



1101 Pennsylvania Avenue  
Suite #600  
Washington, D.C. 20004  
(800) 776-1018  
(704) 243-5201  
(704) 749-2440 Fax

Thank you for opening a new account with Trade Wall Street Financial. Your account will be setup once the following 4 items have been completed.

### **STEP 1-COMplete THE ATTACHED PAPERWORK**

### **STEP 2-MAKE A COPY OF YOUR PICTURE ID**

To help the government fight the funding of terrorism and money laundering activities, federal law (the US Patriot Act) requires all brokerage firms to obtain, verify and record information that identifies each person who opens an account and the source of initial funds. Please make a copy of one of the following:

Driver's License	Passport
Military Identification Card	State Identification Card
National Identification Card	Other Government Identification

### **STEP 3-SEND US YOUR ACCOUNT PAPERWORK**

To expedite, please send the paperwork in any of the manners below (Fax/email preferred):

Fax 704-749-2440

email [autotrade@tradewallstreet.com](mailto:autotrade@tradewallstreet.com)

Mail

Trade Wall Street Financial  
1101 Pennsylvania Avenue  
Suite #600  
Washington, D.C. 20004

### **STEP 4-FUND YOUR ACCOUNT**

#### **Check Instructions:**

All Checks must be made payable to our clearing firm **Penson Financial Services, Inc.** Please note that we do not accept any third party or Cashier Checks

**Wiring Instructions:** Please provide these instructions to your bank once you have an account number.

JP Morgan Chase Bank

ABA # 021000021

A/C Name: Penson Financial Services, Inc.

A/C # 066-6-00030

FFC (For Further Credit to): Your account name; Your TWS Account #

**ACH (Electronic Transfer of funds):** This will allow you to transfer money into and out of your Trade Wall Street Financial account via your Checking or Savings Account. There is no charge for this service.

**Account Transfer Form(ACAT):** This will allow you to transfer your current account at another brokerage firm to Trade Wall Street Financial. Complete the Account Transfer form and provide a copy of your most recent brokerage statement. Please note that account transfers usually are completed within 5-10 business days.

**Stock Certificates:** Endorse your securities by appointing Penson Financial Services, Inc. as attorney and signing your name exactly as it appears on the face of the certificate(s).

If you have any questions, please let us know.

Regards,

Trade Wall Street Financial  
[www.tradewallstreet.com](http://www.tradewallstreet.com)

**REQUIRED DOCUMENT**



**Penson Financial Services  
New Account Approval Form**

Account Number: \_\_\_\_\_

Cash \_\_\_\_\_ Mgn. \_\_\_\_\_ Short \_\_\_\_\_ Optn. \_\_\_\_\_ IRA \_\_\_\_\_ Office Code: \_\_\_\_\_ RR# \_\_\_\_\_ Acct. Open Date: \_\_\_\_\_

Is this account for a Foreign Bank?  YES /  NO. If yes, please list U.S. agent for service of process: \_\_\_\_\_

**Name of Primary Account Holder or Title of Account:** \_\_\_\_\_  
(Write name exactly as it appears on Social Security Card or Fed ID Registration)

**Name of Secondary Acct. Holder:** \_\_\_\_\_

**Primary Account Holder Information:**

SSN, Fed ID, Cedula, NIT#:	Home Telephone:
Residential Address: (No PO Boxes)	
City, State, Zip:	
Mailing Address (if different):	
City, State, Zip:	Drivers License # :
Employer's Name:	Occupation:
Employer's Address	Employer's Telephone:
City, State, Zip:	
Email Address:	Date of Birth:
Associated person of a Broker?	Yes <input type="checkbox"/> / No <input type="checkbox"/> (If Yes, please name):

**Secondary Account Holder Information (If Joint Acct.):**  YES /  NO – Is Secondary Account holder the Spouse of Primary Account Holder?

SSN, Fed ID, Cedula, NIT#:	Home Telephone:
Residential Address: (No PO Boxes)	
City, State, Zip:	
Mailing Address (if different):	
City, State, Zip:	Drivers License # :
Employer's Name:	Occupation:
Employer's Address	Employer's Telephone:
City, State, Zip:	
Email Address:	Date of Birth:
Associated person of a Broker?	Yes <input type="checkbox"/> / No <input type="checkbox"/> (If Yes, please name):

**Citizenship Information:**

**Primary:**

Are you a U.S. Citizen? Yes <input type="checkbox"/> / No <input type="checkbox"/>
Resident Alien? Yes <input type="checkbox"/> / No <input type="checkbox"/> Country of Birth _____
Non-Resident Alien? Yes <input type="checkbox"/> / No <input type="checkbox"/> Country Residing In: _____

**Secondary:**

Are you a U.S. Citizen? Yes <input type="checkbox"/> / No <input type="checkbox"/>
Resident Alien? Yes <input type="checkbox"/> / No <input type="checkbox"/> Country of Birth _____
Non-Resident Alien? Yes <input type="checkbox"/> / No <input type="checkbox"/> Country Residing In: _____

**Investment Objectives:** (\* If more than one, please rank 1-8)

<input type="checkbox"/> Long term growth with safety (long term capital appreciation with relative safety of principal)	A
<input type="checkbox"/> Short term growth with high risk (Appreciation with acceptance of high risk)	B
<input type="checkbox"/> Speculative (want increase in value of investments – High Risk)	C
<input type="checkbox"/> Income (want to use proceeds of the acct. as a source of income)	H
<input type="checkbox"/> Growth and Income (preserve capital as much as possible)	I
<input type="checkbox"/> Long term growth with greater risk – Aggressive Growth (trade volatile securities that have wide changes in price)	J
<input type="checkbox"/> Balanced (Diversification of asset classes for equal blend of income and long-term growth)	M
<input type="checkbox"/> Capital Appreciation (High Risk, capital growth invested primarily in stocks and options)	N

**Tax Information:**

# Of Dependents:	
Tax Status:	_____ %
Initial Deposit:	\$ _____
Initial Transaction:	

Marital Status: <input type="checkbox"/> S / <input type="checkbox"/> M / <input type="checkbox"/> D / <input type="checkbox"/> W
---

**Signature: Primary** \_\_\_\_\_ **Secondary** \_\_\_\_\_

**REQUIRED DOCUMENT**



**Penison Financial Services  
New Account Approval Form**

Account Number: \_\_\_\_\_

Cash \_\_\_\_\_ Mgn. \_\_\_\_\_ Short \_\_\_\_\_ Optn. \_\_\_\_\_ IRA \_\_\_\_\_ Office Code: \_\_\_\_\_ RR# \_\_\_\_\_ Acct. Open Date: \_\_\_\_\_

**Client Information:**

How long has account holder known the Broker?
Who were you introduced by?
Is account holder a control person? (Officer, Director or 10% stock owner) <input type="checkbox"/> Yes / <input type="checkbox"/> No
If Yes, Please list the company(s) controlled & position:
Is client an employee of Insurance Co., Bank, Fund, Securities firm or Investment Advisor? <input type="checkbox"/> Yes / <input type="checkbox"/> No

**Net Worth:**

Income:		(Excluding Primary Residence)		Liquid Net Worth:		Payment Instructions:			
<input type="checkbox"/>	\$0 - 24,999	<input type="checkbox"/>	\$0 - 25,000	<input type="checkbox"/>	\$0 - 25,000	A	Securities:	Money	Dividends
<input type="checkbox"/>	\$25,000 - 39,999	<input type="checkbox"/>	\$25,000 - 39,999	<input type="checkbox"/>	\$25,000 - 39,999	B	<input type="checkbox"/> Transfer & Ship (1)	<input type="checkbox"/> Pay (1)	<input type="checkbox"/> Pay Weekly (1)
<input type="checkbox"/>	\$40,000 - 64,999	<input type="checkbox"/>	\$40,000 - 64,999	<input type="checkbox"/>	\$40,000 - 64,999	C	<input type="checkbox"/> Hold St. Name (2)	<input type="checkbox"/> Hold (7)	<input type="checkbox"/> Pay Monthly (1)
<input type="checkbox"/>	\$65,000 - 124,999	<input type="checkbox"/>	\$65,000 - 124,999	<input type="checkbox"/>	\$65,000 - 124,999	D			<input type="checkbox"/> Hold (4)
<input type="checkbox"/>	\$125,000 - 249,999	<input type="checkbox"/>	\$125,000 - 249,999	<input type="checkbox"/>	\$125,000 - 249,999	E			
<input type="checkbox"/>	\$250,000 - \$499,999	<input type="checkbox"/>	\$250,000 - \$499,999	<input type="checkbox"/>	\$250,000 - \$499,999	F	Principal & Maturity: <input type="checkbox"/> Credit to Account	<input type="checkbox"/> Send Payment	
<input type="checkbox"/>	\$500,000 - \$999,999	<input type="checkbox"/>	\$500,000 - \$999,999	<input type="checkbox"/>	\$500,000 - \$999,999	G	Process checks: <input type="checkbox"/> Monthly <input type="checkbox"/> Weekly		
<input type="checkbox"/>	\$1,000,000 - Over	<input type="checkbox"/>	\$1,000,000 - Over	<input type="checkbox"/>	\$1,000,000 - Over	H	Money Market Sweeps: <input type="checkbox"/> Yes / <input type="checkbox"/> No - If Yes, List Fund:		

**Investment Experience:**

	Yrs.	Avg. Size	Avg. # P/Yr.
Options:			
Stocks:			
Bonds:			
Commodities:			
Other (specify):			

**Type of Registration:**

<input type="checkbox"/> Individual / <input type="checkbox"/> Joint Community Property / <input type="checkbox"/> Payable on Death (Individual)
<input type="checkbox"/> Joint Tenants In Entirety / <input type="checkbox"/> Joint with Rights of Survivorship (except in LA) / <input type="checkbox"/> Joint Tenants In Common
<input type="checkbox"/> Joint with Rights of Survivorship & Payable on Death (except in LA) / <input type="checkbox"/> Transfer on Death
<input type="checkbox"/> UGMA/ <input type="checkbox"/> UTMA (Provide DOB & SSN for minor): SSN _____ DOB _____
<input type="checkbox"/> Retirement Account - Type: _____ / <input type="checkbox"/> Foreign Non-Resident Alien / <input type="checkbox"/> Resident Alien
<input type="checkbox"/> Other (Circle): Corporate, LLC, Trust, Partnership, Estate, Non-Profit, Sole Proprietorship, Investment Club.

**Credit References:**

Bank:
Branch:
Type of Acct.:
Broker:

**Duplicate Confirmations:**

Please send Duplicate confirms to the following address:

**Authorized Person:**

If a person, other than the primary and/or secondary account holder will be operating this account, list Name, Address, ID# & Employer:
<b>Is this a Discretionary account? Yes No (Circle One)</b>

**Customer and Authorized Person's Signature:**

Primary Account Holder: \_\_\_\_\_ Date: \_\_\_\_\_

Secondary Account Holder: \_\_\_\_\_ Date: \_\_\_\_\_

Authorized Person (if Applicable): \_\_\_\_\_ Date: \_\_\_\_\_

**Broker Use Only:**

Registered Rep Signature:	
Branch Manager Signature:	
Designated Officer Signature:	

**Daytrading:**

Approved for Day Trading Strategy? <input type="checkbox"/> YES / <input type="checkbox"/> NO
Was Daytrading Risk Disclosure Statement Delivered? <input type="checkbox"/> YES / <input type="checkbox"/> NO
Date Daytrading Disclosure was delivered:

**PENSON FINANCIAL SERVICES, INC.  
AND/OR BROKER DEALERS  
FOR WHICH IT CLEARS**

**CUSTOMER ACCOUNT AGREEMENT**

<b>Account Number:</b>	<b>Full Name and Address on Account</b>	<b>Social Security Number / Employment Identification Number</b>

**The TIN provided must match the name given to avoid backup withholding.**

**CERTIFICATION OF TAXPAYER ID NUMBER (SUBSTITUTE W-9)**

*(Please skip this section if you are not a U.S. Person for Tax Purposes)*

Check appropriate box(es):    Individual/Sole Proprietor    Corporation    Partnership    Other \_\_\_\_\_    Exempt from Backup Withholding

Under penalty of perjury I certify that:

(1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me) **and**

(2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding (does not apply to real estate transactions, mortgage interest paid, the acquisition or abandonment of secured property, contributions to an individual retirement account (IRA), and payments other than interest and dividends).

(3) I am a U.S. person (including a U.S. resident alien).

**Certification Instructions** --You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**DISCLOSURE OF NAME/ADDRESS ON SECURITIES YOU OWN**

Under rule 14b-1(c) of the Securities Exchange Act, we are required to disclose to an issuer the name, address, and securities position of our customers who are beneficial owners of that issuer's securities unless the customer objects. Please check below if you do not want your ownership disclosed. By not checking below, you acknowledge that your ownership information may be transmitted to a third party for the processing and reporting of such information.

\_\_\_\_\_ I object to the disclosure of such information

**AUTHORIZATION TO EARN INTEREST ON FUNDS AWAITING INVESTMENT**

This is to confirm my intention to reinvest cash credit balances held by you in my name, and I further confirm that this cash credit balance is being maintained with you solely for the purpose of reinvestment. I understand that cash balances of up to \$100,000 are protected by the Securities Investor Protection Corporation (SIPC).

**BY SIGNING BELOW, THE UNDERSIGNED AGREES TO ALL TERMS OF THE CUSTOMER AGREEMENT PRINTED ON THIS SIDE AND THE REVERSE OF THIS DOCUMENT. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF A COPY OF THIS AGREEMENT, THE INFORMATION BROCHURE PREPARED BY PENSON FINANCIAL SERVICES, INC., AND PENSON'S PRIVACY POLICY. THE UNDERSIGNED CERTIFIES THAT THE UNDERSIGNED HAS READ AND UNDERSTANDS ALL PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT BENEFITS PENSON FINANCIAL SERVICES, INC., INTRODUCING BROKERS FOR WHICH IT CLEARS AND PERSONS RELATED TO EACH OF THE FOREGOING. THE REVERSE SIDE OF THIS AGREEMENT, PARAGRAPH 8, CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE.**

**Important information about procedures for opening a new account:** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. **What this means to you:** when you open an account, we will ask for your name address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Date of Delivery of Privacy Policy: \_\_\_\_\_

**For use by entity accounts only (i.e. corporations, partnerships, trusts):**

**For Use by Individuals, including joint accounts:**

Signature: \_\_\_\_\_

Is this account for a foreign bank?    Yes    No – If Yes, please list Agent for service of process: \_\_\_\_\_

Print Name: \_\_\_\_\_

Is this account for a foreign shell bank?    Yes    No.

Signature (Second Party, If Joint Account): \_\_\_\_\_

Does this firm offer services to a foreign shell bank?    Yes    No

Print Name: \_\_\_\_\_

**If you answered yes to any of the above questions, Corporation will need to complete Certification Regarding Correspondent Accounts.**

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

**1. Applicable Rules and Regulations.** All transactions shall be subject to the constitution, rules, regulations, customs and usages of the exchange or market and its clearing house, if any, upon which such transactions are executed, except as otherwise specifically provided in this Agreement.

**2. Definitions.** "Introducing broker" means any brokerage firm which introduces securities transactions on behalf of the undersigned, which transactions are cleared through you, whether one or more. "Obligations" means all indebtedness, debit balances, liabilities or other obligations of any kind of the undersigned to you, whether now existing or hereafter arising. "Securities and other property" shall include, but shall not be limited to, money, securities, commodities or other property of every kind and nature and all contracts and options relating thereto, whether for present or future delivery. "You" or "your" refers to Penson Financial Services, Inc.

