor, investment company, investment advisor, or one of their products or services prior to making the product or service available for solicitation to the general public by Representatives. SAI may incur costs in connection with the analysis provided by the due diligence analyst. SAI may in turn require that the investment company or investment advisor reimburse SAI for such expenses. In addition, SAI may at its discretion require investment companies and investment advisors to pay annual fees to reimburse SAI for ongoing due diligence and product administration expenses.

**Revenue Sharing and Referral Arrangements with Our Clearing Firm.** SAI receives various forms of revenue from Pershing based upon client activity, as well as the amount of assets custodied with Pershing. In general, these revenue sources include, but are not limited to, a percentage or portion of fees and transaction charges collected by the Clearing Firm and shared with SAI, which may include: ticket charges, margin interest charges, IRA fees, inactivity fees, and other fees set forth in the attached fee schedule and money market fund 12b-1 trails. SAI may also participate in revenue sharing arrangements based on fees charged by no transaction fee (NTF) funds which are available on Pershing's platform.

**Fixed Insurance.** SAI is a licensed insurance agency and may receive commissions in connection with the sale of fixed insurance products by Representatives who are licensed to sell fixed insurance products. SAI, in addition to receiving commissions on the sale of these insurance products, receives payments from certain insurance sponsors for marketing, training, and distribution support. None of these additional

payments, however, are paid or directed to any Representative/insurance agent who sells these products. In addition, SAI Representatives/insurance agents do not receive a greater or lesser commission for sales of these insurance products from which SAI receives revenue sharing payments. The marketing, educational, and distribution activities paid for with revenue sharing, however, could lead our Representatives/insurance agents to focus more on those insurance products that make revenue sharing payments to SAI – as opposed to insurance sponsors that do not make such payments – when recommending insurance products to their clients.

**Income Distribution Partner Program.** We created the Income Distribution Partner program for certain third party money managers, variable products, mutual fund and fixed insurance product sponsors. These Product Sponsors are selected to participate based on several criteria including brand recognition, product breadth, investment performance, training and wholesaling support. In exchange for certain benefits, such as broader access to Representatives, sponsors participating in the Income Distribution Partners program are required to pay SAI for participation in the program by sharing with SAI a portion of the revenue generated from the sales of their products. Representatives must complete formal Income Distribution Training to have access to the SAI income distribution planning desk. The SAI income distribution planning desk is available to develop distribution plans for clients of those Representatives who have completed the formal training. The income distribution plans use suitable products available from both the Income Distribution Sponsor Partners and products on the Securities America Approved Product list. Representatives using the planning services are not required to use the products included in the proposal and do not receive a greater or lesser commission for utilizing these products. The marketing educational and distribution activities paid for with revenue sharing, however, could lead our Representatives to focus more on those products that make revenue sharing payments to SAI, as opposed to sponsors that do not make such payments. For the most current list of Income Distribution Partner program participants, please ask your Representative or visit [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor Information."

**Potential Conflicts of Interest.** SAI is a wholly-owned subsidiary of Securities America Financial Corporation (SAFC), which is itself, a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). LTFS provides financial products and services through its subsidiaries which include companies that are registered as investment advisors, broker/dealers, an investment company, a trust company, and insurance companies or agencies. A listing of other companies owned by LTFS, and thus affiliated with SAI is located at <http://www.ladenburg.com/company/info/privacy-disclosure>. Representatives may sell various investment products, insurance products, make referrals for investment banking services and make referrals for trust services provided through the various LTFS subsidiaries. A potential conflict of interest may exist when Representatives recommend these products or services. Due to the interrelationship of these entities, conflicts of interest may arise that are not readily apparent to you. SAI and LTFS may engage in marketing reallocation or sponsorship arrangements with third parties, sub-advisors, and brokerage firms to promote the distribution of investment products, however, Representatives are under no obligation to sell these products or to meet any selling quotas related specifically to these products, but they may receive compensation when these products are sold and may receive fees for referring clients for these services. We encourage you to discuss any potential conflicts of interest with your Representative.

Certain securities, such as over-the-counter stocks and fixed income securities are traded primarily in "dealer" markets. In such markets, securities are directly purchased from, or sold to, a financial institution acting as a dealer, or "principal." Dealers executing principal trades typically include a "mark-up," "mark-down," and/or spread in the net price at which transactions are executed. Your Representative may recommend certain bond trade transactions utilizing, a LTFS subsidiary, LTCO to execute a transaction for a security traded in the dealer markets; LTCO will either execute the transaction as agent through a dealer unaffiliated with LTCO, or as principal in accordance with applicable law. Those accounts covered under the Employee Retirement Income Security Act of 1974, as amended (ERISA) are exempt from principal transactions. The client will bear the cost (including any mark-up, mark-down, and/or spread) imposed by the dealer as part of the price of the security. SAI may have a conflict of interest in using LTCO to

execute principal transactions because LTCO will receive compensation in connection with the trade as dealer. Clients may also purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. An LTFS subsidiary may act as an underwriter or manager for such offerings, and as such, will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which it purchased the securities). Our firm may also receive a portion of the gross spread as a member of the syndicate offering. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

SAI has a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes written policies and procedures we believe to be reasonably designed to prevent violations of applicable law and regulations.

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## INVESTMENT OBJECTIVES AND RISK TOLERANCE

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SAI has identified five common investment objectives that it makes available for account holders to select to determine their objective for the registration. Objective is defined as "something that one's efforts or actions are intended to attain or accomplish; purpose; goal; target" (i.e. my objective for my investments is...). Your Investment Objective is used in conjunction with other factors such as risk tolerance, time horizon, etc. to determine the optimal portfolio mix.

**As the account owner, it is up to you to select the account's investment objective that most closely matches your particular investment objective.** Your Representative will rely on your selection when making recommendations to you. However, neither we nor The Clearing Firm can assure you that any given investment or strategy will achieve your investment objective.

**Current Income:** This investment objective means that you seek investments with emphasis on income generation. You may elect to have some exposure to equities but you are primarily concerned with preservation of capital.