**3. Breach; Security Interest.** Whenever in your discretion you consider it necessary for your protection, or for the protection of the undersigned's introducing firm or in the event of, but not limited to; (i) any breach by the undersigned of this or any other agreement with you or (ii) the undersigned's failure to pay for securities and other property purchased or to deliver securities and other property sold, you may sell any or all securities and other property held in any of the undersigned's accounts (either individually or jointly with others), cancel or

complete any open orders for the purchase or sale of any securities and other property, and/or borrow or buy-in any securities and other property required to make delivery against any sale, including a short sale, effected for the undersigned, all without demand for deposit of collateral, other notice of sale or purchase, or other notice or advertisement, each of which is expressly waived by the undersigned, and/or you may require the undersigned to deposit cash or adequate collateral to the undersigned's account prior to any settlement date in order to assure the performance or payment of any open contractual commitments and/or unsettled transactions. Any and all securities and other property belonging to the undersigned or in which the undersigned may have an interest held by you or carried in any of the undersigned's accounts with you (either individually or jointly with others) shall be subject to a first and prior security interest and lien for the discharge of the undersigned's obligations to you, wherever or however arising and without regard to whether or not you have made advances with respect to such securities and other property, and you are hereby authorized to sell and/or purchase any and all securities and other property in any of the undersigned's accounts, and/or to transfer any such securities and other property among any of the undersigned's accounts to the fullest extent of the law and without notice where allowed. The costs and expenses of collection of the debit balance and any unpaid deficiency in the accounts of the undersigned with you, including but not limited to reasonable attorneys' fees and expenses, incurred and payable or paid by you shall be payable to you by the undersigned.

**4. Cancellation.** You are authorized, in your discretion, should you for any reason whatsoever deem it necessary for your protection, without notice, to cancel any outstanding order, to close out the accounts of the undersigned, in whole or in part, or to close out any commitment made on behalf of the undersigned.

**5. Payment of Indebtedness Upon Demand.** The undersigned shall at all times be liable for the payment upon demand of any obligations owing from the undersigned to you, and the undersigned shall be liable to you for any deficiency remaining in any such accounts in the event of the liquidation thereof (as contemplated in Paragraph 3 of this Agreement or otherwise), in whole or in part, by you or by the undersigned; and the undersigned shall make payment of such obligations upon demand. If Customer also holds a futures account with Penson GHCO ("PGHCO"), Customer hereby authorizes Penson, without prior notice, to transfer from any account held with Penson to any account held with PGHCO, any assets that PGHCO represents to Penson are reasonably required to avoid the calling of margins for such PGHCO account or the payment of any obligations owed Penson by Customer. Customer also authorizes Penson to request from PGHCO assets held by PGHCO that in Penson's judgment may be reasonably required to avoid the calling of margins for a Penson account or the payment of any obligations owed Penson by Customer.

**6. Accounts Carried as Clearing Broker.** The undersigned understands that you are carrying the accounts of the undersigned as clearing broker by arrangement with the undersigned's introducing broker through whose courtesy the account of the undersigned has been introduced to you. Until receipt from the undersigned of written notice to the contrary, you may accept from and rely upon the undersigned's introducing broker for (a) orders for the purchase or sale in said account of securities and other property, and (b) any other instructions concerning the undersigned's accounts. The undersigned represents that the undersigned understands that you act only to clear trades introduced by the undersigned's introducing broker and to effect other back office functions for the undersigned's introducing broker. The undersigned confirms to you that the undersigned is relying for any advice concerning the undersigned's accounts solely on the undersigned's introducing broker. The undersigned understands that all representatives, employees and other agents with whom the undersigned communicates concerning the undersigned's account are agents of the introducing broker, and not your representatives, employees or other agents. The undersigned understands that you are not a principal of or partner with, and do not control in any way, the introducing broker or its representatives, employees or other agents. The undersigned understands that you will not review the undersigned's accounts and will have no responsibility for trades made in the undersigned's accounts. You shall not be responsible or liable for any acts or omissions of the introducing broker or its representatives, employees or other agents. Notwithstanding the foregoing, in the event that the undersigned initiates a claim against you in your capacity as clearing broker and does not prevail, the undersigned shall be responsible for the costs and expenses associated with your defense of such claim.

**6A. Accounts Carried as Custodian.** In some cases the undersigned's account is being carried by arrangement with the undersigned's Investment Advisor or Investment Manager, who uses Penson as their Broker-Dealer custodian. The undersigned acknowledges that Penson's role as custodian is to hold or custody account assets, distribute or collect funds on behalf of the undersigned's account, execute and clear trades under instruction of the undersigned's Investment Advisor or Investment Manager, generate account statements and provide other custodial services as may be mandated by various regulatory standards and requirements. The undersigned understands that in the capacity as custodian, you will not offer investment advice, review the undersigned's accounts, and will have no responsibility for trades made in the undersigned's accounts. Additionally, in your capacity as custodian, you will not verify the accuracy of management fees that the undersigned's pays to Investment Advisors or Investment Managers pursuant to the terms of the Investment Management Agreement executed between the undersigned and the Investment Advisor or Investment Manager. Notwithstanding the foregoing, in the event that the undersigned initiates a claim against you in your capacity as custodial broker and does not prevail, the undersigned shall be responsible for the costs and expenses associated with your defense of such claim.

**7. Communications.** You may send communications to the undersigned at the undersigned's address or at such other address as the undersigned may hereafter give you in writing, and all communications so sent, whether by mail, telegraph, or otherwise, shall be deemed given to the undersigned personally, whether actually received or not. Reports of execution of orders and statements of accounts of the undersigned shall be conclusive if not objected to in writing to you, the former within five (5) days and the latter within ten (10) days, after forwarding by you.

**THE FOLLOWING ARBITRATION AGREEMENT SHOULD BE READ IN CONJUNCTION WITH THESE DISCLOSURES:**

- 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 FORM 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.
- 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.

**8. ARBITRATION AGREEMENT.** ANY AND ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN THE UNDERSIGNED AND YOU, OR THE INTRODUCING BROKER, OR THE AGENTS, REPRESENTATIVES, EMPLOYEES, DIRECTORS, OFFICERS OR CONTROL PERSONS OF YOU OR THE INTRODUCING BROKER, ARISING OUT OF, IN CONNECTION WITH, FROM OR WITH RESPECT TO (a) ANY PROVISIONS OF OR THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENTS, (b) THE RELATIONSHIP OF THE PARTIES HERETO, OR (c) ANY CONTROVERSY ARISING OUT OF YOUR BUSINESS, THE INTRODUCING BROKER'S BUSINESS OR THE UNDERSIGNED'S ACCOUNTS, SHALL BE CONDUCTED PURSUANT TO THE CODE OF ARBITRATION PROCEDURE OF FINRA. ARBITRATION MUST BE COMMENCED BY SERVICE OF A WRITTEN DEMAND FOR ARBITRATION OR A WRITTEN NOTICE OF INTENTION TO ARBITRATE. THE DECISION AND AWARD OF THE ARBITRATOR(S) SHALL BE CONCLUSIVE AND BINDING UPON ALL PARTIES, AND ANY JUDGMENT UPON ANY AWARD RENDERED MAY BE ENTERED IN A COURT HAVING JURISDICTION THEREOF, AND NEITHER PARTY SHALL OPPOSE SUCH ENTRY.

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 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 de-certified; 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.

**9. Representations.** The undersigned represents that the undersigned is of majority age, that the undersigned is not an employee of any exchange, or of any corporation of which any exchange owns a majority of the capital stock, or of a member of any exchange, or of a member firm or member corporation registered on any exchange or of a bank, trust company, insurance company or of any corporation, firm or individual engaged in the business dealing either as broker or as principal in securities, bills of exchange, acceptances or other forms of commercial paper. If the undersigned is a corporation, partnership, trust or other entity, the undersigned represents that its governing instruments permit this Agreement, that this Agreement has been authorized by all applicable persons and that the undersigned signatory is authorized to bind the undersigned. The undersigned represents that the undersigned shall comply with all applicable laws, rules and regulations in connection with the undersigned's account. The undersigned further represents that no one except the undersigned has an interest in the account or accounts of the undersigned with you.

**10. Joint Accounts.** If the undersigned shall consist of more than one person, the undersigned's obligations under this Agreement shall be joint and several. References to the "undersigned" shall include each of the undersigned. You may rely on transfer or other instructions from any one of the undersigned in a joint account, and such instructions shall be binding on each of the undersigned. You may deliver securities or other property to, and send confirmations; notices, statements and communications of every kind, to any one of the undersigned, and such action shall be binding on each of the undersigned. Notwithstanding the foregoing, you are authorized in your discretion to require joint action by the joint tenants with respect to any matter concerning the joint account, including but not limited to the giving or cancellation of orders and the withdrawal of money, securities, futures or commodities.

**11. Other Agreements.** If the undersigned trades on margin or in short accounts, the undersigned agrees to be bound by the terms of your **Customer Margin and Short Account Agreement**. If the undersigned trades any options, the undersigned agrees to be bound by the terms of your **Customer Option Agreement**. The undersigned understands that copies of these agreements are available from you and, to the extent applicable, are incorporated by reference herein. The terms of these other agreements are in addition to the provisions of this Agreement and any other written agreements between you and the undersigned.

**12. Data Not Guaranteed.** The undersigned expressly agrees that any data or online reports is provided to the undersigned without warranties of any kind, express or implied, including but not limited to, the implied warranties of merchantability, fitness of a particular purpose or non-infringement. The undersigned acknowledges that the information contained in any reports provided by you is obtained from sources believed to be reliable but is not guaranteed as to its accuracy or completeness. Such information could include technical or other inaccuracies, errors or omissions. In no event shall you or any of your affiliates be liable to the undersigned or any third party for the accuracy, timeliness, or completeness of any information made available to the undersigned or for any decision made or taken by the undersigned in reliance upon such information. In no event shall you or your affiliated entities be liable for any special incidental, indirect or consequential damages whatsoever, including, without limitation, those resulting from loss of use, data or profits, whether or not advised of the possibility of damages, and on any theory of liability, arising out of or in connection with the use of any reports provided by you or with the delay or inability to use such reports.

**13. Payment for Order Flow Disclosure.** Depending on the security traded and absent specific direction from the undersigned, equity and option orders are routed to market centers (i.e.,

## FOR YOUR RECORDS - CUSTOMER ACCOUNT AGREEMENT

broker-dealers, primary exchanges or electronic communication networks) for execution. Routing decisions are based on a number of factors including the size of the order, the opportunity for price improvement and the quality of order executions, and decisions are regularly reviewed to ensure the duty of best execution is met. You or your correspondents may receive compensation or other consideration for the placing of orders with market centers for execution. The amount of the compensation depends on the agreement reached with each venue. The source and nature of compensation relating to the undersigned's transactions will be furnished upon written request.

**14. Credit Check.** You are authorized, in your discretion, should you for any reason deem it necessary for your protection to request and obtain a consumer credit report for the undersigned.

**15. Miscellaneous.** If any provision of this Agreement is held to be unenforceable, it shall not affect any other provision of this Agreement. The headings of each section of this Agreement are descriptive only and do not modify or qualify any provision of this Agreement. This Agreement and its enforcement shall be governed by the laws of the state of Texas and shall cover individually and collectively all accounts which the undersigned has previously opened, now has open or may open or reopen with you, or any introducing broker, and any and all previous, current and future transactions in such accounts. Except as provided in this Agreement, no provision of this Agreement may be altered, modified or amended unless in writing signed by your authorized representative. This Agreement and all provisions shall inure to the benefit of you and your successors, whether by merger, consolidation or otherwise, your assigns, the undersigned's introducing broker, and all other persons specified in Paragraph 8. You shall not be liable for losses caused directly or indirectly by any events beyond your reasonable control, including without limitation, government restrictions, exchange or market rulings, suspension of trading or unusually heavy trading in securities, a general change in economic, political or financial conditions, war or strikes. You may transfer the accounts of the undersigned to your successors and assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the undersigned.

**16. Account Protection.** SIPC provides up to a maximum of \$500,000 of securities protection, of which up to \$100,000 may be to satisfy a claim for cash, for each protected account. Additional information regarding SIPC, including a SIPC brochure, is available by contacting SIPC at ([www.sipc.org](http://www.sipc.org)) or by calling 202-371-8300. In addition to SIPC membership, our clearing firm holds "Excess SIPC" Insurance of \$200,000,000 in the aggregate, over all customer accounts, subject to a maximum limit of \$900,000 per Customer in respect to cash. This "Excess SIPC" protection is in addition to the protection provided by the Securities Investors Protection Act, which is administered by SIPC and is subject to certain conditions and limitations. SIPC and Excess SIPC provide coverage against loss of securities and cash, not against market depreciation, fluctuation in market value of your securities or trading loss.

**PENSON FINANCIAL SERVICES, INCORPORATED  
AND/OR BROKER DEALERS FOR WHICH IT CLEARS**

**CORPORATE ACCOUNT**

**(AUTHORIZING TRADING IN SECURITIES FUTURES AND COMMODITIES  
AND PERMITTING MARGIN TRANSACTIONS, OPTIONS AND SHORT SALES)**

I, \_\_\_\_\_, being the Secretary of \_\_\_\_\_ hereby certify that the annexed resolutions were duly adopted at a meeting of the Board of said Corporation, duly held on the \_\_\_\_\_ day of \_\_\_\_\_ at which a quorum of said Board of Directors was present and acting throughout, the following resolution, upon motions made, seconded and carried, was duly adopted and is now in full force and effect.

**RESOLVED**, That the President, Vice President, Treasurer, or \_\_\_\_\_, or any one of such officers, be and are each hereby fully authorized and empowered for an on behalf of this Corporation to establish one or more accounts which may be margin accounts in order to purchase, invest in, acquire, sell (including short sales), assign, transfer, or otherwise dispose of any and all types and kinds of securities including but not limited to stocks, bonds, debentures, notes, rights, options, warrants, certificates of every kind and nature whatsoever, securities futures and commodities (collectively, "securities") and to enter into agreements, contracts and arrangements with respect to such security transactions whether or with securities related individuals or agents; to execute, sign or endorse on behalf of and in the same agreements and to affix the corporate seal on same. Notwithstanding the foregoing, you are authorized in your discretion to require action by any combination of corporate officers with respect to any matter concerning the corporate account, including but not limited to the giving or cancellation of orders and the withdrawal of money, securities, futures or commodities.

I further certify that the authority thereby conferred is not inconsistent with the Charter or Bylaws of this Corporation, and the following is a true and correct list of officers of this corporation as of the present date:

President:	Name:		Signature:	
	SSN, Fed ID, Cedula, NIT#		ID #	
	ID Type:	Expiration Date:	Issued By:	Issue Date:

Vice President:	Name:		Signature:	
	SSN, Fed ID, Cedula, NIT#		ID #	
	ID Type:	Expiration Date:	Issued By:	Issue Date:

Treasurer:	Name:		Signature:	
	SSN, Fed ID, Cedula, NIT#		ID #	
	ID Type:	Expiration Date:	Issued By:	Issue Date:

Secretary:	Name:		Signature:	
	SSN, Fed ID, Cedula, NIT#		ID #	
	ID Type:	Expiration Date:	Issued By:	Issue Date:

I certify that I am the sole officer and sole director of the aforementioned corporation: \_\_\_\_\_

**REQUIRED FOR CORPORATE ACCOUNTS**

You may rely upon any certification given in accordance with these resolutions, as continuing fully effective unless and until you receive due written notice of a change in or the rescission of the authority so evidenced herein. In the event of any change in the officer or powers of persons hereby empowered, the Secretary shall certify such changes to you in writing, which notification, when received, shall be adequate both to terminate the powers of the persons therefore authorized, and to empower the person thereby substituted.

The Corporation is formed to engage in the business of \_\_\_\_\_ and represents that it is not a commodity pool operator. The Corporation is incorporated in \_\_\_\_\_ and has its principal place of business in \_\_\_\_\_.

Name of Jurisdiction

Name of jurisdiction

As defined in Section 5318(j) of Title 31 United States Code, the Corporation is a shell bank: YES  NO ; or a business offering services to a shell bank: YES  NO ; or a foreign bank: YES  NO . If so please complete and return the Certification Regarding Correspondents Accounts.

IN WITNESS WHEREOF, I have hereunto affixed my hand this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

SEAL

\_\_\_\_\_  
(If no seal, certify that there is no seal)

\_\_\_\_\_  
Secretary (or officer authorized to act)

**REQUIRED FOR OPTION ACCOUNTS**

**PENSON FINANCIAL SERVICES, INC.  
AND/OR BROKER DEALERS FOR WHICH IT CLEARS  
Customer Option Agreement**

To open an Options Account we must obtain the following supplemental information in addition to that on the New Account form. If account is a joint account, give information as to all owners. Information concerning the customer obtained from sources other than the customer, including estimates, should be noted as such on this form. Also, the customer's refusal to provide information called for on this form should be noted on the form.

Account Name: _____	Account Number: _____
Address: _____ (No P.O. Boxes)	Home Phone #: _____
Birth date: _____	No. of Dependents: _____ Marital Status : S M D W N/A
Work Phone #: _____	Spouse's Name: _____
Employer / Position: _____	Spouse's Birth date: _____ Spouse's Employer / Position: _____

PREVIOUS OPTIONS EXPERIENCE			PREVIOUS INVESTMENT EXPERIENCE				INVESTMENT OBJECTIVES & ANTICIPATED TYPE(S) OF OPTION TRANSACTIONS: Please choose one below
	Stock Options	Index Options		Years of Experience	Usual Size of Trades Per Year	Usual No. Of Trades Per Year	
Buying (Includes Debit, Spreads & Straddles):			Options:				Income: <input type="checkbox"/>
Covered Writing:			Stocks:				Safety or Leverage: <input type="checkbox"/>
Spreads:			Bonds:				Speculation: <input type="checkbox"/>
Uncovered Writing:			Commodities:				Covered Call Writing: <input type="checkbox"/>
None:			Other: (Specify)				Purchasing Options: <input type="checkbox"/> *Puts for Safety or Leverage/Calls for Leverage
							Other Option Transactions: <input type="checkbox"/> *(Uncovered) Spreads, Straddles, Combinations

**APPROXIMATE ANNUAL INCOME AND NET WORTH:**

Salary	Bonus	Other	Total	Approximate net worth: (Exclusive of residence, etc.)	Approximate liquid net worth: (Cash, cash equivalents, marketable securities)
\$	\$	\$	\$	\$	\$

**BY SIGNING BELOW, THE UNDERSIGNED CERTIFIES THAT THE INFORMATION CONTAINED HEREIN IS COMPLETE AND ACCURATE. THE UNDERSIGNED AGREES TO ADVISE ITS BROKER OF ANY MATERIAL CHANGE IN THE UNDERSIGNED'S FINANCIAL STATUS AND/OR INVESTMENT OBJECTIVES. BY SIGNING BELOW, THE UNDERSIGNED AGREES TO ALL TERMS OF THE CUSTOMER OPTIONS AGREEMENT PRINTED ON THE BOTH SIDES OF THIS DOCUMENT. THE REVERSE SIDE OF THIS DOCUMENT, PARAGRAPH 9, CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE. THE UNDERSIGNED ACKNOWLEDGES THAT HE/SHE HAS RECEIVED THE DISCLOSURE DOCUMENT, "CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS" AND IS AWARE OF THE SPECIAL RISKS INHERENT IN OPTIONS TRADING.**

For use by individual, including joint accounts:

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Signature (Second Party, if Joint Account)**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Date:**

For use by entity customers only (i.e., corporations, partnerships, trusts)

\_\_\_\_\_  
**Customer Name**

\_\_\_\_\_  
**By:**

\_\_\_\_\_  
**Title:**

\_\_\_\_\_  
**Date:**

**FOR BROKER USE ONLY: (Must be filled in before Penson can accept)**

<u>Please note date of delivery on the items listed below:</u>  <b>Characteristics and Risk of Standard Options:</b> ____/____/____  <b>Special Statement for Uncovered Option Writers:</b> ____/____/____	<u>Approved for Option Trading as follows:</u> <input type="checkbox"/> Option Level 1 <input type="checkbox"/> Option Level 2 <input type="checkbox"/> Option Level 3 <input type="checkbox"/> Option Level 4 <input type="checkbox"/> Option Level 5 <input type="checkbox"/> Option Level 6	<u>INTRODUCING BROKER APPROVAL</u>  AE Signature: _____ Date: _____  Option Principal Approval _____ Date: _____  Branch Manager Signature: _____ Date: _____

## FOR YOUR RECORDS - OPTION ACCOUNTS

In connection with any transactions in options which have been or may be purchased, sold, exercised or endorsed for the undersigned's account with an introducing broker(s) which clears through Penson Financial Services, Inc., the undersigned agrees as follows:

**1. Definitions.** "Introducing broker" means any brokerage firm which introduces security transactions on behalf of the undersigned, which transactions are cleared through Penson, whether one or more. "Obligations" means all indebtedness, debit balances, liabilities or other obligations of any kind of the undersigned to Penson, whether now existing or hereafter arising. "Options" means all types of options, including puts, calls, equity, debt, index or otherwise. "Securities and other property" shall include, but shall not be limited to money, securities, commodities or other property of every kind and nature and all contracts and options relating thereto, whether for present or future delivery. "Penson" refers to Penson Financial Services, Inc.

**2. Limits.** The undersigned shall not, acting alone or in concert with others, exceed the position/exercise limits set forth by any exchange or market or by any other regulatory authority having jurisdiction.

**3. Authority, Execution of Orders, Security Interest.** The undersigned hereby authorizes Penson in its discretion, should Penson deem it necessary for Penson's protection for any reason, including death of the undersigned, to buy, sell, or sell short for the undersigned's account any risk, puts, calls or other forms of option and/or to buy, sell or sell short any part or all of the underlying shares represented by options endorsed by Penson for the undersigned's account. Any and all expenses incurred by Penson in connection with such transactions shall be reimbursed by the undersigned to Penson. The undersigned understands and acknowledges that when transactions on the undersigned's behalf are to be executed and the options are traded in more than one marketplace Penson may use its discretion in selecting the market in which to enter the undersigned's order unless the undersigned specifically instructs otherwise. All monies, securities, or other property which Penson may hold in any account of the undersigned shall be held subject to a general lien for the discharge of the undersigned's obligations to Penson under this Agreement or otherwise. The decision to enter into options transactions was made entirely by the undersigned without any investment advice from Penson or the introducing broker.

**4. Notice, Exercise, Random Allocation.** The undersigned is aware of Penson's requirements and time limitations for accepting an exercise notice and expiration date. The undersigned understands that the undersigned may not receive actual notice of exercise until the week following exercise. The undersigned bears full responsibility for taking action to exercise or sell valuable options; however, in the absence of the undersigned notifying the introducing broker to exercise a valuable options contract by 3 p.m. Central Standard Time on the last business day prior to the expiration date of the options contract, and the introducing broker instructing Penson to sell valuable options on the undersigned's behalf within such time, the undersigned agrees that Penson may exercise the options contract on the undersigned's behalf. In the event of such exercise, the profit in excess of commission costs created thereby will be credited to the undersigned's account. In the event that the commissions to be charged for such an expiration transaction exceeds the proceeds to be realized, the undersigned agrees and hereby relinquishes the undersigned's ownership in said option to Penson, and Penson may exercise such option for its own account. If the undersigned does not instruct the introducing broker to exercise the valuable option by the time stated above, and Penson for whatever reason, does not exercise such option on the undersigned's behalf, the undersigned hereby waives any and all claims for damage or loss which the undersigned might at the time or any time thereafter have against Penson arising out of the fact that the option was not exercised. The undersigned is aware that Penson utilizes a random method of allocation for all option(s) assignments received from the Option Clearing Corporation. Exercise assignment notices for options contracts are allocated among all customers' short positions within that series. This is accomplished by a manual procedure, which randomly selects from among all customer short positions, including positions established on the day of assignment, those contracts which are subject to exercise. All American short positions are liable for assignment at any time. The undersigned understands that a more detailed description of this procedure is available upon request by the undersigned.

**5. Uncovered Options.** The undersigned agrees that in connection with any uncovered options(s) for the undersigned's account, uncovered options are prohibited in IRA accounts. The undersigned agrees not to sell, during the life of the options in the account, the underlying securities collateralizing such options, including any cash or securities which may accrue on the underlying covered securities until such options are closed, exercised or expired or the undersigned has met the collateral requirements established by Penson and/or the introducing broker for carrying uncovered options. The undersigned also agrees that the introducing broker and/or Penson, in its respective sole discretion, may refuse any order to sell such underlying securities received from the undersigned or by means of a "give up" basis through another firm unless, prior to such sale, the undersigned has met the collateral requirements established by Penson and/or the introducing broker for carrying uncovered options. Penson has the right, in its sole discretion, to permit the undersigned to apply the proceeds of such sale to such collateral requirements.

**6. Risks.** The undersigned is aware of the high degree of risk involved in options transactions and has given the introducing broker, in strict confidence, information to demonstrate that this account and the trading anticipated in connection therewith is not unsuitable for the undersigned in light of the undersigned's investment objectives, financial situation and needs, experience and knowledge. The undersigned agrees to advise the introducing broker of any changes in the undersigned's investment objectives, financial situation or other circumstances that may be deemed to materially affect the suitability of executing options transactions for the undersigned's account.

**7. Options Account Form, Disclosure Documents.** The undersigned has reviewed the contents of the options account form and represents that they are accurate. Although certain types of transactions are indicated as anticipated, Penson and the introducing broker may execute any other types of transactions for the undersigned's account upon the undersigned's instructions. The undersigned has received an Options Disclosure Document relating to options on the categories of underlying securities which the undersigned has been approved for trading.

**8. Accounts Carried as Clearing Broker.** The undersigned understands that Penson is carrying the accounts of the undersigned as clearing broker by arrangement with the undersigned's introducing broker through whose courtesy the account of the undersigned has been introduced to Penson. Until receipt from the undersigned of written notice to the contrary, Penson may accept and rely upon the introducing broker for (a) orders for the purchase or sale in said account of securities and other property, and (b) any other instructions concerning the undersigned's accounts. The undersigned represents that the undersigned understands that Penson acts only to clear trades introduced by the undersigned's introducing broker and to effect other back office functions for the undersigned's introducing broker. The undersigned confirms to Penson that the undersigned is relying for any advice concerning the undersigned's accounts solely on the undersigned's introducing broker. The undersigned understands that all representatives, employees and other agents with whom the undersigned communicates concerning the undersigned's account are agents of the introducing broker, and not Penson's representatives, employees or other agents. The undersigned understands that Penson will not review the undersigned's accounts and will have no responsibility for trades made in the undersigned's accounts, including but not limited to for appropriateness or suitability. Penson shall not be responsible or liable for any acts or omissions of the introducing broker or its representatives, employees or other agents. The execution of any such trades shall not be deemed to be an approval of such trades.

## FOR YOUR RECORDS - OPTION ACCOUNTS

THE FOLLOWING ARBITRATION AGREEMENT SHOULD BE READ IN CONJUNCTION WITH THESE DISCLOSURES:

- 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 FORM 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.
- 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.

**9. ARBITRATION AGREEMENT.** ANY AND ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN THE UNDERSIGNED AND PENSON, OR THE INTRODUCING BROKER, OR PENSON'S AGENTS, REPRESENTATIVES, EMPLOYEES, DIRECTORS, OFFICERS OR CONTROL PERSONS, OR OF THE INTRODUCING BROKER, ARISING OUT OF, IN CONNECTION WITH, FROM OR WITH RESPECT TO (a) ANY PROVISIONS OF OR THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENTS, (b) THE RELATIONSHIP OF THE PARTIES HERETO, OR (c) ANY CONTROVERSY ARISING OUT OF PENSON'S BUSINESS, THE INTRODUCING BROKER'S BUSINESS OR THE UNDERSIGNED'S ACCOUNTS SHALL BE CONDUCTED PURSUANT TO THE CODE OF ARBITRATION PROCEDURE OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY.

ARBITRATION MUST BE COMMENCED BY SERVICE OF A WRITTEN DEMAND FOR ARBITRATION OR A WRITTEN NOTICE OF INTENTION TO ARBITRATE. IF PENSON IS A PARTY TO SUCH ARBITRATION, TO THE EXTENT PERMITTED BY THE RULES OF THE APPLICABLE ARBITRATION TRIBUNAL, THE ARBITRATION SHALL BE CONDUCTED IN DALLAS, TEXAS. THE DECISION AND AWARD OF THE ARBITRATORS(S) SHALL BE CONCLUSIVE AND BINDING UPON ALL PARTIES, AND ANY JUDGMENT UPON ANY AWARD RENDERED MAY BE ENTERED IN A COURT HAVING JURISDICTION THEREOF, AND NEITHER PARTY SHALL OPPOSE SUCH ENTRY.

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 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 de-certified; 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.

**10. Other Agreements.** The undersigned agrees to be bound by the terms of Penson's **Retirement Custodial Account Agreement, Penson's Customer Account Agreement and/or Penson's Customer Margin and Short Account Agreement.** The undersigned understands that copies of this agreement are available from Penson and, to the extent applicable, are incorporated by reference herein. The terms of this other agreement is in addition to the provisions of this Agreement and any other written agreements between Penson and the undersigned.

**11. Data Not Guaranteed.** The undersigned expressly agrees that any data or online reports is provided to the undersigned without warranties of any kind, express or implied, including but not limited to, the implied warranties of merchantability, fitness of a particular purpose or non-infringement. The undersigned acknowledges that the information contained in any reports provided by Penson are obtained from sources believed to be reliable but is not guaranteed as to its accuracy or completeness. Such information could include technical or other inaccuracies, errors or omissions. In no event shall Penson or any of Penson's affiliates be liable to the undersigned or any third party for the accuracy, timeliness, or completeness of any information made available to the undersigned or for any decision made or taken by the undersigned in reliance upon such information. In no event shall Penson or Penson's affiliated entities be liable for any special incidental, indirect or consequential damages whatsoever, including, without limitation, those resulting from loss of use, data or profits, whether or not advised of the possibility of damages, and on any theory of liability, arising out of or in connection with the use of any reports provided by Penson or with the delay or inability to use such reports.

**12. Credit Check.** Penson is authorized, in Penson's discretion, should Penson for any reason deem it necessary for Penson's protection to request and obtain a consumer credit report for the undersigned.

**13. Miscellaneous.** The undersigned is aware of and agrees that this Agreement and all transactions in the undersigned's accounts shall be governed by the constitution, rules, regulations, customs, usages and bylaws of the Options Clearing Corporation and the Financial Industry Regulatory Authority, and all exchanges or other facilities upon which options are traded for the account of the undersigned. If any provisions of this Agreement are held to be unenforceable, it shall not affect any other provisions of this Agreement. The headings of each sections of this Agreement are descriptive only and do not modify or qualify any provision of this Agreement. This Agreement and its enforcement shall be governed by the law of the state of Texas and shall cover individually and collectively all accounts which the undersigned has previously opened, now has open or may open or reopen with Penson, or any introducing broker, and any and all previous, current and future transactions in such accounts. Except as provided in this Agreement, no provision of this Agreement may be altered, modified or amended unless executed in writing by Penson's authorized representative. This Agreement and all provisions shall insure to the benefit of Penson and Penson's successors, whether by merger, consolidation or otherwise, Penson's assigns, the undersigned's introducing broker, and all other persons specified in Paragraph 9. Penson shall not be liable for losses caused directly or indirectly by any events beyond Penson's reasonable control, including without limitation, government restrictions, exchange or market rulings, and suspension of trading or unusually heavy trading in securities, a general change in economic, political or financial conditions, war or strikes. Penson may transfer the accounts of the undersigned to Penson's successors and assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the undersigned.

### **SUPPLEMENTAL PROVISIONS**

**A. Pledging.** The undersigned understands that under Section 408(e)(4) of the Internal Revenue Code of 1986, as amended, if the undersigned pledges any portion of the undersigned's IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and may be included in the undersigned's gross income for the taxable year in which the undersigned pledges the assets to the extent it represents earnings or be subject to excise taxes.