**Balanced:** This investment objective means that you seek investments that are generally allocated among holdings that generate income as well as those which offer the potential for growth of the portfolio such as stocks and stock funds. You understand that many stock and stock funds have an income component to them and are willing to utilize stocks and stock funds as a means of income generation.

**Growth & Income:** This investment objective means that you seek investments that primarily focus on growth of the portfolio with some of your portfolio being allocated to income producing investments.

**Growth:** This investment objective means that you seek investments with the majority of your allocation being comprised of investments that have a focus on growth of the portfolio with little to no emphasis on producing income.

**Maximum Growth:** This investment objective means that you seek investments which may consist of your entire portfolio in equities and are very willing to invest in securities that carry a significant degree of volatility beyond traditional equity market indices.

Risk Tolerance is defined as "degree of uncertainty that an investor can handle in regard to a negative change in the value of his or her portfolio." There is a direct correlation between the level of risk that an investor is willing to take in their portfolio and the potential upside that is possible with that given portfolio. When identifying your risk tolerance, it is important to note that, in general, investments with a low degree of risk generally will have a lesser degree of upside potential but provide lesser downside as well. Conversely, those investments that have a high degree of risk have the potential for greater returns but provide significant risk to the downside as well.

SAI has identified six levels of risk tolerance that it makes available to account holders to use in order to determine their particular level of investment risk. **Similar to your investment objective, it is your responsibility to identify the level of risk that you are willing to accept for this account.**

We have provided definitions for our six Risk Tolerances below.

**Conservative.** This risk tolerance indicates that you are NOT willing to tolerate large market fluctuations and are willing to forgo significant upside potential to achieve this goal. You want your portfolio to provide you with an income stream to help meet living expenses. You are more concerned with protecting your principal than growing your portfolio.

**Moderately Conservative:** This risk tolerance indicates that you can tolerate a bit more risk than the conservative investor but are still averse to large short-term fluctuations. You want to be protected somewhat from large downside market movements and are willing to not fully participate when the markets rally upwards. You understand your portfolio will still fall when markets decline, but you want to be somewhat protected.

**Moderate:** This risk tolerance indicates you are in a middle-of-the-road category. You want good returns and know that you must take on more risk to get those good returns. Your portfolio may hold a wide range of asset classes ranging from short term bonds to high risk stock funds. You know that you will lose money if the markets go down but also expect to participate in gains when the markets are performing well.

**Moderately Aggressive.** This risk tolerance indicates you want to outperform stock market indices when the markets go up but are aware of and accept the fact that your account will likely be down more than the market indices when the stock markets perform poorly. You are willing to accept more risk than the average investor for the potential of greater returns.

**Aggressive:** This risk tolerance indicates you want to substantially outperform the stock market and are willing to accept the higher degree of risk associated with seeking returns that outperform. You are very aware that a similar level of outperformance when markets are performing well can negatively impact you when markets are not faring well. You accept a high level of risk with the potential for greater returns.

**Speculative:** This risk tolerance indicates you are comfortable with the highest level of risk and the highest average possibility for loss of initial investment value in exchange for higher potential to profit from an anticipated price move.

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## USA PATRIOT ACT NOTICE

In order to combat terrorism and illegal money-laundering activities, and help the government fight financial crimes, Federal law and contractual obligations between SAI and the Clearing Firm require that we verify your identity by obtaining your name, date of birth, address, and a government-issued identification number before opening your account. In certain circumstances, we may obtain and verify this information with respect to any person(s) authorized to effect transactions in an account. For certain entities, such as trusts, estates, corporations, partnerships, or other organizations, additional identifying documentation may also be required. Your account may be restricted and/or closed if we or the Clearing Firm cannot verify this information. Neither we nor the Clearing Firm will be responsible for any losses or damages (including, but not limited to, lost opportunities) resulting from any failure to provide this information, or from any restriction placed upon, or closing of, your account.

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## MONITORING YOUR ACCOUNT

As an account owner, you are responsible for monitoring your account. This includes making sure that all transactions are accurate and that you are receiving confirmations, account statements, and any other expected communications. You should review these communications to ensure that the information about you and the activities in your account are accurate and contain nothing suspicious or unauthorized. You understand that The Clearing Firm does not monitor your brokerage account for you and has no duty to advise you of any issue regarding your brokerage account or us.

If you have the IC Program or BD Program as your core account investment vehicle (as described on page 9), you are responsible for monitoring the total amount of your assets on deposit with each Program Bank in order to determine the extent of FDIC insurance coverage available to you. If you are a trustee or other fiduciary, you are responsible for determining the application of the insurance rules for the account and its beneficiaries.

So long as we or The Clearing Firm or Product Sponsor send communications to you at the physical or electronic address of record given on the application, or to any other address given to us by an owner, the communications are legally presumed to have been delivered, whether you actually received them or not. In addition, confirmations are presumed

to be accurate unless you specifically notify us in writing within five days of when they were sent to you; account statements, within ten days.

If you have not received a communication you expected, or if you have a question or believe you have found an error in any communication, telephone us immediately and follow up with written notice at the telephone number and address listed on page 1 under **Notices**.

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## LIMITS OF RESPONSIBILITY

Although all entities that provide services to your account strive to ensure the quality and reliability of those services, neither we nor the Clearing Firm can be responsible for the availability, accuracy, timeliness, completeness, or security of any service related to your account. These services are provided "as is" and "as available".