## FOR YOUR RECORDS - OPTION ACCOUNTS

**B. Prohibited Transactions.** The undersigned understands that the extension of credit through margin, short selling positions, and uncovered options are not permitted in IRA accounts. If the undersigned or the undersigned's beneficiary engage in a prohibited transaction with the undersigned's IRA, as described in Section 4975 of the Internal Revenue Code of 1986, as amended, the undersigned's IRA may lose its tax-deferred or tax-exempt status, and the undersigned must generally include the value of the earnings in the undersigned account in gross income for the taxable year the undersigned engages in the prohibited transactions.

**C. ERISA.** The undersigned hereby represents, warrants, and covenants that the undersigned's IRA is not subject to the Employee Retirement Income Security Act of 1974, as amended, and the undersigned will not engage in any transaction in the undersigned's IRA that involves any extension of credit by Penson.

**D. No Advice.** The undersigned has been provided with an opportunity to consult with the undersigned's tax adviser regarding the advisability of holding options or conducting options strategies in the undersigned's IRA account. The undersigned has not and will not, rely on Penson for legal or tax advice in connection with engaging in options transactions in the undersigned's IRA. The undersigned will not hold Penson responsible for any adverse tax consequences or penalties that the undersigned or the undersigned's IRA may incur in connection with options transactions.

**E. Obligations.** The undersigned understands that the undersigned is solely responsible for ensuring that sufficient assets are maintained in the undersigned's IRA to cover all potential obligations arising from the holding of options and conducting any options strategies, including any potential assignment and exercise. The undersigned acknowledges responsibility for not conducting options transactions that can result in liabilities or obligations in excess of the undersigned's IRA account balance. Penson shall not be responsible for the dishonor of any transaction due to an insufficient balance in the undersigned IRA. If an assignment creates a short position or debit balance, Penson is authorized to immediately cover deficit in the undersigned's IRA with other assets in the undersigned IRA account.

**F. Indemnification.** By signing this Agreement, the undersigned hereby agrees to indemnify and hold Penson, Penson's affiliates, and their respective officers, directors, employees and agents, and their respective successors and assigns, harmless from and against any and all losses (including but not limited to consequential damages), liabilities, tax consequences (including excise taxes, penalties and interest), demands, claims and expenses, attorneys' fees, damages (including consequential, incidental, special or exemplary) arising out of any actions or omissions by Penson, or Penson's agents in connection herewith, which are not caused by Penson's gross negligence or willful misconduct. This provision shall survive the termination of this Agreement and shall be binding upon, and inure to the benefit of, each party's respective successors, assigns, heirs, and personal representatives.

### G. Option Levels

- Level 1 Covered calls, including:  
Covered calls sold against stocks held long in your brokerage account  
Buy-writes (simultaneously buying a stock and writing a covered call)  
Covered call roll-ups/roll-downs
- Level 2 All Level 1 strategies, plus:  
Married puts  
Long calls  
Long puts  
Long straddles  
Long strangles  
Cash secured puts  
Covered puts (short stock and short put position)
- Level 3 All Levels 1 and 2 strategies, plus:  
Equity debit spreads  
Equity credit spreads  
Equity calendar/diagonal spreads  
Index debit spreads  
Index credit spreads  
Index calendar/diagonal spreads
- Level 4 All Level 1, 2, and 3 strategies, plus:  
Naked equity puts
- Level 5 All Level 1, 2, 3, and 4 strategies, plus:  
Naked equity calls
- Level 6 All Level 1, 2, 3, 4 and 5 strategies, plus:  
Naked index calls  
Naked index puts



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(704) 749-2440 Fax

**TRADE WALL STREET FINANCIAL AUTOTRADE TERMS AND CONDITIONS  
AND LIMITED TRADING AUTHORIZATION**

**Please note: No other party, including your newsletter publisher, can start, stop or change your AutoTrading status. If you and your newsletter publisher agree to a change it will not take effect until you notify Trade Wall Street Financial.**

**What You Should Know About AutoTrading**

You, the client, control your account. Trade Wall Street ("TWS") will follow your instructions accurately. You authorize TWS to follow the newsletter publisher of your choice using the forms provided in your new account package. AutoTrading begins when your completed account application and AutoTrading forms have been approved, your account number has been assigned, and funds are available in your account.

You can change the services/programs by completing the Update Your AutoTrading Account form and fax it to us at (704) 749-2440 or email it to us at [AutoTrade@TradeWallStreet.com](mailto:AutoTrade@TradeWallStreet.com).

Please return a signed copy of the following 3 pages to Trade Wall Street by one of the methods listed below (fax/email preferred):

**Fax to (704) 749-2440**

**Email as an attachment to [AutoTrade@TradeWallStreet.com](mailto:AutoTrade@TradeWallStreet.com)**

**Mail to:**

Trade Wall Street Financial  
Attn: AutoTrade  
1101 Pennsylvania Avenue  
Suite #600  
Washington, D.C. 20004

If you have any questions, please call us at (800) 776-1018 or email us at [AutoTrade@TradeWallStreet.com](mailto:AutoTrade@TradeWallStreet.com).

**Please keep this page for your records**



1101 Pennsylvania Avenue  
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 (704) 243-5201  
 (704) 749-2440 Fax

## AutoTrade Newsletter Publisher Authorization

I am a subscriber to a Newsletter Publisher that offers suggestions on buying, selling, and entering transactions involving stocks, options and related strategies. The specific Newsletter Publisher service(s) to which I have subscribed is (are) as follows:

Newsletter Publisher Name / Service	Maximum Amount per trade (choose one):			Margin **		Start Date
	Number of Shares/Contracts	Dollar Amount	Percentage *	Yes	No	

\* AutoTrade orders using a percentage basis will be calculated based on total account value up to the cash available in the account.

**IRA accounts are prohibited from having margin capabilities and therefore cannot participate in sell short trade alerts.**

**\*\* The Newsletter Publisher may enter into short stock transactions; in order to participate in these recommendations you will be required to have an Approved Margin/Short Account Agreement on file with TWS. TWS will not automatically borrow funds to meet your Newsletter Publisher's trade alerts unless you indicate that you would like to use margin by initialing the yes box below margin in the instruction area above.**

The Newsletter Publisher I selected from time to time provides me with written suggestions for stock and option transactions or strategies, and I have instructed the Newsletter Publisher to furnish TWS, with this same information to allow TWS to better service my account. TWS and its agents and representatives are hereby authorized to follow the recommendations and strategies of the Newsletter Publisher and the services noted above as it relates to entering stock and option transactions and utilizing related strategies in my account and in conjunction with, and subject to, the Trading Authorization Limited to Purchases and Sales of Stocks and Options submitted by me contemporaneously herewith. I understand that TWS will not effect any transactions, regardless of the instructions from the Newsletter Publisher, in my account if there are not sufficient funds or available margin buying power, if applicable. I understand that the Newsletter Publisher is independent from and in no way affiliated with TWS agents or representatives. Customers who enroll to use AutoTrade services are authorizing Trade Wall Street to purchase and/or sell options contracts (cash or margin), open new option or stock positions, close existing positions, or exercise option contracts in accordance with the instructions in the above AutoTrade instructions and the recommendations of the newsletter publisher(s) selected. Based on these instructions, Trade Wall Street effects transactions for customer's accounts without further communication with or authorization from the customer.

I understand that there are special risks associated with engaging in options transactions and that options can be volatile and could possibly subject me to a risk of total loss. I understand and acknowledge that options are suitable only for knowledgeable investors who understand the risks inherent in such securities, have the financial capacity and willingness to incur losses, and have sufficient liquid assets to meet applicable margin requirements. I have received and read the booklet entitled Characteristics and Risks of Standardized Options in advance of having any options transactions entered in my account and I have paid particular attention to the chapter entitled "Risks of Buying and Writing Options." This statement is not intended to enumerate all of the risks involved in options.

Trade Wall Street does not review, monitor, rate or endorse such newsletter publisher services performance or the appropriateness of the recommended transactions for customers' accounts. Trade Wall Street acts only upon specific instructions and in an executing broker capacity. Trade Wall Street does not exercise any discretion over customers' accounts. Customers are responsible for evaluating any recommendations, advice, instructions and other information and for understanding all such information, including the underlying trading strategies, risks and obligations (including capital requirements) associated with the information. The publisher of the newsletter may or may not be registered under the investment advisers act of 1940 and inclusion in the AutoTrade program does not imply that they either are or are not required to be so registered. Trade Wall Street does not require that the publisher be registered. Trade Wall Street does not review newsletter publisher's experience, credentials, performance or any other factors relating to the newsletter publisher services or qualifications. Trade Wall Street does not rate, rank or endorse any of the newsletter publisher services in the AutoTrade program and a newsletter publisher's inclusion in the AutoTrade program does not constitute an endorsement or recommendation of any kind. It is the customer's responsibility to evaluate and select his/her own strategies and newsletter publisher.

Customer Signature \_\_\_\_\_ Date \_\_\_\_\_ Joint Party's Signature (if applicable) \_\_\_\_\_ Date \_\_\_\_\_

Customer Name (printed) \_\_\_\_\_ Date \_\_\_\_\_ Joint Party's Name (printed) \_\_\_\_\_ Date \_\_\_\_\_

Account #: \_\_\_\_\_

REQUIRED FOR AUTOTRADE ACCOUNTS



Member FINRA/SIPC

1101 Pennsylvania Avenue Suite #600 Washington, D.C. 20004 (800) 776-1018 (704) 243-5201 (704) 749-2440 Fax

Because of the nature of the communication and processing systems and other factors involved in AutoTrade transactions, an individual customer's order may be processed and executed more slowly than it might be if a customer enters an order without using AutoTrade. Moreover, orders entered through AutoTrade are subject to errors involving electronic and market systems and processes. The AutoTrade service is being provided by Trade Wall Street on a best efforts basis with all orders handled as Market Not Held orders. Certain newsletter publishers may have specific trade placement rules including but not limited to: gap rules, cancellation times, specific contract/share amounts, trigger range/prices, closing half positions. If a half position order is to be placed, Trade Wall Street will take half of the total share/contract amount, and round up to the next whole number in the case of an odd aggregate share/contract amount.

Customers using AutoTrade are expressly agreeing to Trade Wall Street's handling of orders as described in this notice. Customers are responsible for any and all risks associated with such trading, including without limitation, calls for additional funds related to such trading and errors of electronic and market systems and processes. Trade Wall Street may aggregate orders entered by multiple customers who may use the same or different third party services and send a single order to the marketplace. If the aggregate order is not filled in full, Trade Wall Street will allocate the partial fill among its customers in accordance with allocation methods. Allocation methods incorporate various factors such as time of order entry and order size.

AutoTrading will continue indefinitely in your account unless one or more of the following changes are made: A) A change of the dollar amount, number of contracts, or percentage of account value assigned for each trade. B) A change of the specific services (by proper name) to be AutoTraded. C) A change in your AutoTrading status from active to inactive, or back to active from inactive. D) All programs listed as "sell only" will be terminated upon sale of the last position for that program, unless requested otherwise. E) Your subscription expired with your newsletter publisher.

The undersigned hereby agrees to indemnify and hold harmless TWS and its agents and representatives, from, and to pay TWS and its agents and representatives, promptly on demand, for any and all losses, costs or expenses incurred in connection with the use of the services (including any debit balance) as it relates to transactions in the undersigned's account. This Authorization (including this indemnity provision) is in addition to (and in no way limits or restricts) any rights which TWS may have under any other agreement(s) with me.

This Authorization (including the indemnity provision) is a continuing one, which shall remain in full force and effect until revoked by the undersigned by a written notice received at the offices of TWS or if TWS receives actual notice of the death of the undersigned (or if two customers sign, the death of either one) and shall inure to the benefit of TWS and any successor firm or firms, and the assigns of TWS or any successor firm or firms. The laws of Washington, DC shall govern the terms of the Authorization.

The above designated agents will not be liable for any lost profits, trading losses, or other damages arising from the delay or loss of online service, or any delays in the receipt of recommendations, by fax or otherwise by your newsletter publisher. TWS will only enter the recommendations made by your newsletter publisher, and will execute trades in a timely and efficient manner, but cannot be held responsible for lost trades or profits due to communication delays by your newsletter publisher. You are subject to risk from errors of electronic systems, communications and market timing. Please note that AutoTrading involves high risk investing and there is a possibility of losing the entire value of the account.

Trade Wall Street specifically disclaims, without limitation, all warranties of any kind whether express or implied, including, without limitation, the implied warranties of merchantability and fitness for a particular purpose, non-infringement, or those warranties arising from a course of performance, a course of dealing or trade usage. Trade Wall Street shall have no liability for any claims relating to any software, technology, equipment, information, or materials or that the website or the AutoTrade service meets any specific requirements or will be uninterrupted, timely, secure, complete, accurate or free from errors or defects. Trade Wall Street may at any time amend this AutoTrade Terms and Conditions without prior notice to customers. The current version of the AutoTrade Terms and Conditions will be posted on Trade Wall Street's web site and a customer's continued AutoTrade activity after such amendment constitutes agreement to be bound by all amendments to the AutoTrade Terms and Conditions, regardless of whether a customer has actually reviewed them. Trade Wall Street is not bound by any verbal statements that seek to amend the AutoTrade Terms and Conditions. **Accounts enrolled in AutoTrade are subject to additional risks including but not limited to the ones listed above. AutoTrade is only offered to accounts that have designated their investment objective as "Speculation". By signing this form you are requesting to update your account investment objective to "Speculation".**

Customer Signature \_\_\_\_\_ Date \_\_\_\_\_ Joint Party's Signature (if applicable) \_\_\_\_\_ Date \_\_\_\_\_

Customer Name (printed) \_\_\_\_\_ Date \_\_\_\_\_ Joint Party's Name (printed) \_\_\_\_\_ Date \_\_\_\_\_

Account #: \_\_\_\_\_



Account No. \_\_\_\_\_

**PENSON FINANCIAL SERVICES, INC.  
AND/OR BROKER DEALERS  
FOR WHICH IT CLEARS**

**CUSTOMER MARGIN AND SHORT ACCOUNT AGREEMENT**

1. **Applicable Rules and Regulations.** All transactions shall be subject to the constitution, rules, regulations, customs and usages of the exchange or market and its clearing house, if any, upon which such transactions are executed, except as otherwise specifically provided in this Agreement.
2. **Definitions.** "Introducing broker" means any brokerage firm, which introduces securities transactions on behalf of the undersigned, which transactions are cleared through you, whether one or more. "Obligations" means all indebtedness, debit balances, liabilities or other obligations of any kind of the undersigned to you, whether now existing or hereafter arising. "Securities and other property" shall include, but shall not be limited to, money, securities, commodities or other property of every kind and nature and all contracts and options relating thereto, whether for present or future delivery. "You" or "your" refers to Penson Financial Services, Inc. "Undersigned" refers to the customer, or the party signing this agreement on behalf of the customer.
3. **Security Interest.** All securities and other property now or hereafter held, carried or maintained by you in or for any of the accounts of the undersigned, now or hereafter opened, including any accounts in which the undersigned may have an interest, shall be subject to a first and prior lien and security interest for the discharge of all of the obligations of the undersigned to you, and are to be held by you as security for the payment of the obligations of the undersigned to you, to the fullest extent allowed by law. You shall have the right to transfer securities and other property so held by you from or to any other of the accounts of the undersigned whenever you so determine.
4. **Liquidation.** In the event of the death of the undersigned, or in the event the margin in any account in which the undersigned has an interest shall in either your or the introducing broker's discretion become unsatisfactory to either you or the introducing broker, or be deemed insufficient by either you or the introducing broker, you are hereby authorized; (a) to sell any or all securities or other property which you may hold for the undersigned (either individually or jointly with others); (b) to buy any or all securities and other property which may be short in such accounts; and/or (c) to cancel any open orders and to close any or all outstanding contracts; all without demand for margin or additional margin, notice of sale or purchase, or other notice or advertisement, and that any prior demand or notice shall not be a waiver of your rights provided herein. You may likewise accept and rely upon instructions which you receive from the introducing broker to effect any of the aforementioned transactions (as noted in (a); (b); and (c)). You shall have the discretion to determine which securities and other property are to be sold and which contracts are to be closed. Any such sales or purchases may be made at your discretion on any exchange, the over-the-counter market or any other market where such business is usually transacted, or at public auction or private sale, and you may be the purchaser for your own account.
5. **Cancellation.** You are authorized, in your discretion, should you for any reason whatsoever deem it necessary for your protection, without notice, to cancel any outstanding order, to close out the accounts of the undersigned, in whole or in part, or to close out any commitment made on behalf of the undersigned.
6. **Payment of Indebtedness Upon Demand.** The undersigned shall at all times be liable for the payment upon demand of any obligations owing from the undersigned to you, and the undersigned shall be liable to you for any deficiency remaining in any such accounts in the event of liquidation thereof (as contemplated in Paragraph 4 of this Agreement or otherwise), in whole or in part, by you or by the undersigned; and the undersigned shall make payment of such obligations upon demand.
7. **Liability for Costs of Collection.** The costs and expenses of collection of the debit balance and any unpaid deficiency in the accounts of the undersigned with you, including but not limited to reasonable attorneys' fees and expenses, incurred and payable or paid by you shall be payable to you by the undersigned.
8. **Accounts Carried as Clearing Broker.** The undersigned understands that you are carrying the accounts of the undersigned as clearing broker by arrangement with the undersigned's introducing broker through whose courtesy the account of the undersigned has been introduced to you. Until receipt from the undersigned of written notice to the contrary, you may accept from and rely upon the undersigned's introducing broker (a) orders for the purchase or sale of securities and other property, and (b) any other instructions concerning the undersigned's accounts. The undersigned represents that the undersigned understands that you act only to clear trades introduced by the undersigned's introducing broker and to effect other back office functions for the undersigned's introducing broker. The undersigned confirms to you that the undersigned is relying for any advice concerning the undersigned's accounts solely on the undersigned's introducing broker. The undersigned understands that all representatives, employees and other agents with whom the undersigned communicates concerning the undersigned's account are agents of the introducing broker and not your representatives, employees or other agents. The undersigned understands that you are not a principal of or partner with, and do not control in any way, the introducing broker or its representatives, employees or other agents. The undersigned understands that you will not review the undersigned's accounts and will have no responsibility for trades made in the undersigned's accounts. You shall not be responsible or liable for any acts or omissions of the introducing broker or its representatives, employees or other agents.
9. **Communications.** You may send communications to the undersigned at the address of the undersigned or at such other address as the undersigned may hereafter give you in writing, and all communications so sent, whether by mail, telegraph, messenger or otherwise, shall be deemed given to the undersigned personally, whether actually received or not. Reports of execution of orders and statements of accounts of the undersigned shall be conclusive if not objected to in writing to you, the former within five (5) days and the latter within ten (10) days, after forwarding by you to the undersigned by mail or otherwise.

**BY SIGNING BELOW, THE UNDERSIGNED AGREES TO ALL TERMS OF THE MARGIN AND SHORT ACCOUNT AGREEMENT PRINTED ON THIS SIDE AND THE REVERSE SIDE OF THIS DOCUMENT. THE REVERSE SIDE OF THIS AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE IN PARAGRAPH 10.** The undersigned acknowledges that the undersigned's margin account securities may be borrowed by you or loaned to others. The undersigned also acknowledges receipt of a copy of this Agreement and a copy of the Margin Risk Disclosure Statement.

Date of Delivery of Margin Risk Disclosure Statement: \_\_\_\_\_

**For Use by Individuals, including joint accounts:**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature (Second Party, If Joint Account): \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**For use by entity accounts only (i.e. corporations, partnerships, trusts):**

Is this account for a foreign bank?  Yes  No – If Yes, please list

Agent for service of process: \_\_\_\_\_

Is this account for a foreign shell bank?  Yes  No.

Does this firm offer services to a foreign shell bank?  Yes  No

**If you answered yes to any of the above questions, Corporation will need to complete Certification Regarding Correspondent Accounts**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

THE FOLLOWING ARBITRATION AGREEMENT SHOULD BE READ IN CONJUNCTION WITH THESE DISCLOSURES:

- 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 FORM 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.
- 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.

10. **ARBITRATION AGREEMENT.** ANY AND ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN THE UNDERSIGNED AND YOU, OR THE INTRODUCING BROKER, OR YOUR AGENTS, REPRESENTATIVES, EMPLOYEES, DIRECTORS, OFFICERS OR CONTROL PERSONS OR THE AGENTS, REPRESENTATIVES, EMPLOYEES, DIRECTORS, OFFICERS OR CONTROL PERSONS OF THE INTRODUCING BROKER, ARISING OUT OF, IN CONNECTION WITH, FROM OR WITH RESPECT TO (a) ANY PROVISIONS OF OR THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENTS, (b) THE RELATIONSHIP OF THE PARTIES HERETO, OR (c) ANY CONTROVERSY ARISING OUT OF YOUR BUSINESS, THE INTRODUCING BROKER'S BUSINESS OR THE UNDERSIGNED'S ACCOUNTS, SHALL BE CONDUCTED PURSUANT TO THE CODE OF ARBITRATION PROCEDURE OF FINRA. ARBITRATION MUST BE COMMENCED BY SERVICE OF A WRITTEN DEMAND FOR ARBITRATION OR A WRITTEN NOTICE OF INTENTION TO ARBITRATE. THE DECISION AND AWARD OF THE ARBITRATOR(S) SHALL BE CONCLUSIVE AND BINDING UPON ALL PARTIES, AND ANY JUDGMENT UPON ANY AWARD RENDERED MAY BE ENTERED IN A COURT HAVING JURISDICTION THEREOF, AND NEITHER PARTY SHALL OPPOSE SUCH ENTRY.

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 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 de-certified; 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.

11. **Hypothecation.** Within the limitations imposed by applicable laws, rules and regulations, all securities now or hereafter held by you, or carried by you in any account for the undersigned (either individually or jointly with others), or deposited to secure same, may from time to time, without any notice, be carried in your general loans and may be pledged, repledged, hypothecated or re-hypothecated, separately or in common with other securities for the sum due to you thereon or for a greater sum and without retaining in your possession or control for delivery a like amount of similar securities. The IRS requires Broker Dealers to treat dividend payments on loaned securities positions as in-lieu dividends for 1099 tax reporting purposes. Taxation of substitute dividend payments may be greater than ordinary on qualified dividends. It is understood, however, that you agree to deliver to the undersigned upon demand and upon payment of the full amount due thereon, all securities in such accounts, but without obligation to deliver the same certificates or securities deposited by the undersigned originally. Any securities in the undersigned's margin or short account may be borrowed by you, or lent to others.

12. **Interest.** Debit balances in all the accounts of the undersigned shall be charged with interest in accordance with your established custom, as disclosed to the undersigned in the Customer Information Brochure pursuant to the provisions of Rule 10b-16 of the Securities Exchange Act.

13. **Margin.** The undersigned agrees to maintain in all accounts with you such positions and margins as required by all applicable statutes, rules, regulations, procedures and custom, or as you deem necessary or advisable. The undersigned agrees to promptly satisfy all margin and maintenance calls.

14. **Sales.** The undersigned agrees to specifically designate any order to sell a security, which the undersigned does not own as a short sale, and understands that you will mark such order as a short sale. The undersigned agrees that any order which is not specifically designated as a short sale is a sale of securities owned by the undersigned, and that the undersigned will deliver the securities on or before settlement date, if not already in the account. If the undersigned should fail to make such delivery in the time required, you are authorized to borrow such securities as necessary to make delivery for the undersigned's sale, and the undersigned agrees to be responsible for any loss you may thereby sustain, or which you may sustain as a result of your inability to borrow such securities.

15. **Representations.** The undersigned represents that the undersigned is of majority age, that the undersigned is not an employee of any exchange, or of any corporation of which any exchange owns a majority of the capital stock, or of a member of any exchange, or of a member firm or a member corporation registered on any exchange or of a bank, trust company, insurance company or of any corporation, firm or individual engaged in the business dealing either as broker or as principal in securities, bills of exchange, acceptances or other forms of commercial paper. If the undersigned is a corporation, partnership, trust or other entity, the undersigned represents that its governing instruments permit this Agreement, that all applicable persons have authorized this Agreement and that the undersigned signatory is authorized to bind the undersigned. The undersigned represents that the undersigned shall comply with all applicable laws, rules and regulations in connection with the undersigned's account. The undersigned further represents that no one except the undersigned has an interest in the account or accounts of the undersigned with you.

16. **Joint Account.** If the undersigned shall consist of more than one person, the undersigned's obligations under this Agreement shall be joint and several. References to the "undersigned" shall include each of the undersigned. You may rely on transfer or other instructions from any one of the undersigned in a joint account, and such instructions shall be binding on each of the undersigned. You may deliver securities or other property to, and send confirmations, notices, statements and communications of every kind, to any one of us, and such action shall be binding on each of us. Notwithstanding the foregoing, you are authorized in your discretion to require joint action by the joint tenants with respect to any matter concerning the joint account, including but not limited to the giving or cancellation of orders and the withdrawal of money, securities, futures or commodities.

17. **Other Agreements.** The undersigned agrees to be bound by the terms of your **Customer Account Agreement**. If the undersigned trades any options, the undersigned agrees to be bound by the terms of your **Customer Option Agreement**. The undersigned understands that copies of these agreements are available from you and, to the extent applicable, are incorporated by reference herein. The terms of these other agreements are in addition to the provisions of this Agreement and any other written agreements between you and the undersigned.

18. **Data Not Guaranteed.** The undersigned expressly agrees that any data or online reports is provided to the undersigned without warranties of any kind, express or implied, including but not limited to, the implied warranties of merchantability, fitness of a particular purpose or non-infringement. The undersigned acknowledges that the information contained in any reports provided by you is obtained from sources believed to be reliable but is not guaranteed as to its accuracy or completeness. Such information could include technical or other inaccuracies, errors or omissions. In no event shall you or any of your affiliates be liable to the undersigned or any third party for the accuracy, timeliness, or completeness of any information made available to the undersigned or for any decision made or taken by the undersigned in reliance upon such information. In no event shall you or your affiliated entities be liable for any special incidental, indirect or consequential damages whatsoever, including, without limitation, those resulting from loss of use, data or profits, whether or not advised of the possibility of damages, and on any theory of liability, arising out of or in connection with the use of any reports provided by you or with the delay or inability to use such reports.

19. **Credit Check.** You are authorized, in your discretion, should you for any reason deem it necessary for your protection to request and obtain a consumer credit report for the undersigned.

20. **Miscellaneous** If any provision of this Agreement is held to be unenforceable; it shall not affect any other provision of this Agreement. The headings of each section of this Agreement are descriptive only and do not modify or qualify any provision of this Agreement. This Agreement and its enforcement shall be governed by the laws of the state of Texas and shall cover individually and collectively all accounts which the undersigned has previously opened, now has open or may reopen with you, or any introducing broker, and any and all previous, current and future transactions in such accounts. Except as provided in this Agreement, no provision of this Agreement may be altered, modified or amended unless in writing signed by your authorized representative. This Agreement and all provisions shall inure to the benefit of your successors, whether by merger, consolidation or otherwise, your assigns, the undersigned's introducing broker, and all other persons specified in Paragraph 10. You shall not be liable for losses caused directly or indirectly by any events beyond your reasonable control, including without limitation, government restrictions, exchange or market rulings, suspension of trading or unusually heavy trading in securities, a general change in economic, political or financial conditions, war or strikes. You may transfer the accounts of the undersigned to your successors and assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the undersigned.

# REQUIRED DOCUMENT

## TWS Financial, LLC Disclosures

### Privacy Notice

TWS Financial, LLC is committed to protecting confidentiality of the information furnished to us by our clients. We are providing you this information as required by Regulation S-P adopted by the Securities and Exchange Commission.

We collect nonpublic personal information about you from the following sources: information we receive from you on applications or other forms or through our Web Site and information we receive from a consumer-reporting agency.

### Our use of information about you

TWS Financial, LLC does not share your non-public personal information with any unaffiliated third parties with whom we have no contractual business relationships, unless:

- You give us written permission
- It is vital to completing a transaction for your account
- It is required by law to protect against fraud or comply with a subpoena or other court order.

We do not sell information about you to outside unaffiliated companies

TWS Financial, LLC has policies that restrict access to non-public personal information about you to those employees who have need for that information to provide investment alternatives or services to you, or to employees who assist those who provide investment alternatives or services to you. We maintain physical, electronic and procedural safeguards to protect your non-public personal information.

### MARGIN DISCLOSURE STATEMENT

We are furnishing this document to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided by your broker. Consult your broker regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased are the firms collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and as a result, the firm can take action, such as issue a margin call and/or sell securities in your account, in order to maintain the required equity in the account. It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- **You can lose more funds than you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in your account.
- **The firm can force the sale of securities in your account.** If the equity in your account falls below the maintenance margin requirements under the law, or the firms higher house requirements, the firm can sell the securities in your account to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- **The firm can sell your securities without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interest, including immediately selling the securities without notice to the customer.
- **You are not entitled to choose which security in your margin account is liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.
- **The firm can increase its house maintenance margin requirement at any time and is not required to provide you advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account.
- **You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

### Trading Risk Disclosure Statement Rule 2361 FINRA

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a "day-trading strategy" means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

Day trading can be extremely risky. Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more will in no way guarantee success.

Be cautious of claims of large profits from day trading. You should be wary of advertisements and other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

Day trading requires knowledge of securities markets. Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.

Day trading requires knowledge of a firm's operations. You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures.

Day trading will generate substantial commissions, even if the per trade cost is low. Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs \$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$11,360 just to cover commission expenses.

Day trading on margin or short selling may result in losses beyond your initial investment. When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position. Potential Registration Requirements, Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

### Market Volatility and Trading Platforms Notice

All trades are executed through TWS Financial, Member of the FINRA and SIPC. Our clearing firm is Penson Financial Services. For more info, [www.penson.com](http://www.penson.com)

System response, trade executions and account access may be affected by market conditions, system performance, quote delays and other factors. The risk of loss in electronic trading can be substantial. You should therefore consider whether such trading is suitable for you in light of your financial resources. Money Market Funds are not FDIC Insured. Read our Risk Disclosures.

### After-Hours Trading

There is no assurance that trades will be executed after the market closes.

### Extended Hours Trading Risk Disclosure

**Risk of Lower Liquidity.** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

**Risk of Higher Volatility.** Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular market hours.

**Risk of Changing Prices.** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.

**Risk of Unlinked Markets.** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently

operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

**Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

**Risk of Wider Spreads.** The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security

### Loss of Principal

Beware of the risk of trading. Trading stocks and other investments are subject to fluctuations in value and possibly entire loss of principle.

### SIPC Notice

All accounts are SIPC Protected for \$500,000 Securities, including \$100,000 claims for Cash. Penson Financial Services, Inc. (PFSI) has also acquired "Excess SIPC" insurance from a third party insurer to protect client accounts up to their net equity for loss of securities and cash held at Penson Financial Services, Inc. (PFSI), up to an overall firm aggregate of US \$200,000,000 over all customer accounts. This "Excess SIPC" protection is in addition to the protection provided by the Securities and Investors Protection Act, which is administered by SIPC, and is subject to certain conditions and limitations, details of which are available upon request. The above coverage does not protect against loss of the market value of securities. For Details please see [www.sipc.org](http://www.sipc.org).