You therefore agree that we and The Clearing Firm are not responsible to you for any losses (meaning claims, damages, actions, demands, investment losses, direct or indirect, incidental, special, punitive, consequential, or other losses, as well as any costs, charges, attorneys' fees, or other fees and expenses) that you incur as a result of conditions beyond our control or any agreement between the Parties. This includes, for example:

- Any action that is done in accordance with the procedures described in this Agreement or an applicable mutual fund or securities prospectus or IC Program or BD Program Disclosure Document or other investment description.
- The acceptance and processing of any order or transaction placed in your account, whether received electronically or through other means, as long as the order appears to be authentic.
- Investment decisions or instructions placed in your account or other such actions attributable to you or any authorized person including your Representative.
- Occurrences related to governments or markets, such as rules and regulations, restrictions, suspensions of trading, bank closures or bank regulatory, legal or other limitations or restrictions or high market volatility or trading volumes.
- Uncontrollable circumstances in the world at large, such as wars, terrorist activities, earthquakes, power outages, or unusual weather conditions.
- Occurrences related to computers and communications, such as a network or systems failure, a message interception, or an instance of unauthorized access or breach of security over which we have no control or reasonable ability to know it has occurred (such as theft of your personal information by a third party, spyware or malware on your computer) or other actions or inactions by you resulting in unauthorized activities in your account.
- Telephone requests for money transfers, so long as we transmit the proceeds to you or the bank account number identified by you.
- Any checks or other debits to your account that are not honored because the account has insufficient funds.

If any service failure is determined to be our responsibility, we will be liable only for whatever benefit you would have realized up to the time by which you should have notified us, as specified earlier in "Monitoring Your Account."

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## INDEMNIFICATION

You agree to indemnify us from, and hold us harmless for, any losses (as defined in Limits of Responsibility) resulting from your actions or failures to act, whether intentional or not, including losses resulting from actions taken by third parties on your behalf.

Beyond taking reasonable steps to verify the authenticity of instructions, we have no obligation to contact you with regard to the purpose, wisdom, or propriety of any instruction we receive from you or your authorized agents.

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## TERMS CONCERNING THIS AGREEMENT

### Applicability

This Agreement is the only agreement between you and us, concerning its subject matter and covers all brokerage and non-brokerage accounts that you, at whatever time, open, reopen, or have opened with us. In addition, if you have already entered into any agreements concerning services or features that relate to this account, or if you do so in the future, this

Agreement incorporates by reference the terms, conditions, and policies of those agreements. In the case of any conflict between this Agreement and an agreement for a particular service or feature, the service or feature agreement will prevail.

#### **Termination**

Notwithstanding contrary statements from third parties (such as Product Sponsor companies), we or The Clearing Firm can terminate your account, this Agreement or any account feature, at any time or for any reason - including reasonable belief that a version of this Agreement containing unauthorized changes has been used - upon written notice to you. You can close your account, or terminate any optional feature at any time, by notifying us in writing or calling us on a recorded line and providing us with your instructions. When an account is closed, all debit cards, checkwriting, and other features associated with it are terminated. The bank associated with your debit card and checkwriting services cannot close your brokerage account, but can terminate its debit card or checkwriting services.

Regardless of how or when your account is closed, you will remain responsible for all unpaid obligations of your account. This includes charges, debit items, or other transactions you initiated or authorized, whether arising before or after termination, as well as any fees incurred but not yet charged to your account. Payment for these obligations will be deducted from your final account balance.

In order to ensure you are able to receive communications, (including statements, checks, etc.) from us, it is important that you notify us of your address should you move. If we receive mail returned from the U.S. post office as undeliverable and we or your Representative are unable to contact you or find your correct address, you may be designated as a "lost security holder." If this happens, your account may be restricted and/or closed. You may not be able to place trades or receive funds from your account until you update your address. If you are designated as a "lost security holder" we will attempt to find you by conducting data base searches. In addition, if we are unable to contact you for a certain period of time (the period of time is specified by applicable state laws and may vary from state to state) your account balance and any un-cashed checks or outstanding credits may be transferred to a state unclaimed property administrator.

#### **Governing Laws and Policies**

With respect to matters between you and us, this Agreement and its enforcement shall be governed by the laws of the State of Nebraska, but not its conflicts of law provisions. With respect to matters involving Pershing, this Agreement and its enforcement shall be governed by the laws of the State of New York. In the event Pershing is made a party to a claim initiated by you, either as a respondent or cross respondent, Pershing shall have the right to require that all issues be adjudicated under the laws of the State of New York.

#### **Modification and Enforcement**

We may amend this Agreement at any time. This may include changing, dropping, or adding fees and policies, changing features and services or the entities that provide them, and limiting the usage or availability of any feature or service, within the limits of applicable laws and regulations. The most current version of this Agreement is available online at [www.securitiesamerica.com](http://www.securitiesamerica.com) under personal investing/investor information or by contacting your Representative. No provision of this Agreement can be amended or waived except in writing by an authorized representative of SAI. Your Representative is not authorized to act on behalf of SAI or our RIA to change any terms of this Agreement.

We or The Clearing Firm may transfer our interests in your account or this Agreement to any of our successors and assigns, whether by merger, consolidation, or otherwise. You may not transfer your interests in your account or this Agreement except with our prior written approval, or through inheritance, corporate dissolution, or similar circumstance, as allowed by law, in which case any rights and obligations in existence at the time will accrue to, and be binding on, your heirs, executors, administrators, successors, or assigns.

We or The Clearing Firm may enforce this Agreement against any and all account owners. Although we or The Clearing Firm may not always enforce certain provisions of this Agreement, both parties retain the full right to do so at any time.

If any provision of this Agreement is found to be in conflict with applicable laws, rules, or regulations, either present or future, that provision will be enforced to the maximum extent allowable, or made to conform, as the case may be. However, the remainder of this Agreement will remain fully

in effect. No waiver of any provision of this Agreement will be considered a waiver of any other provision.

If for any reason (such as the termination of a contract between us and The Clearing Firm) your account is held directly by The Clearing Firm, it may be restricted, and there may be new or different fees and commissions. Examples of restrictions include the ability to place sell orders only and the loss of electronic trading.

Although there is no minimum balance requirement beyond those set by industry regulation, we may review your account for activity and may charge an inactivity fee, close your account, or transfer your account to another provider. We will notify you in writing before we close or transfer your account. If your account is transferred, it may have different fees, features and terms.