### RISK DISCLOSURE STATEMENT

**Clients must be familiar with the following responsibilities and must agree to follow all regulatory and exchange rules:**

### ACCOUNT REVIEW

It is always the client's responsibility to review their account daily, through Penson Financial Services (the clearing firm) at their website <https://online.penson.com/> and compare the information shown there versus the information displayed on the trading software. If there is any discrepancy of any kind, including but not limited to: current equity, buying power, or positions the client must contact TWS Financial, LLC prior to acting on any information that does not match. Also if you ever believe for any reason that anything is incorrect in your account, please make sure you always contact us before acting. If a client acts before contacting us to verify the validity of their account information or fails to review their account on a daily basis, any issues that arise as a result of not reviewing their information or contacting our firm in a timely manner will be solely the client's responsibility.

It is also the clients responsibility to review all their open orders daily, especially if you are placing GTC (good till cancelled) orders. If you believe you had an order that for some reason is not showing on your software or have any other issue or problem with any order, you will need to contact us immediately. You will be responsible for this daily review of your open orders. Any issues caused by the failure to do this review and to contact us in a timely manner to resolve any discrepancies will be solely the client's responsibility.

### STOCK SPLITS & SYMBOL CHANGES & OPTIONS

If the client's responsibility to notify TWS Financial, LLC if they hold any stock that has either a forward or reverse stock split and/or if any stock they own has a symbol change of any kind. The client will also need to contact us if you are holding an option that has expired or changed symbols. The trading software will NOT automatically adjust for these changes. The client will need to contact us and we will manually adjust their trading software to reflect these changes.

### SHORT SALES

The term 'short sale' means any sale of a security, which the seller does not own, or any sale, which is consummated by the delivery of a security, borrowed by, or for the account of the seller. For stocks hard to borrow, short sales must be preceded by a request to TWS Financial, LLC to make sure stocks can be borrowed. We will then contact Penson Financial Services' Stock Loan Department to ensure the availability of the stock. If approval is granted by Penson Stock Loan Department, TWS Financial, LLC will inform you that the stock can be sold short. If approval is not received, the security in question cannot be shorted. If you short a stock that has not been located, the transaction may be cancelled and you will be responsible for any losses incurred. Short sales made on stocks not located will result in a buy-in. All trades that violate these rules will be put into TWS Financial, LLC Investments error account. All losses will be charged back to your account. You will not receive any profit from these trades as they are illegally gained. Repeated violations of these rules can result in your account being closed. Assuming the security in question can be shorted, the short sale must take place as 'sell short'. If the trader uses a sell to place a short sale or over-sells a position, it is possible that the trade will be executed illegally. This is a violation of FINRA and SEC rules. The trader is responsible to cover any illegal position immediately with a corresponding buy. These corrections must be reported via e-mail to TWS Financial, LLC at the end of the trading day.

### MARGIN

The client has 2 types of margin available - Overnight (2:1) and Day Trading (4:1). Overnight buying power is limited to two times the available equity at the end of the preceding day. Overnight positions held above two times equity will result in a federal margin call. You may have up to 3 business days to cover an overnight call by either sending in new funds for the amount of the call or liquidating positions to meet the call. If you liquidate positions to meet this call, your account may be restricted or closed. If you do not cover the amount of the call when due, TWS Financial, LLC will liquidate your position.

Day Trading buying power is applied to stocks that you day trade (buy and sell in the same day). For margin accounts with equity above \$25,000, the margin is set at 4:1 and there is no limit on the number of day trades that can be made. Note that overnight positions still must not exceed 2:1 margin. For accounts under \$25,000, there is a limit of 3 day trades allowed per 5 business day period. Overnight positions are not affected by this limitation. If you violate this rule, your account may be restricted or closed. It is the client responsibility to abide by these rules. The electronic order entry software systems provided to you by TWS Financial, LLC cannot do this on your behalf.

Buying power figures are set at the beginning of the day and generally will not be increased for the remainder of the day (covering overnight positions may not increase these numbers). When you have overnight positions your available buying power will generally be computed as follows: 30% of short positions and 25% of long positions, minus both figures from your equity and double what is left over. These percentages may be subject to change or differ by stock.

There are also increased margin requirements when shorting low priced stocks. The minimum requirement is \$2.50 per share on shorts, so if you short a stock trading under \$2.50 a share you still will be held to the increased requirement of \$2.50 per share. Stocks trading between \$2.50 and \$5 will be held to 100% requirement on shorts. Stocks above \$5 per share will be held to a minimum requirement of \$5 per share and then the regular short requirements thereafter.

You will receive a margin call if you go over your day trading buying power at any point during the day. This day trading call must be met with cash only within seven business days. If you do not meet your day trading buying power call, Penson Financial Services will CLOSE YOUR ACCOUNT.

TWS Financial, LLC will generally attempt to contact you about any margin calls you may receive. This may be an e-mail notification from us pertaining to the margin calls, so please make sure you review your e-mails everyday. Clients must strictly adhere to all margin rules. Please be aware that TWS Financial, LLC is in no way obligated to inform you of your margin calls. It is your responsibility to monitor your own account at all times. TWS Financial, LLC or Penson Financial Services may also cover part or all of your position to meet your margin call at anytime with or without notice. Penson Financial Services may choose to stop extending any credit at all or close the account for repeat violators. Also no checks or wire transfers can be sent out of the account unless there is available free cash of at least that amount in the account.

### EQUITY REQUIREMENT

The amount of equity required to open and maintain a pattern day-trading account is \$25,000. If your equity drops below this amount you must deposit additional funds to get your equity back up to \$25,000. If you do not maintain the minimum equity, your account may be allowed to become a regular margin account with buying power determined by the clearing firm and limited to 3 day-trades in a five day period. Position held overnight does not count as day-trades.

### IMPORTANT NOTICE

The procedures and rules listed on this page are for informational purposes and may be subject to change, which may not be reflected on this page, or may be updated without notice. This is only a partial list of traders responsibilities. Traders need to understand that they have far more responsibilities than are or can be listed here. If you have any questions about any of your responsibilities, please contact us.

I have read and understand the TWS Financial's Risk Disclosure and agree to its term.

Account Number: \_\_\_\_\_

Client Name: \_\_\_\_\_

Date: \_\_\_\_\_

Client Signature: \_\_\_\_\_

**REQUIRED DOCUMENT**

TWS FINANCIAL, LLC.  
Member FINRA and SIPC

1101 Pennsylvania Ave, Suite 600  
Washington, DC 20004

**DAY TRADING RISK DISCLOSURE DOCUMENT**

All new non—institutional customers of TWS Financial, LLC. must be provided with this document upon new account establishment even if the customer does not intend to use the account for day trading purposes. The registered representative should ascertain if the account is used for Day Trading purposes, and that the approval of the firm has been granted pursuant to Rule 2360. This Risk Disclosure Statement must be provided to every new account as set forth in Rule 2361 of the National Association of Securities Dealers, Inc.

Account Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

**Dear Valued New Customer:**

You should consider the following points before engaging in a day-trading strategy. A “day-trading strategy” means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

**Day trading can be extremely risky.** Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more will in no way guarantee success.

**Be cautious of claims of large profits from day trading.** You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

**Day trading requires knowledge of securities markets.** Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.

**Day trading requires knowledge of a firm’s operations.** You should be familiar with a securities firm’s business practices, including the operation of the firm’s order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures.

**Day trading will generate substantial commissions, even if the per trade cost is low.** Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs \$16 and an average of 29 transactions are conducted per day; an investor would need to generate an annual profit of \$111,360 just to cover commission expenses.

**Day trading on margin or short selling may result in losses beyond your initial investment.** When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

**Potential Registration Requirements.** Persons providing investment advice for others or managing securities accounts for others may need to register as either an “Investment Advisor” under the Investment Advisors Act of 1940 or as a “Broker” or “Dealer” under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

**OTHER USE AGREEMENT:**

As the customer of this account, **I have decided NOT to engage in day trading** with TWS Financial, LLC. I acknowledge that I have received this disclosure and will not engage in day trading as an overall trading strategy. I understand that if I do make intra-day trades in the future, my account may be upgraded to a Day Trading and an appropriateness determination may be required:

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date

**DAY TRADING USER AGREEMENT:**

As the customer of this account **I have decided to engage in day trading or wish my account to be designated as a Day Trading Account.** I understand that the firm shall make an appropriateness determination to ascertain if I qualify for Day Trading. I have read this disclosure, and by signing below I understand the risks of Day Trading and I certify that I have determined that Day Trading is suitable for my account. I understand my account may not be approved for Day Trading, and if the account is approved, the firm may re-examine periodically to see if Day Trading continues to be appropriate for me, and may request re-certification to Day Trade at the firm.

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date



## PENSON FINANCIAL SERVICES, INC. CUSTOMER ACCOUNT TRANSFER FORM

Receiving Firm – Penson Financial Services, Inc. ("PFSI") – Clearing # 0234

**1. Information about your account:**

Title of Your Account:	
PFSI Account Number:	SSN / Tax ID:

**\*\* Please attach a copy of your most recent statement for the account you are transferring to Penson.**

**2. Information about the account you are transferring:**

Title of Your Account:	
Account Number:	Name of Firm:
Address of Firm:	
City, State, ZIP	Broker Clearing No:

**\*\* If your PFSI account is not the same type of account as the one you are transferring, you must complete the Letter of Authorization (Section 7) on the 2<sup>nd</sup> page of this form.**

**3. Type of Transfer:**

- |  |  |
|--|--|
| <input type="checkbox"/> Brokerage Firm Transfer (Transfer all assets in kind)<br><input type="checkbox"/> Liquidate all assets and Transfer as cash<br><input type="checkbox"/> Partial Transfer (Skip to Section 4)<br><input type="checkbox"/> Mutual Fund Company Transfer (Skip to Section 5) | <input type="checkbox"/> Non-ACAT Transfer (Transfer all assets in kind)<br><input type="checkbox"/> Liquidate annuity and transfer as cash<br><input type="checkbox"/> Liquidate Certificates of Deposit IMMEDIATELY.<br>(I am aware of and acknowledge the penalty for early withdrawal)<br><input type="checkbox"/> Transfer proceeds of Certificates of Deposit AT MATURITY (Submit transfer request 30 days prior to maturity). |
|--|--|

**4. Partial Transfer: (Please specify the assets you wish to transfer, Attach additional pages if needed)**

Quantity	Assets Description / Symbol	Transfer (Select One)
		<input type="checkbox"/> Transfer In Kind <input type="checkbox"/> Liquidate
		<input type="checkbox"/> Transfer In Kind <input type="checkbox"/> Liquidate
		<input type="checkbox"/> Transfer In Kind <input type="checkbox"/> Liquidate
		<input type="checkbox"/> Transfer In Kind <input type="checkbox"/> Liquidate
		<input type="checkbox"/> Transfer In Kind <input type="checkbox"/> Liquidate

**5. Mutual Fund Company Transfer: (Use a separate form for each mutual fund company)**

Name of Fund Company:				
Name of Fund/Symbol/Cusip	Fund Account #	Transfer (Select One)	Future Dividend (Select One)	Future Capital Gains (Select One)
<input type="checkbox"/> Transfer In Kind <input type="checkbox"/> Liquidate		<input type="checkbox"/> ALL <input type="checkbox"/> # of Shares ____	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash
<input type="checkbox"/> Transfer In Kind <input type="checkbox"/> Liquidate		<input type="checkbox"/> ALL <input type="checkbox"/> # of Shares ____	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash
<input type="checkbox"/> Transfer In Kind <input type="checkbox"/> Liquidate		<input type="checkbox"/> ALL <input type="checkbox"/> # of Shares ____	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash

**6. Signature(s): (Please read and sign below)**

If this account is a qualified retirement account, I have amended the applicable plan so that it names Penson Financial Services, Inc. (PFSI) as successor custodian. Unless otherwise indicated in the instructions above, please transfer all assets in my account to PFSI. I understand that to the extent any assets in my account are not readily transferable with or without penalties; such assets may not be transferred within the time frames required by NYSE Rule 412 or similar rule of FINRA or other designated examining authority.

**REQUIRED FOR ACCOUNT TRANSFERS**

I authorize you to liquidate any non-transferable proprietary money market fund assets that are part of my account and transfer the resulting credit balance to PFSI. I authorize you to deduct any outstanding fees due you from the credit balance in my account. If my account does not contain a credit balance, or if the credit balance in the account is insufficient to satisfy any outstanding fees due you, I authorize you to liquidate the assets in my account to the extent necessary to satisfy that obligation. If certificates or other instruments in my account are in your physical possession, I instruct you to transfer them in good deliverable form, including affixing any necessary tax waivers, to enable the successor custodian to transfer them into its name for the purpose of sale, when and as directed by me. I understand that upon receiving a copy of this transfer instruction, you will cancel all open orders for my account on your books.

I affirm that I have destroyed or returned to you credit/debit cards and/or unused checks issued to me in connection with my securities account. I understand that you will contact me with respect to the disposition of any assets in my securities account that are non-transferable.

Primary Signature:	Date:	
Secondary Signature:	Date:	
		Medallion Signature Guarantee Program

Letter of Acceptance – To the prior custodian/Trustee: Please be advised that Penson Financial Services, Inc. (“PFSI”) hereby accepts an appointment as successor custodian.

Successor Custodian/Trustee Authorized Signature:	Date:
Tax ID Number Successor Custodian:	Date of Trust:

**7. Letter of Authorization:** *(Please complete if the type of account in Section 1 is different than Section 2.)*

**To: Penson Financial Services, Inc.:** I hereby authorize the following transfer of assets:

**Transfer From:**  
 Delivering Firm: \_\_\_\_\_  
 Account Number: \_\_\_\_\_  
 Account Title: \_\_\_\_\_

**Transfer To:**  
 PFSI Account Number: \_\_\_\_\_  
 Account Title: \_\_\_\_\_  
 Investment Representative’s Name \_\_\_\_\_ Office # \_\_\_\_\_ Rep # \_\_\_\_\_

I understand this transfer constitutes a change in ownership of the assets and that the new registered account holders will have exclusive rights to the assets.

Sincerely,  
**X** \_\_\_\_\_ **X** \_\_\_\_\_  
 Primary Applicant Signature Secondary Application Signature

**\*\*\*Completion of this form does not guarantee acceptance by delivering Firm.**

For Broker Use Only – Transfer Instructions:		
<b>MAILING ADDRESS:</b> Penson Financial Services, Inc. 1700 Pacific Avenue, Suite 1400 Dallas, TX 75201-7322	<b>TAX ID#:</b> 56-1673990	<b>INCOMING WIRE INSTRUCTIONS:</b> JP Morgan Chase ABA 021000021 F/A Penson Financial Services A/C #066-6-00030 FFC: Customer A/C # and Customer Name
<b>DTC INSTRUCTIONS:</b> #0234 PFSI FAO: Customer Acct # (Penson accepts PTDs and PTRs)	<b>NSCC INSTRUCTIONS:</b> NSCC# 0234 PFSI	<b>CREST SECURITIES:</b> Penson Crest ID 08XHZ
<b>GNMA INSTRUCTIONS:</b> MHBDC/Penson	<b>FNMA/FREDDIES/US TREAS INSTRUCTIONS:</b> ABA 021000021 J.P. Morgan Chase NYC/Penson	<b>MUTUAL FUND RE-REGISTRATION:</b> Penson Financial Services, Inc. FBO: _____ 1700 Pacific Avenue, Suite 1400 Dallas, TX 75201
<b>PHYSICAL INSTRUCTIONS:</b> New York Window 55 Water St, 1ST Floor A/C Penson Customer Acct # New York, NY 10041	<b>AGENT ID/INSTITUTIONAL:</b> 89331	
	<b>FOREIGN SECURITIES INSTRUCTIONS:</b> Bank of New York – Brussels Euroclear # 10161	



**AUTHORIZATION FOR ELECTRONIC TRANSFER  
(AUTOMATED CLEARING HOUSE)**

To: Penson Financial Services, Inc.  
1700 Pacific Avenue  
Suite 1400  
Dallas, Texas 75201

ATTN: Banking Department

**I/We authorize Penson Financial Services, Inc., (“Penson”) to transfer funds via ACH from my securities account to my bank account as follows:** (In the event an entry is incorrect, Penson reserves the right to submit correcting entries.)