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## **BUSINESS CONTINUITY PLAN DISCLOSURE**

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We have developed a comprehensive business continuity plan ("the Plan") that covers the broker-dealer operations of Securities America, Inc., advisory services of Securities America Advisors, Inc. and advisory services of Arbor Point Advisors, LLC collectively referred to as the "Companies." The Companies are owned by Securities America Financial Corporation. While each of the Companies operates as a separate entity they may share certain personnel and facilities in providing, as necessary and appropriate, administrative and support services for their respective clients. The Plan is designed to ensure that the Companies are prepared to continue providing service to our clients in the event that we experience a significant disruption of any kind to our business operations. The Plan addresses business disruptions of varying severity and scope at our headquarters; provides for frequent testing, testing in response to any material changes affecting our business and takes into consideration our critical third-party relationships.

As part of our Plan, we have developed a proprietary, geographically diverse back-up facility complete with space for key employees as well as telephones, computers, and other necessary hardware. This proprietary facility is located on a separate power grid from our headquarters and is serviced by a different power provider. It has local and long-distance telephone service providers that are distinct from those that service the Companies' headquarters.

What follows is a description of how the Companies intend to respond to the following four types of disruptions: (1) a firm-only disruption, (2) a disruption that affects a single building, (3) a disruption that affects the entire city or business district, and (4) a disruption that affects the entire Midwest region. We have also included information about how long we expect it would take us to recover from these disruptions.

#### **Firm-Only Disruptions**

To respond to a disruption that affects only the Companies or one of the companies individually, such as a computer virus, we have developed an emergency response/crisis management team. This team has successfully guided us through disruptions through the use of a crisis communications system and through procedures that address life, health, and safety issues; damage assessment; damage mitigation; personnel mobilization; and mission-critical systems. If this type of disruption takes place, we intend to restore all critical services within one day after the disruption occurs. However, in light of the various types of disruptions of this nature that could take place, it may take longer for us to resume operations in one or more services during any particular disruption.

#### **Disruptions that Affect a Single Building**

In the event of a disruption that affects the Companies' headquarters and data centers, such as a fire in the building, our Plan calls for a response involving multiple locations. We would resume critical services by moving key personnel to our Emergency Operations Center, and, to the extent necessary, to our back-up facility. Certain key personnel may also work remotely by connecting to the Companies' network from a remote location. In addition to relocating key personnel to back-up facilities, we would, if necessary, transfer responsibility for certain operations and support services to our offsite offices. We intend to resume operations in all of our critical service areas within one day after a disruption of this nature occurs. It may, however, take two to three days, or longer in some instances, to resume doing business in one or more critical service areas depending on the availability of data and applications from our data centers.

#### **Disruptions Affecting the Entire City or Business District**

If a disruption significant enough to affect the entire city or business district, such as a terrorist attack, cuts off access to the Companies' headquarters, under our Plan we would resume critical services at our



back-up facilities and certain of the Companies' offsite locations. As above, certain key employees would work remotely, and certain operations and support services would be handled by other of the Companies' offices. We intend to resume operations in all of our critical service areas within one day after a disruption of this nature occurs. It may, however, take three to four days, or longer in some instances, to recover depending on the availability of data and applications from our data center and on the availability of key employees.

#### **Disruptions Affecting the Entire Midwest Region**

In the event of a disruption that affects the entire Midwest region such as a regional power outage, we would resume critical service areas from back-up facilities and certain of the Companies' offsite locations. Although the Companies intend to resume operations within one day after the disruption occurs, one or more of our critical service areas may not be able to resume operations until the disruption is over.

In all of the situations described above, the Companies expect to continue doing business and expect to resume operations within the specified time frames. However, in the event that a business disruption results in a significant loss of life at our headquarters or otherwise results in our key employees being unavailable or unable to report to their designated back-up facility, the recovery times described above may be significantly increased. Furthermore, although we expect to continue operating regardless of the type of disruption, it is impossible to anticipate every scenario. It is, therefore, possible that a significant business disruption could result in the Companies deciding that we are unable to continue doing business. In those situations, our Plan provides procedures to help ensure that our customers have prompt access to their funds and securities.

#### **Client Access to Their Funds**

A site outage should not impact a client's ability to access their available funds, as the Plan is designed to ensure sustained service. As a general practice, the Companies do not hold customer funds or securities. Funds and securities are held either by the clearing firms at which the client's account is established or directly at the product sponsor. Since client funds and securities are not held at by the Companies, they remain accessible directly through the clearing firm or product sponsor, despite any site outage. Telephone numbers at which the client may reach the clearing firm or direct sponsor company that maintains custody of their account are listed in the client's account statements. Please note that a client's ability to trade securities may be impacted by market events outside our control, such as when the markets were closed following 9/11. Our Plan provides for necessary personnel being available to approve transactions that result in the disbursement of available funds.

#### **Communication with Regulators**

In the event of a business interruption that disables the home office communication systems, the Companies' Compliance Department(s) management staff all maintain back-up access to electronic data storage and reporting systems through multiple independently networked work sites, including wireless access. Moreover, the Companies' primary transaction reporting is done through third party market participants. With respect to business interruptions that may have a material impact on the liquidity of customer accounts, each company's Compliance Department would notify regulators as is appropriate under the then current circumstances.

We continue to devote substantial resources to the enhancement of our business continuity planning. We are continuing to assess how our Plan takes into consideration our critical third-party relationships; and ensure its coverage of all of the Companies' locations. We may enter into agreements with other firms to perform certain clearing services and administrative functions on our behalf in the event of a disruption, until we have the capability to resume performing those tasks.

The Companies' Plan is subject to modification. We will publish information regarding updates or modifications to the Plan on our website at <https://www.securitiesamerica.com>. Updated information about the Plan can be obtained by mailing a request for a written copy. All requests for updated information should be sent to the following address:

**Securities America, Inc. – ATTN: Paul Huerter**  
**12325 Port Grace Blvd.**  
**La Vista NE 68128**

### **RESOLVING DISPUTES - ARBITRATION**

This Agreement contains a pre-dispute arbitration clause. Under this clause, which becomes binding on all parties when you sign your account application, you, we, and The Clearing Firm agree as follows:

**A.** All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.

**B.** Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.

**C.** The ability of the parties to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings.

**D.** The arbitrators do not have to explain the reason(s) for their award, unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.

**E.** The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

**F.** The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.

**G.** The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

**You agree that all controversies that may arise between you, us, and The Clearing Firm concerning any subject matter, issue or circumstance whatsoever (including, but not limited to, controversies concerning any account, order, or transaction, or the continuation, performance, interpretation, or breach of this or any other agreement between you and us, whether entered into or arising before, on, or after the date this account is opened) shall be determined by arbitration in accordance with the rules then prevailing of the Financial Industry Regulatory Authority (FINRA) or any other United States securities self-regulatory organization or United States securities exchange of which the person, entity, or entities against whom the claim is made is a member, as you may designate. If you designate the rules of a United States self-regulatory organization or United States securities exchange and those rules fail to be applied for any reason, then you shall designate the prevailing rules of any other United States securities self-regulatory organization or United States securities exchange of which the person, entity or entities against whom the claim is made is a member. If you do not notify us in writing of your designation within five (5) days after such failure or after you receive from us a written demand for arbitration, then you authorize us or the Clearing Firm to make such designation on your behalf. The designation of the rules of a United States self-regulatory organization or United States securities exchange is not integral to the underlying agreement to arbitrate. You understand that judgment upon any arbitration award may be entered in any court of competent jurisdiction.**

**No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class action who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.**

**The following paragraphs apply uniquely to all activities in a brokerage account processed by The Clearing Firm**

#### **Core Account and Income Account**

Your brokerage account includes a core account investment vehicle ("Core Account") that is used for settling transactions and holding credit balances. You understand that by opening your account, you are authorizing us to use the following Core Account to invest your cash/credit balances for your brokerage account:

If your account is:

(i) A non-retirement account

(a) the Bank Deposit Sweep Program ("BD Program") (if otherwise eligible)

(b) the Federated Government Reserves Fund [GRFXX] – (if not otherwise eligible for the BD Program)

- (ii) A non-ERISA IRA or Keogh account – (advised)
  - (a) the Insured Cash Account Program (“IC Program”) - (if otherwise eligible)
  - (b) the Federated Treasury Obligations Fund [TOSXX] - (if not otherwise eligible for the IC Program)
- (iii) A non-ERISA IRA or Keogh account (not advised)
  - (a) the BD Program (if otherwise eligible)
  - (b) the Federated Government Reserves Fund [GRFXX] – (if not otherwise eligible for the BD Program)
- (iv) A retirement account (that is neither an IRA nor Keogh) – (advised)
  - (a) the BD Program (if otherwise eligible)
  - (b) the Federated Treasury Obligations Fund [TOSXX] - (if not otherwise eligible for the BD Program)
- (v) A retirement account (that is neither an IRA nor Keogh) - (not advised)
  - (a) the BD Program (if otherwise eligible)
  - (b) the Federated Government Reserves Fund [GRFXX] – (if not otherwise eligible for the BD Program)

If the above identified Core Account is unavailable, upon notice to you, you are authorizing us to invest your cash/credit balances for your brokerage account in an alternative Core Account. Different Core Accounts may have different rates of return and different terms and conditions such as FDIC insurance or SIPC protection. For more information on FDIC insurance, please consult [www.FDIC.gov](http://www.FDIC.gov). You acknowledge that you understand and have considered these differences when opening your account and authorizing the establishment of a Core Account.

If your core account investment vehicle is the IC Program or BD Program, your Representative will make available to you, as applicable, the IC Program or BD Program Disclosure Document describing the IC Program or BD Program terms and conditions. You understand you are responsible for reading the disclosure document. If your core account investment vehicle is a money market mutual fund we, the Clearing Firm or your Representative will provide the prospectus for that fund describing the product in detail, including its description of the fund, the fund's fees and charges, minimum investment amounts and the operation of the fund. You understand you are responsible for reading the fund prospectus.

If your core account investment vehicle is the IC Program or BD Program, you authorize us to withdraw cash from the IC Program or BD Program to satisfy any and all debits against your brokerage account. If your core account investment vehicle is a money market mutual fund, you authorize liquidating shares of the core account investment vehicle to satisfy any and all debits against your brokerage account.

You understand that securities held in your account (as opposed to the cash balance held in the IC Program or BD Program) are investment products and as such: (i) are not insured by the FDIC; (ii) carry no bank or government guarantees; and (iii) have associated risk. By investing in securities, you understand that you can lose your money, including the principal amount that you invested.

You understand that securities held at your Pershing (as well as funds held by Pershing and not at a bank) are covered by SIPC. Core account investment vehicle balances held at a bank that are eligible for FDIC insurance are not covered by SIPC. You understand that your cash balances, while held at Pershing (that are not in the IC Program or BD Program) are not FDIC insured, but are covered by SIPC.

If the core account investment vehicle designated in your account application becomes unavailable at any time, for any reason, you authorize us or the Clearing Firm to utilize an alternative core account investment vehicle. If your core account investment vehicle is the IC Program or BD Program, you authorize us or the clearing firm to utilize an alternative core account investment vehicle as is described in the IC Program or BD Program Disclosure Document provided to you. In this event, you understand and agree that you authorize us to place any or all of the credit balances in your account into the alternative core account investment vehicle.

Where permitted by applicable law, you hereby authorize us and/or Clearing Firm to change or replace the core account investment vehicle available to you. We will give you advance notice of any such change in the core account investment vehicle. Unless you notify us of an objection to any such change within 30 days of such notice, you authorize us to withdraw cash or redeem securities maintained in the prior core account investment vehicle and to invest or place the resulting proceeds in the

replacement core account investment vehicle. You understand that you will be bound by the terms and conditions, which may be amended from time to time upon notice to you, for the core account investment vehicle that is associated with your account. If your core account investment vehicle is the IC Program or BD Program, you will be bound by the terms and conditions, which may be amended from time to time upon notice to you, as described in the IC Program or BD Program Disclosure Document.