New ACH Authorization       Change of Existing Authorization

**The Banking Department must be notified of any changes to the money market account, i.e. switching of money market funds or closure.**

**The receiving bank account is (choose one)**

Checking (attach voided check below)     Savings (attach savings deposit slip below)

**The type of transfer requested is (choose one)**

As occurring (non-specific) for (choose one)

Dividends or Interest & Principal Paydowns

Dividends or Interest only

Proceeds from all sales & maturities

Phoned request

Recurring (specify below)

Amount:            \$ \_\_\_\_\_ (must be the same amount each time)

Day of Month:    \_\_\_\_\_ (i.e. 15<sup>th</sup>, 30<sup>th</sup>, etc.)

Number of Months:    \_\_\_\_\_      Until Further Notice:    \_\_\_\_\_

Attached is a voided check or savings deposit slip that will provide all necessary bank routing information. I understand that the ACH activation will take approximately 10 business days from the date of receipt of these instructions. I understand that recurring transfers, if applicable, will occur no later than the next business day, assuming funds availability. **Please be advised that funds must be readily available in the cash account or money market fund or there is a possibility the ACH will be delayed or bounced.** No notification will be sent for returned ACH's. I agree to hold Penson and their agents free of liability for their compliance with these instructions.

This authorization shall remain in full force and effect until instructions to terminate or alter are received in writing by Penson Financial Services, Inc.

\_\_\_\_\_  
Account Owner Signature

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

\_\_\_\_\_  
Joint Account Owner Signature, if applicable

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

**Attach Voided Check or Savings Deposit Slip Here**

**Penson Financial Services, Inc. & Penson GHCO Privacy Policy**

Penson Financial Services, Inc. carries your account as a clearing broker by arrangement with your broker/dealer as introducing broker. At Penson, we understand that privacy is an important issue for customers of our introducing firms. It is our policy to respect the privacy of all accounts that we maintain as clearing broker and to protect the security and confidentiality of non-public personal information relating to those accounts. Please note that this policy applies to former customers as well as current customers.

*Personal Information Collected*

In order to service your account as clearing broker, information is provided to Penson by your introducing broker, who collects information from you in order to provide the financial services that you have requested.

The information collected by your introducing broker and provided to Penson may come from the following sources:

1. Information received from you, such as your name, address, telephone number, social security number, occupation and income;
2. Information relating to your transactions, including account balances, positions and activity;
3. Information which may be received from consumer reporting agencies, such as credit bureau reports and other information relating to your creditworthiness;
4. Information which may be received from other sources with your consent or with the consent of your introducing broker.

*Sharing of Nonpublic Personal Information*

Penson does not disclose nonpublic personal information relating to current or former customers of introducing brokers to any third parties, except as required or permitted by law, including but not limited to any obligations of Penson under the USA PATRIOT Act, and in order to facilitate the clearing of customer transactions in the ordinary course of business.

Penson has multiple affiliates, including Penson Financial Services Ltd., Penson Financial Services Canada, Inc., Nexa Technologies, Inc and Penson GHCO. These companies, along with Penson Financial Services, Inc., are wholly owned subsidiaries of Penson Worldwide, Inc. We may share information among our affiliates, as permitted by law, in order to better service your financial needs. *Security* Penson strives to ensure that our systems are secure and that they meet industry standards. We protect personal information that is provided to Penson by your introducing broker by maintaining physical, electronic and procedural safeguards that either meet or exceed applicable law. Where appropriate, we employ firewalls, encryption technology, user authentication systems (i.e. passwords and personal identification numbers) and access control mechanisms to control access to systems and data. Third parties who may have access to such personal information must also agree to follow appropriate standards of security and confidentiality. We instruct our employees to use strict standards of care in handling the personal financial information of customers. As a general policy our staff will not discuss or disclose information regarding an account except with authorized personnel of your introducing broker or as required by law or pursuant to regulatory request and/or authority. *Access to Your Information* You may access your account information through a variety of media offered by your introducing broker and Penson (i.e. statements or online services). Please contact your introducing broker if you require any additional information. *Changes to Penson's Privacy Policy* Penson reserves the right to make changes to this policy. *How to Get in Touch with Penson about this Privacy Policy* For your reference, this policy has been posted to our website at [www.penson.com](http://www.penson.com). For more information relating to Penson's privacy policy, please contact: Penson Financial Services, Inc. ATTN: Compliance Department 1700 Pacific Avenue, Suite 1400 Dallas, TX 75201 1-800-696-3585



## CUSTOMER INFORMATION BROCHURE

This brochure has been prepared to explain some of the basic procedures for customers of an introducing brokerage firm using the facilities of Penson Financial Services, Inc. to perform certain of its execution and clearing functions. In this brochure, “we” and “us” refer to Penson Financial Services, Inc., and “broker” or “your broker” refers to the account executive with whom you deal and to the brokerage firm employing him/her, which may also be called an introducing firm.

You should discuss your investment goals thoroughly with your broker. The more he knows about your circumstances and financial aims, the better prepared he is to help you. Should you have any questions concerning any aspect of this brochure, your account or securities in general, contact your broker immediately.

**RELATIONSHIP WITH YOUR BROKER:** We are carrying your account as a clearing broker by arrangement with your broker as introducing broker. Your account executive is an employee or other representative of a brokerage firm using our facilities to perform certain execution and clearing functions. Your account executive is not our employee or agent, and neither he/she nor his/her firm may contractually bind us, or make any representations to you on our behalf. We are relying on your broker and his representatives and other agents to give us instructions concerning your account. Until receipt of written notice from you to the contrary, we will continue to accept such instructions from your broker (without any inquiry or investigation) for the purchase or sale of securities on margin or otherwise, or for any other matter concerning your account. We only act to clear trades introduced by your broker and to effect other back office clearing functions for your broker. We give no advice or recommendations to customers of your broker, and you must therefore rely on your broker for all advice and recommendations concerning your account. We will not review your account and have no responsibility for trades made in your account. We have no responsibility or liability for any acts or omissions of your broker or its representatives, employees or other agents.

**NOTICE OF FULLY DISCLOSED CLEARING AGREEMENT:** We have entered into a Fully Disclosed Clearing Agreement with your broker that has the following terms as it relates to the allocation of responsibilities between your broker and us:

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:** The USA Patriot Act requires brokerage firms to maintain comprehensive anti-money laundering programs. Penson uses automated systems and staff to monitor compliance with these rules. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, record, and verify information that identifies each person who opens an account. **What this means to you:** when you open an account, we will ask for your name address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. Persons designated by the United States Office of Foreign Asset Control (OFAC) as Specially Designated Nationals, residents of restricted countries or employees of foreign governments or their agents may not open accounts at Penson.

**OPENING, APPROVING AND MONITORING CUSTOMER ACCOUNTS:** Before an account can be opened, you must furnish your broker with certain information including your name and address, social security number or tax identification number (see section on Backup Withholding), citizenship, age, occupation, bank reference or other brokerage reference, and a general idea of your financial situation. Your broker is responsible for obtaining and verifying all information necessary for your account to be opened. Your broker is responsible for obtaining all documents related to your accounts, and for the timely transmission to us of all required documents. Your broker will be responsible for learning and documenting all of the facts relating to you and your investment objectives in order to insure compliance with all applicable rules and regulations. Each of your accounts approved by your broker and opened with us will be subject to our acceptance. We reserve the right to withhold acceptance of or to reject, for any reason, any account or any transaction for any account and to terminate any account that we have previously accepted.

**ACCOUNT RESPONSIBILITY FOR CERTAIN PURPOSES:** Notwithstanding anything in the Clearing Agreement to the contrary, for purposes of the Securities Investment Protection Act of 1970 and the Financial Responsibility Rules of the SEC, your accounts are our responsibility. For all

other purposes, your accounts will be the full, total and sole responsibility of your broker.

**EXTENSION OF CREDIT:** At the time of opening of each margin account, your broker will furnish us with a properly executed Penson **Customer Margin and Short Account Agreement**. Until your broker has furnished us with this agreement, we may, in our sole discretion, rebook any transaction as a cash transaction, liquidate your account or take any other action we may deem necessary. Your broker is responsible for assuring that you make payment of all initial margin requirements and of all amounts necessary to meet subsequent maintenance calls in each of your accounts in order to insure compliance with Federal Reserve Regulation T and our house rules. Your broker may collect such payments on our behalf, or you may make them directly to us. Your broker is responsible for advising you of any changes in our margin requirements, and for your payment of any additional margin necessary to insure compliance with any increased requirements.

**MAINTENANCE OF BOOKS AND RECORDS:** We are responsible for maintaining stock records and other records on a basis consistent with generally accepted practices in the securities industry and will maintain copies of such records in accordance with FINRA and SEC guidelines for record retention, in effect from time to time. Both your broker and we are responsible for preparing and filing the reports required by the governmental regulatory agencies that have jurisdiction over each of us.

**RECEIPT, DELIVERY, AND SAFEGUARDING OF FUNDS AND SECURITIES:** Acting on behalf of your broker, we will receive and deliver all funds and securities in connection with transactions for your account in accordance with your instructions to your broker. Your broker is responsible for advising you of your obligations to deliver funds or securities in connection with each such transaction and for your failure to fulfill such obligations. We are responsible for the safeguarding of all funds and securities delivered to and accepted by us, subject to our count and verification. However, we are not responsible for funds or securities delivered by you to your broker, its agents or employees until such funds or securities are physically delivered to our premises and accepted by us or deposited in bank accounts maintained in our name. Your broker is responsible for compliance with the Currency and Foreign Transactions Reporting Act (31 U.S.C. Section 5311, et seq) and the rules and regulations promulgated thereunder (31 C.F.R. Section 103.11, as amended, et seq).

Whenever we have been instructed to act as custodian of the securities in any of your accounts, or to hold such securities in safekeeping, we may hold the securities in your name or may cause such securities to be registered in our name or our nominee name or in the names of nominees of any depository we use. We will perform the services required in connection with acting as custodian for securities in your accounts, such as: (i) collection and payment of dividends; (ii) transmittal and handling (through your broker) of tenders or exchanges pursuant to tender offers and exchange offers; (iii) transmittal of all proxy materials and other shareholder communications; and, (iv) handling of exercises or expirations of rights and warrants or redemptions. Upon instruction from you or your broker, we will make such transfers of securities or accounts as may be requested. Your broker will be responsible for determining if any securities held in your accounts are restricted securities or control stock as defined by the rules of the SEC and that orders executed for such securities are in compliance with applicable laws, rules and regulations.

Notwithstanding anything in the Clearing Agreement to the contrary, we will not be responsible for the safeguarding of funds withdrawn by your broker or your

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broker employees pursuant to any draft issuing authority that we may confer on your broker or your broker's employees.

**CONFIRMATIONS AND STATEMENTS:** We will prepare and send to you monthly or quarterly statements of account. Unless otherwise agreed, we will be responsible for preparing and transmitting confirmations, provided however, that your broker's right to prepare and transmit confirmations will be subject to our prior approval, and compliance by your broker with the provisions of FINRA Rules.

You will receive a written confirmation of every transaction as soon as possible after your order is executed. This confirmation contains information concerning your transaction, such as the quantity and name of the security, net cost or proceeds, commission, and any taxes and fees, and whether the trade is a principal or agency transaction. It is important that you familiarize yourself with the symbols on your confirmation. Should you have any questions concerning any of the symbols, do not hesitate to contact your broker. The confirmation contains the complete terms of the trade, and the terms are final unless a written objection is made within three days after receipt of the confirmation. The confirmation terms cannot be changed orally. Should the confirmation be delayed for any reason, you are still obligated to meet your commitment to pay or deliver the security by the settlement date of the transaction. You may elect to have your statements and confirmations delivered to you electronically. If you choose this option, you may revoke your consent to deliver documents electronically at any time.

While we make every effort to transmit reports of transactions accurately, errors do occasionally occur, especially during periods of heavy volume. If you find an error on your confirmation, you should notify your broker immediately so that corrective action can be taken. We cannot be held responsible for the price as reported to you if your order was executed at another price. Furthermore, we cannot be held responsible for reports of transactions, which have not, in fact, occurred. As soon as the error is discovered, you can be sure that the correct information will be reported to you as expeditiously as possible.

It is important that you retain your confirmation for tax reporting purposes. Your sale confirmation should be retained along with the corresponding purchase confirmation, as evidence of the gain or loss on that particular transaction that you reported for tax purposes. Finally, your confirmation should be retained for all bearer securities in the event that they are needed as proof of ownership at some later date. In addition to your confirmations, you will periodically receive a statement, showing the securities and cash held for your account and any activity that has taken place since the preceding statement. Your statement also reflects any dividends or interest payments that we have credited on the securities in your account. If you have a margin account with us in which there is a debit balance, the interest charged to that account also appears on your statement. We are required by law to report dividends and interest credited to you to the Internal Revenue Service. Therefore, you should retain these statements for tax purposes. You will, of course, receive a Form 1099 from us confirming the income and sales proceeds reported to the Internal Revenue Service.

**ACCEPTANCE OF ORDERS AND EXECUTION OF TRANSACTIONS:** Orders received by your broker can be executed by your broker or forwarded to us for execution. The party executing the order will be responsible for errors in execution. Acceptance of your orders will be the responsibility of your broker. If your broker furnishes us with erroneous or incomplete information concerning your order, he is also responsible for any losses that might result. Your broker is responsible for the authenticity of all orders. We may refuse to accept any orders if we in good faith determine that we should. During the term of the Clearing Agreement, we will clear transactions on a fully disclosed basis for any of your accounts that your broker introduces and that we accept as provided in the Clearing Agreement. We may refuse to clear any transaction if we in good faith determine that we should.

**BACKUP WITHHOLDING:** Since January 1, 1984, your broker must generally withhold 31% of taxable interest, dividends and proceeds from the sale of securities if you fail to furnish us with the correct taxpayer identification number. This is referred to as backup withholding. For most individual taxpayers, the taxpayer's identification number is their social security number.

To prevent backup withholding on these payments, be sure that you have completed and returned to us a **Customer Account Agreement**, which includes the W-9 Form, to notify us of the correct taxpayer identification number and to properly certify that you are not subject to backup withholding under Section 3406(a)(1)(c) of the Internal Revenue Code of 1986, as amended (the Code). If

you are not a US person and are exempt from this withholding, you must complete the W-8 portion of the Customer Account Agreement.

Your broker will be responsible for the review and supervision of, and the suitability of each and every investment you make. Your broker is responsible for insuring that all transactions in and all activities relating to all of your accounts, including any discretionary accounts, will be in compliance with all applicable laws, rules and regulations of the United States, the several states, governmental agencies, securities exchanges and FINRA, including any laws relating to your broker's fiduciary responsibilities to you, either under the Employee Retirement Income Security Act of 1974 or otherwise. To the extent, if any, that we accept sale orders for your account for execution, your broker will be responsible for informing us of the location of the securities that are the subject of the order.

**CASH ACCOUNT:** The most common type of account is the cash account that we call Type 1. In this type of account, there is no extension of credit made in connection with the purchase, and you pay in full for any security that you purchase. Regulation T and certain SEC rules make it necessary to settle the purchase or sale of securities usually on the third business day after the transaction (the settlement date). When a security is purchased for your account, we must pay the selling broker on the settlement date, and when a security is sold for your account, we must deliver the certificate on the settlement date. You and your broker are responsible for compliance with Regulation T.

When you buy a security, we must receive prompt payment by personal check or wire payable to Penson Financial Services, Inc. Your broker can tell you the exact amount that is due shortly after the purchase. We will mail a written confirmation of the transaction to you as soon as possible after your order is executed. Since purchases must be paid for within three business days, you should not await the arrival of the mailed confirmation before payment. In the event that payment for securities is not received promptly, Regulation T requires that your securities be liquidated. You will be responsible for any resulting deficiency or loss.