By signing the account application, you represent that you have read this Customer Agreement and the IC Program or BD Program Disclosure Document, as applicable, and understand, authorize and consent to us or the Clearing Firm changing your core account investment vehicle according to the terms and conditions of those documents, to another money market mutual fund, a free credit balance position (if applicable) or another cash investment vehicle, if available. You agree to hold us and the Clearing Firm or our agents harmless for any actions taken in connection with or resulting from changing your core account investment vehicle, including but not limited to, any changes in the rate of return offered by the alternative core account investment vehicle that we or our agents may select for you. You understand and agree that the new core account investment vehicle: (i) may not be a bank deposit sweep product, (ii) may not be eligible for FDIC insurance and (iii) may not provide the same interest rate and/or rate of return as your previous core account investment vehicle. In the event of such occurrence, you may contact us for information on any such core account investment vehicle.

### IC Program or BD Program and FDIC

Please refer to your IC Program or BD Program Disclosure Document for more information on FDIC insurance coverage. You may also contact your Representative with any questions you may have about the IC Program or BD Program. For more information on FDIC Insurance, please consult [www.fdic.gov](http://www.fdic.gov).

### Benefits of the IC Program and BD Program to Us and Others

The IC Program and BD Program create financial benefits for us, our affiliates and Pershing. Except with respect to advised retirement accounts, we will receive a fee from each Program Bank in connection with the BD Program. We will also pay a fee to Pershing. In the IC Program, each month, a level administrative fee is applied to advised non-ERISA IRA and Keogh accounts using the IC Program as the core account investment vehicle. The level account fee is predetermined by formula, as stated in the IC Program Disclosure Document, and we cannot earn income in excess of the stated level account fee. The aggregate interest generated by Program Banks participating in the IC Program is used to pay the level account fee for each individual client and to pay any third-party vendor fees. All interest left over after these payments is then credited to client accounts participating in the IC Program. A detailed explanation of the method for calculating interest and fees is available in the IC Program Disclosure Document, as provided to you, and as available on the Investors section of the [securitiesamerica.com](http://securitiesamerica.com) website. The revenue generated may be greater than revenues generated by sweep options at other brokerage firms, and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may consider using in the future. SAI and any Program Banks who are affiliated with it may receive additional benefits under the Programs. SAI will disclose on its list of Program Banks maintained at [www.securitiesamerica.com](http://www.securitiesamerica.com) any Program Banks with which it is affiliated.

### SIPC Account Protection

The securities in your account are protected in accordance with the Securities Investor Protection Corporation (SIPC) for up to \$500,000 including up to \$250,000 protection for claims for cash, subject to periodic adjustments for inflation in accordance with the terms of the SIPC statute and approval by SIPC's Board of Directors. The Clearing Firm also has arranged for additional coverage above these limits. Neither coverage protects against a decline in the value of your securities, nor does either coverage extend to certain securities that are considered ineligible for coverage.

For more details on SIPC, or to request a SIPC brochure, visit [www.sipc.org](http://www.sipc.org) or call 1-202-371-8300.

### Transferring Money Electronically

Options for transferring cash in and out of your core account electronically include wires, which use the Federal Reserve wire system, and Electronic Funds Transfer (EFT), which work like an electronic check. These features

are optional and require separate instructions from you, which we will relay to The Clearing Firm.

#### **Margin Account (Requires Separate Application)**

A margin account lets you borrow money from The Clearing Firm, using as collateral eligible securities that are in your account. A margin account is designed primarily to finance additional purchases of securities, although it can also provide overdraft protection for your cash management activities. Consult your Representative for information on how to establish margin and the benefits and risks it offers.

#### **Applicable Rules and Regulations**

All transactions through the Clearing Firm are subject to the rules, guidelines, and customs of the marketplace where they are executed, and those of any clearing facility the Clearing Firm may use, as well as applicable state and federal laws and any trading policies and limitations of the Clearing Firm that are in effect at the time.

#### **Dividend Reinvestment Program**

In addition to reinvestment of mutual fund dividends, reinvestment of dividends from eligible equities and closed-end funds is an option for most accounts, including retirement accounts and those with margin. You can choose to have the service apply to all eligible securities in your account, or only to certain ones, although during the time when a security is enrolled for reinvestment, all of that security's eligible distributions must be reinvested through this service. With certain securities (such as mutual funds), the reinvestment options available in this account may be different than those you would have if you were to invest directly with the issuer.

With this feature, all dividends paid by securities that you designate for reinvestment are automatically reinvested in additional shares of the same security. ("Dividends" here means cash dividends and capital gain distributions, but not cash-in-lieu payments, late ex-dividend payments, and special dividend payments.) In designating any security for reinvestment, you authorize The Clearing Firm to purchase shares of that security for your account.

To be eligible for this feature, a security must satisfy all of the following:

- Be a closed-end fund, domestic common stock, or ADR.
- Be eligible for dividend reinvestment (as defined by The Clearing Firm).
- Be held in street name by The Clearing Firm (or at a securities depository on its behalf) on the dividend record date.
- Not be held as a short position.
- Not be involved in a corporate reorganization or other corporate action.

The Clearing Firm can, without prior notification, choose to make a security eligible or ineligible for reinvestment. Clients cannot add any additional cash or use dividends from other securities to purchase additional shares under the program.

If you designate securities on an account-wide basis, any ineligible securities you own will automatically be designated if and when they become eligible.

#### **Dividend Reinvestment Program – Share Purchase and Allocation**

For issues that have four business days or more between the record date and the payable date, you must hold the position on the record date and continue to hold the position until at least four business days prior to the payable date in order for dividends to be reinvested. Your account will be credited the amount of the cash distribution, debited any fees and taxes that may be withheld, debited the amount equal to the cost of the whole and fractional shares purchased, and subsequently allocated the appropriate number of reinvested shares.

For issues that have less than four business days between the record date and the payable date, The Clearing Firm will attempt to purchase the reinvestment shares on the first trading day after the record date. On the settlement date, your account will be credited the amount of the cash distribution, debited any fees and taxes that may be withheld, debited the amount equal to the cost of the whole and fractional shares purchased, and subsequently allocated the appropriate number of reinvested shares.

Although for dividend reinvestments your regular account statement takes the place of a confirmation, you can obtain immediate information the day after the reinvestment date by contacting your Representative.

If you transfer or reregister your account (for example, by changing from individual to joint registration), you need to re-designate any securities whose dividends you want reinvested.

To remove securities from the dividend reinvestment service, notify us in writing or by telephone during normal business hours. We must receive your notification one business day before the record date (or, if the record date is not a business day, then two business days before the record date).

Note that dividend reinvestment does not assure a profit on your investments and does not protect against loss in declining markets.

A \$1 fee is charged per position for each event. A \$4.00 minimum dividend is required for reinvestment; dividends of less than \$4.00 are issued in cash. The fee charged is determined by the Clearing Firm or us and may change at any time without notice to you. To learn more, speak to your Representative.

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## **POLICIES ON TRANSACTIONS IN BROKERAGE ACCOUNTS**

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### **Credits to Your Account**

Any new deposits (including checks) and any proceeds from transactions are credited promptly to your core account.

If you have a money market fund for your core account investment vehicle, all core account credits will be swept automatically into that fund — daily for amounts of \$1.00 or more, weekly for lesser amounts. All money market investments must meet the fund's investment minimums. If you have a money market as your core account investment vehicle, amounts held earn dividends, as described in the applicable fund's prospectus. If in the future you have a different money market fund for your core account investment vehicle, these provisions will still apply.

If you have the IC Program or BD Program as your core account investment vehicle, your core account credits (which are considered cash balances awaiting reinvestment) will be moved each day to the applicable IC Program or BD Program. Money in the IC Program or BD Program earns interest as described in the applicable IC Program or BD Program Disclosure Document.

Note that while incoming checks and electronic funds transfers (EFT's) will begin to earn dividends or interest upon deposit, you may have to wait up to eight business days before being able to draw on the proceeds (regardless of your core account investment vehicle).

### **Debits to Your Account**

All debits are accumulated daily to your account and are paid to the extent that sufficient funds are available. As an account owner, you are responsible for satisfying all debits on your account, including any debt still owed after all assets have been removed from an account, any interest (at prevailing margin rates) that has accrued on that debt, any late charges arising from your failure to pay for securities transactions in full by the settlement date, and any costs (such as legal fees) that we or The Clearing Firm incur in collecting the debt.

When multiple debit items become payable at the same time, these items will be paid in the following order:

- Securities transactions (including any margin calls) and any account fees.
- Debit card transactions.
- Checks written against your account.

When settling debits against your account, it is The Clearing Firm's policy to turn to the following sources (collectively called your "available balance"), in this order:

- Any cash available in your account without incurring margin interest charges (including core account balances).
- If you have a margin account, any margin credit available.

If necessary, we may turn to the following additional sources to settle a debit involving a securities transaction:

- Any shares in another money market fund, including any in another non-retirement account with the same registration (which you authorize us to sell for this purpose when you sign the application).
- Any securities in this or any other account furnished by us in which you have an interest.

Note that in some cases, delays in data transmission between financial institutions could mean that a credit actually received on a given business day may not be reflected in your available balance until the following business day.

Interest on any margin debt will accrue beginning the day credit is extended and is subject to the terms of the Margin Agreement. Money market fund shares used to pay debits are redeemed at the Net Asset Value (NAV) in effect at the time (typically \$1.00). For disclosures

concerning money market funds, see “Money Market Fund Investments” later in this agreement.

### **Resolving Unpaid Debts or Other Obligations**

You will maintain enough assets in your account to satisfy all obligations as they become due, and you authorize us or the Clearing Firm to take whatever steps we or the Clearing Firm may consider necessary to resolve unpaid debts or other obligations.

If your available balance is not sufficient to satisfy any debt or obligation, we and the Clearing Firm reserve the right to take action as we see fit, including any of the following:

- Decline to honor the debit, which may result in fees (such as a returned check fee) or other consequences for you.
- If you have a margin account and the unsatisfied debit is for a securities purchase, you authorize us to draw on any available assets in any account you maintain with us as otherwise authorized by law.

If you have a margin account, we or the Clearing Firm may transfer to that account any unresolved debit from other accounts you maintain with us.

Note that at any time, we or the Clearing Firm may reduce your available balance based on obligations that have been incurred but not yet debited.

It is important to understand that we and the Clearing Firm have additional choices for resolving unsatisfied obligations. Like many other securities brokers, we and the Clearing Firm reserve the right to sell, transfer, or otherwise use any assets or other property in which you have an interest — either currently or at any other time — to discharge any obligations you may have to us or the Clearing Firm (including un-matured and contingent obligations), and to do so without further notice or demand. For example, if you have bought securities but not paid for them, we or the Clearing Firm may sell them ourselves and use the proceeds to settle the purchase.

We or the Clearing Firm may also use property to satisfy a margin deficiency or other obligation, whether or not we or the Clearing Firm have made advances in connection with this property. This provision extends to any property held by you or carried for any account of yours, including any credit balances, assets, and contracts, as well as shares of any mutual funds or other investment companies for which we, the Clearing Firm, or an affiliate of either one provides management or administrative services. Although we or the Clearing Firm may use other methods when we determine they may be more appropriate, we or the Clearing Firm reserve the right to use the provisions described in this section at any time, except in cases involving retirement accounts when these provisions would conflict with the Employee Retirement Income Security Act of 1974 (“ERISA”) or the Internal Revenue Code of 1986, both as amended.

In the event funds or securities are deposited to your account due to an error by us or the Clearing Firm, we reserve the right to debit your account for any such assets. If such funds or securities are subsequently removed by you from your account, we reserve the right to take any action necessary, including legal action, to retrieve assets to which you were not entitled.