When you sell a security, it is essential that you deliver the certificate to us promptly because the proceeds of a sale cannot be paid to you until the settlement date, and then only if we have received your certificate in good deliverable form. We will, in turn, then be able to deliver a fully negotiable security to the purchaser's broker. If we do not receive the securities that you sold by the settlement date, your broker is required to purchase the securities in the open market within a reasonable amount of time. Again, you will be responsible for any resulting deficiency or loss.

The proceeds of a sale will either be retained in your account, or if you request, a check will be mailed to you. Your certificates are in good deliverable form if you either:

1. Sign your name on the back of the certificate exactly as it appears on the front (both parties must sign if registered jointly); or
2. Sign a stock power form, which may be obtained from your broker. Do not endorse the certificate itself when you use a stock power. The advantage of a stock power is that it may be mailed or delivered separately from the certificate, giving additional protection in the event the certificate is lost in transit.

Unless you give instructions to the contrary, we will hold your securities in your account in street name.

**INTEREST ON CASH BALANCES:** From time to time when changing investments through your broker, you may have a cash balance in your account. We may pay interest on cash balances carried by your account, which are pending investment or reinvestment. For your account to be credited with interest, you must sign the **New Account Agreement** that specifies that funds left in your account are pending investment.

The rate that is paid on cash balances is set at our sole discretion. To determine what, if any, interest will be paid on cash accounts, we will review a variety of factors, including the cost of borrowing money, economic and business conditions. The rate is related to short-term money market instruments; however, it is not tied directly to any standard such as the prime rate or the broker call money rate. Interest rates may change daily. Current interest rates are available on line at [www.online-penson.com](http://www.online-penson.com) under documents, informational documents or from your Broker. See the section on SIPC Coverage for a discussion of protection of cash balances.

**MARGIN ACCOUNT:** One of the services we may provide to customers of your broker is to permit you to maintain a margin account and purchase

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securities on credit. A margin account, which we call Type 2, involves an extension of credit in connection with the purchase of a security. Margin is the amount which you pay when you use our credit to purchase a security. At the time you open a margin account, you must furnish your broker with the information usually obtained for all other accounts as well as a signed **Customer Margin and Short Account Agreement**, which includes a consent to loan securities form that enables us to pledge or lend securities carried for your account.

Margin requirements are twofold. First, there is an initial margin requirement at the time of purchase; thereafter, there is a minimum margin equity that must be maintained in your account.

In most cases, the minimum amount due for initial purchases is established by the Federal Reserve Board in accordance with Regulation T. This requirement is expressed as a percentage of the purchase price and it may change from time to time. For example, if the margin requirement is 50%, you are only required to deposit half of the purchase amount due. The balance due on the purchase will be loaned to you by us, and your account will be debited this amount. You are required to pay interest on the debit balance as on any other loan. Not all securities are eligible for margin. You should confirm with your broker prior to any transaction that securities you intend to purchase may be used as collateral for a margin loan.

The securities, which you buy on margin, are held by us and are collateral for your debt. Although we retain your securities as collateral, you receive credit for all dividends or interest, and you may direct your broker to sell or vote your stock, as you wish, so long as your account is in good order. The settlement date for purchase and sale of most securities made in margin accounts is three business days following the transaction.

In addition to the initial margin requirements of the Federal Reserve Board, the Securities and Exchange Commission (SEC) requires a customer opening a margin account to have a minimum initial equity of \$2,000 in his account. For example, if your initial purchase of securities costs \$2,400, you will have to deposit \$2,000 rather than the \$1,200 required by the Federal Reserve Board (assuming the Regulation T requirement is 50%).

The SEC also sets minimum margin maintenance requirements. Under present rules, the margin, which must be maintained in an account, is 25% of the market value of all securities long in the account. Our maintenance requirement is presently 25%. If the equity in your account falls below 25% due to a decline in the market value of the securities in your account, it will be necessary for you to deposit additional marginable securities or make a cash payment to reduce your loan balance. For other types of securities, such as bonds, there may be a somewhat higher or lower maintenance requirement, depending on the security. In accordance with the terms of the **Customer Margin and Short Account Agreement**, our maintenance requirements may change at any time without notice. We may, at our discretion, also require a higher margin or maintenance if we deem it necessary for any reason, such as a case where there is a concentration in a particular security or type of security.

If your equity falls below our maintenance requirements as they may be changed from time to time, or such earlier time as we may determine, you may receive a notice of a margin call requiring you to deposit additional cash or collateral. If you fail to meet a margin call, we may liquidate securities positions in your account in order to satisfy the requirements of the call. Market conditions often make it impractical for us to send you notice of a margin call, since the volatility of the market may require immediate action on our part. In such cases, failure to send such notice will not affect its validity. Furthermore, prior notices of a margin call should not be construed as a waiver of our right to take immediate action in your account to protect our interest at some future date, without giving notice of a margin call. The foregoing procedures are followed in substantially all cases; however, a decision as to whether to make a margin call and whether to sell the securities of a customer who does not respond promptly to a margin call may be made on an individual basis, taking into account the circumstances of the individual customer, market conditions, the size of the debit balance and other similar factors.

A short sale is a transaction in which you sell a security that you do not own. We borrow the security on your behalf for delivery to the purchaser. The credit that appears on your statement due to a short sale (including a sale against the box, which is a short sale with securities held long in your account) is offset by a debit of a like amount since we have to provide collateral for the borrowed security. In fact, it is not a true credit. The credit generated by any short sale does not reduce your debit balance for the purpose of computing interest until

the short position is covered. It should always be remembered that your short credit may be reduced substantially or possibly lost altogether when you cover your short position by purchasing the security. There are special margin requirements on a short sale. SEC rules presently require a maintenance margin on a short sale of 30% of the market value of the security when it sells at \$5.00 or higher per share, and a somewhat higher percentage for securities selling below that price. Our maintenance requirement for short sales is 30% as of this printing.

If the security that you sold short appreciates in market price over the selling price, interest will be charged on the appreciation in value. If the security that you sold short depreciates in market price, interest on any debit balance in your account will be reduced in relation to the depreciation in value. The daily closing price is used to determine any appreciation or depreciation of the security sold short (this practice is known as marking-to-the-market).

It is important that you understand the nature of the debit balance in your account and how it is computed. A debit balance represents money which we have loaned to you. As previously noted, when you purchase securities on margin, you must pay the amount of money required by Regulation T and the balance of the purchase price is loaned to you by us. It is this loan portion which is called the debit balance and upon which interest is charged. Each additional purchase made on margin increases your debit balance, as do other charges which are assessed against your account (including interest charges).

Every security in each of your accounts is collateral for any debit balance in any of your accounts carried by us. All securities which we may at any time be carrying for you or which may be in our possession are subject to a general lien for the discharge of your indebtedness and other obligations to us, without regard to our having made advances in connection with such securities and without regard to the number of accounts you have with us. This lien is equal to the amount of money or other obligations that you owe us. In enforcing this lien, we may, at our discretion, select the securities to be sold in your accounts to reduce or entirely liquidate any debit balance in your accounts.

**INTEREST CHARGES IN MARGIN ACCOUNTS:** The annual rate of interest which we charge on your average net debit balance is determined by our cost of borrowing money. The rate is related to short-term money market instruments; however, it is not tied directly to any standard such as the prime rate or the broker call money rate. The rate is set and reset solely at our discretion.

**HOW INTEREST IS CALCULATED:** Interest on margin accounts is computed on a daily average basis on the net debit balances. Each day's debit balance is accumulated into a monthly total. The total debit balance in the period is then averaged to determine the debit balance on which interest is charged. An offsetting credit balance in a cash account serves to reduce this total. The normal interest period ends on the last day of the month. Interest is computed by multiplying the average daily debit balance by the average interest rate (1/360 of the annual interest rate) times the number of days in the interest period.

If during any interest period there is a change in interest rates applicable to your account, interest charges at the different rates will be averaged to determine the rate of interest to be charged on the debit balance.

A statement of your account prepared by us showing money and security positions will be sent to you at least quarterly, unless there was activity during the quarter. In such case, a statement will also be sent you for the month during which the activity occurred. The statement discloses the daily ending balance on any date there is an entry in your account, the rate of interest charged, and the amount of interest charged for the period.

**OPTION ACCOUNTS:** When you open an option account you will be required to sign a **Customer Option Agreement** in which you acknowledge your understanding of the risks involved in dealing in options. You will be required to furnish financial information and a statement of your investment objectives. If your financial situation or your investment objectives change, you should notify your broker immediately. Notice to your broker, however, will not bind us, and we may continue to accept orders for your account unless and until you notify us to no longer accept instructions from your broker.

Before purchasing or selling (writing) an option, you should be aware of the risks involved. You should familiarize yourself with the business and financial condition of the issuer of the underlying security and decide whether the option transaction is appropriate in light of your financial situation, investment objectives and tax considerations. Both the purchase and sale (writing) of put

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and call options involve a high degree of risk and are not suitable for all investors. You should not purchase an option unless you are able to sustain a total loss of the premium (cost of the option) and the other costs of purchasing the option, and you should not sell (write) an option unless you either own the underlying security or are in a position to assume the substantial risks inherent in writing naked options.

When you purchase an option, you must pay the full premium, as an option purchase cannot be margined. There are, however, special margin requirements governing the sale of options, which you should familiarize yourself with before commencing an option writing program. We have very stringent rules regarding short options. Complete details on these rules and the margin requirements for options are available to you through your broker.

When you purchase an option, we must pay the selling broker on the day after the transaction; therefore, your payment is due on that date. Your broker can tell you the amount you owe on the day of the transaction.

Since option contracts are traded for a specified period of time and have no value upon expiration, you must advise your broker if you wish to close out your position, or you may exercise the option prior to the expiration date. When you own an option that is about to expire in the money, we may, in our sole discretion and without notification to you, exercise the option and liquidate the underlying security. This is in no way to be construed as an obligation on our part to sell or exercise such options on your behalf.

Where the term option is used, this reflects all options including index options and interest rate options.

### **ALLOCATION OF OPTION EXERCISE ASSIGNMENT NOTICES:**

When we receive an exercise notice from the Options Clearing Corporation, we assign the notice to a customer who is a writer of an identical option contract. Exercise assignment notices for option contracts are allocated among customer short positions pursuant to a manual procedure, which randomly selects from among all customer short option positions, including positions established on the day of assignment, those contracts which are subject to exercise. All short American option positions are liable for assignment at any time. A more detailed description of our random allocation procedure is available upon request. If an exercise notice is assigned to your account, you must deliver the underlying security to us in the case of a call, and you must deposit cash with us in the case of a put sufficient to properly margin the security within a stated period of time.

**BULK SEGREGATION AND CALLABLE SECURITIES:** Securities are maintained in our custody for your benefit under a method known as bulk segregation. Under this method, certificates are not specifically assigned to each security account, but are held in bulk for all customer positions. You enjoy all rights and privileges of beneficial ownership under the bulk segregation system, and you may request and obtain possession of specific certificates any time you wish. It should also be noted that we are a member of various clearing facilities such as NSCC / DTCC, and portions of the securities held in safekeeping by us are on deposit in bulk segregation form with such depositories.

Certain bonds and preferred stocks are callable by the issuer for redemption on or after a certain date. According to the terms of the issue, the issuer may at times call only a portion of a certain issue. In the event of a partial early redemption of callable bonds or stocks, we will choose the securities to be redeemed on a random selection basis. Therefore, it is possible that a client owning such an issue may have all, part or none of his holdings redeemed. You have the right to withdraw fully paid securities from us at any time prior to a partial call and also to withdraw excess margin securities provided that your account is not subject to a restriction under federal regulations and provided such withdrawal will not cause your account to be under margined.

**SAFEGUARDING YOUR SECURITIES:** If you leave your securities on deposit with us, they will be held in a vault or deposited with NSCC / DTCC or other approved bank or clearing agency. We maintain insurance coverage to protect your securities from any form of casualty loss.

**SIPC COVERAGE:** The Lloyds of London (and others) policy purchased by Penson provides \$200,000,000 each and every loss and in the aggregate over all customers of Penson Financial Services, Inc., subject to \$900,000 cash limit per customer. This policy is excess of SIPC \$500,000, but \$100,000 in respects of cash, paid to each customer in respect of claims for securities and cash. To make a claim on our Excess SIPC policy, please notify Penson Financial Services. We will report it to our insurance broker, Roach Howard Smith and Barton, for their claims advocate to follow up. All coverage is subject to SIPC,

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and our policy is excess of payments by SIPC. Coverage questions, regarding SIPC itself, must be forwarded to SIPC. The website is [www.SIPC.org](http://www.SIPC.org). They have a very informative website with rules, regulations and frequently asked questions. **SIPC does not cover commodity contracts and options on futures.** The SIPC coverage and excess SIPC coverage does not protect against changes in the market value of your investments (whether as a result of market movement, issuer bankruptcy or otherwise

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**BUSINESS CONTINUITY PLAN:** As a fully disclosed and omnibus clearing firm, we have developed a Disaster Recovery ("D/R") Plan to ensure business continuity. In our capacity as clearing firm, we provide a variety of services that require the provision of continual technological and operational support to your broker. In connection with accomplishing business continuity, we have established a remotely independent D/R Site as a major component of our D/R Plan. This Site has the resources in place to operate and maintain business critical processes in the event that our headquarters in Dallas, TX cannot be occupied due to anything from a natural disaster to a terrorist attack whether or not such event effects only our firm or is more regional in scope. The D/R Plan contemplates restoration of critical processes within a twenty-four hour time span. Please note that the specifics of our D/R Plan are subject to modification. You may obtain a copy of our most current D/R Plan by submitting your request via email to [bcprequest@penson.com](mailto:bcprequest@penson.com).

**COMMISSIONS AND OTHER FEES:** Your broker will establish the commissions to be charged to you on securities transactions, as reflected on your confirmation. You should consult your broker for details of his commission charges. We reserve the right to charge interest: (1) on payments to you before the settlement date on securities sold; (2) on payments to you for securities sold where good delivery of securities has not been made; and (3) when payment has not been received from you on or before the settlement date on securities purchased. We also may charge an annual maintenance fee and other fees as agreed with your broker or as independently established by us. All of the above commissions and other fees are subject to change without notice.

**AGENCY AND PRINCIPAL TRANSACTIONS:** Many stocks and bonds are not traded on a securities exchange but, in what is known as the over-the-counter market (OTC). When you buy or sell a security in this market, we or your broker may act as an agent or as a principal. The confirmation you receive from us will designate whether we, or your broker acted as principal or agent. When we, or your broker acts as a principal, that firm is selling securities to you which it either owns or expects to buy shortly, or is buying securities from you for its own account. In these cases, only the net costs or proceeds are shown on your confirmation. When we, or your broker, acts in an agency capacity for you in purchasing or selling securities in the OTC market, that firm is dealing on your behalf with another broker-dealer or customer of his firm. In such a case, the commission will be reflected on your confirmation.

**PRIVACY POLICY:** Penson Financial Services, Inc. carries your account as a clearing broker by arrangement with your broker/dealer as introducing broker. At Penson, we understand that privacy is an important issue for customers of our introducing firms. It is our policy to respect the privacy of all accounts that we maintain as clearing broker and to protect the security and confidentiality of non-public personal information relating to those accounts. Please note that this policy applies to former customers as well as current customers. For your reference, this policy has been posted to our website at [www.penson.com](http://www.penson.com). For more information relating to Penson's privacy policy, please contact Penson Financial Services, Inc. or Penson Financial Futures, Inc. at 1700 Pacific Avenue, Suite 1400, Dallas, TX 75201 Attn: Compliance Department.

**FINRA:** The Financial Industry Regulatory Authority (FINRA) has jurisdiction over virtually every brokerage firm and its employees. To request an informational brochure, inquire about your broker or brokerage firm or file a complaint, visit their website at [www.finra.org](http://www.finra.org) or call (301) 590-6500.

**CONCLUSION:** The discussion in this brochure is not exhaustive of all facts of your account. If you have any questions, we urge you to consult with your broker, as well as your accountant, lawyer and other advisers concerning your account and securities trading in general.