### **Transaction Settlement Deadlines**

Unless notified to the contrary, you need to pay for all transactions by 2:00 p.m. Eastern Time on the settlement date and deliver all securities in time for us to receive them one business day before the settlement date. We and the Clearing Firm reserve the right to cancel or liquidate, at your risk, any transaction not settled in a timely way.

### **Interest Charges in Cash Accounts**

As an introducing broker/dealer we do not extend credit to customers in connection with the purchase of securities. Any extension of credit for such purposes must be done pursuant to a margin agreement with the Clearing Firm. In the event you create a debit balance in a cash account from failure to make payment in full for securities purchased by settlement date, from failure to timely deliver securities sold, from proceeds of sales paid prior to settlement date or for other charges which may be incurred in your account, we reserve the right to charge you interest on such debits until satisfied by you.

Cash accounts with debit balances may be subject to interest charges of up to 3.00 percentage points above the Pershing Base Lending Rate (PBLR).

For cash accounts, interest on debit balances is computed using the average daily debit balance of the account and the applicable interest rate in effect to determine the amount of interest charged per day. This amount is then multiplied by the number of days a daily debit balance was maintained during the interest period. Interest charged during the interest period is the total of such daily computations.

The rate of interest charged to your account will be changed without notice in accordance with changes in the PBLR and in your average debit balance. Your monthly or quarterly statement will show this dollar amount of interest and the interest rate charged to your account.

### **Restricted Securities**

You agree to comply with all applicable laws and regulations concerning trading in restricted securities and securities of issuers of whom you are an affiliate.

### **Bank Wires and Electronic Fund Transfers (“EFT”) Transactions**

Bank wire transactions are normally executed the business day after you request them. A wire normally may be for between \$10,000 and \$999,999.

EFT transactions are normally executed within three to seven business days of your request. An EFT transfer may be for between \$10 and \$99,999. The two accounts involved in an EFT transaction must have at least one owner’s name in common (and that name must match exactly). To send and receive EFT transactions, your bank must be a member of the Automated Clearing House (“ACH”) system.

For EFT transactions, you hereby grant us limited power of attorney for purposes of redeeming any shares in your accounts (with the right to make any necessary substitutions) and direct us to accept any orders to make payments to an authorized bank account and to fulfill these orders through the redemption of shares in your account. You agree that the above appointments and authorizations will continue until either the account is terminated, we receive written notice of any change, or we have sent 30 day’s written notice to your account’s address of record indicating that we will cease to act as agents to the above appointments.

### **Non-Transferable Securities**

In the event that any securities in your account become non-transferable, the Clearing Firm may remove them from your account without further notice. Non-transferable securities are those where transfer agent services have not been available for six or more years. A lack of transfer agent services may be due to a number of reasons, including that the issuer of such securities may no longer be in business and may even be insolvent.

Please note the following:

- There are no known markets for these securities.
- We are unable to deliver certificates to you representing these positions.
- These transactions will not appear on Form 1099 or any other tax reporting form.
- The removal of the position will not be reported as a taxable distribution and any reinstatement of the position will not be reported as a contribution.
- If transfer agent services become available sometime in the future, the Clearing Firm will use its best efforts to have the position reinstated in your account.
- Positions removed from your account will appear on your next available account statement following such removal as an “Expired” transaction.

By opening and maintaining an account with us, you consent to our actions as we have described them above, and you waive any claims against us arising out of such actions. You also understand that we do not provide tax advice concerning your account or any securities that may be the subject of removal from or reinstatement into your account and you agree to consult with your own tax advisor concerning any tax implications that may arise as a result of any of these circumstances.

## **NOTICES AND DISCLOSURES**

### **Brokerage Account Administration**

Financial Industry Regulatory Authority (FINRA) Rule 4311 requires that we identify the various account administrative functions that we and the Clearing Firm each agree to perform. Below is a summary of this information; for a more complete description, contact us.

As your broker/dealer, we will:

- open, approve, and monitor your brokerage account.
- transmit accurate, timely instructions to the Clearing Firm regarding your brokerage account. We reserve the right to refuse any orders and you will not hold us liable for any loss you incur due to our refusal to permit any transactions.

- determine the suitability of any investment recommendations and advice made by a duly authorized representative.
- operate your brokerage account in compliance with applicable laws and regulations.
- if you have a margin account, advise you of margin requirements and ensure that your account remains in compliance with all applicable federal, industry, and the Clearing Firm margin requirements.

maintain proper books and records of all services we perform for you  
At our direction, the Clearing Firm will:

- Execute, clear, and settle transactions that we process through them.
- Send you transaction confirmations and periodic brokerage account statements, if we don't do this ourselves.
- Act as custodian for all funds and securities they receive on your behalf.
- Carry out our instructions regarding the transactions, and the receipt and delivery of securities, on your brokerage account.
- Extend margin credit, if you have applied, and been approved, for margin borrowing.
- Maintain proper books and records of all services they perform in connection with your account.

Note that the Clearing Firm may not have verified certain pricing information that we or third parties provide to you.

For more information on the allocation of services, you may speak with your Representative or contact us.

### **Choice of Marketplace and Routing of Brokerage Account Orders**

When securities may be traded in more than one marketplace, the Clearing Firm may use its discretion in selecting the market in which to place your order.

Brokerage orders (including those generated by reinvested dividends) are routed through the Clearing Firm, who in turn sends orders to various exchanges or market centers for execution. In deciding where to send an order, the Clearing Firm 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. Although you can give instructions with a written order (though not an order placed through any telephone, electronic, or online trading system) that the order be sent to a particular marketplace, the Clearing Firm's order-routing policies are designed to result in transaction processing that is favorable for you.

Note that we and the Clearing Firm may receive monetary payments or other consideration (such as financial credits or reciprocal business) for directing equity trades to particular broker/dealers or market centers for execution.

### **Money Market Fund Investments**

An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other U.S. government agency. Although a money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.