



Penson Financial Services, Inc.
New Account Form - Portfolio Margin Account (NAF-PM)

Office Code: _____ RR# _____

Account Number: _____ 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)

Primary Account Holder Information:

SSN, Fed ID, Cedula, NIT#:		Client Home Phone:	
Driver's License Number:		Date of Birth:	
Physical Address (No P.O. Boxes):		Marital Status:	
City, State, Zip:		Country:	
Mailing Address (if different):			
City, State, Zip: Country:		Country:	
Employer's Name:		Occupation:	
Employer's Address:		Employer's Phone:	
City, State, Zip:		Country:	
Email Address:			
Associated person of a Broker?	<input type="checkbox"/> Yes / <input type="checkbox"/> No (If Yes, please name):		

Name of Secondary Account Holder (if Applicable): _____
 (Write name exactly as it appears on Social Security Card or Fed ID Registration)

Secondary Account Holder Information:

Relationship to Primary Account Holder:			
SSN, Fed ID, Cedula, NIT#:		Client Home Phone:	
Driver's License Number:		Date of Birth:	
Physical Address (No P.O. Boxes):			
City, State, Zip:		Country:	
Mailing Address (if different):			
City, State, Zip: Country:		Country:	
Employer's Name:		Occupation:	
Employer's Address:		Employer's Phone:	
City, State, Zip:		Country:	
Email Address:			
Associated person of a Broker?	<input type="checkbox"/> Yes / <input type="checkbox"/> No (If Yes, please name):		

Client Information:

Primary:

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

Secondary:

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



How long has the Account Holder known the Broker?	
Who introduced the Account Holder and Broker?	
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
If Yes, Please list the company name, address and phone number, and position held:	

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 Bracket	
Initial Deposit	%
Initial Transaction	\$
Source of Funds	

Income:		Net Worth:		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: <input type="checkbox"/> Transfer & Ship (1) <input type="checkbox"/> Hold St. Name (2)	Money: <input type="checkbox"/> Pay (1) <input type="checkbox"/> Hold (7)	Dividends: <input type="checkbox"/> Pay Weekly (1) <input type="checkbox"/> Pay Monthly (1) <input type="checkbox"/> Hold (4)	Principal & Maturity: <input type="checkbox"/> Credit to Account <input type="checkbox"/> Send Payment	Process checks: <input type="checkbox"/> Monthly <input type="checkbox"/> Weekly	Money Market Sweeps: <input type="checkbox"/> Yes / <input type="checkbox"/> No – If Yes, List Fund:
<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"/> \$40,000 - \$64,999	<input type="checkbox"/> \$40,000 - 64,999	<input type="checkbox"/> \$40,000 - 64,999	C						
<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"/> \$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						
<input type="checkbox"/> \$500,000 - \$999,999	<input type="checkbox"/> \$500,000 - \$999,999	<input type="checkbox"/> \$500,000 - \$999,999	G						
<input type="checkbox"/> \$1,000,000 - Over	<input type="checkbox"/> \$1,000,000 - Over	<input type="checkbox"/> \$1,000,000 - Over	H						

Investment Experience:	Years of Experience:	Average Dollar Amount:	Number of transactions per year:
Futures:		\$	
Options:		\$	
Stocks:		\$	
Bonds:		\$	
Commodities:		\$	
Other (Specify):		\$	

Previous Options Experience (Years)

STRATEGY	STOCK OPTIONS	INDEX OPTIONS
Buying (Includes Debit Spreads & Straddles):		
Covered Writing:		
Spreads:		
Uncovered Writing:		

If this is an entity account (i.e. corporations, partnerships, limited liability corporations, trusts), answer the following questions:

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

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

* If this account is for a foreign bank or 'Yes' was answered to either of the last two questions, the entity must complete the Certification Regarding Correspondent Accounts.



Account # _____

Type of Registration:

<input type="checkbox"/>	Accredited Investor
<input type="checkbox"/>	Corporate Account
<input type="checkbox"/>	Partnership
<input type="checkbox"/>	Limited Liability Corporation
<input type="checkbox"/>	Trust

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:
Is this a Discretionary account? <input type="checkbox"/> Yes / <input type="checkbox"/> No

BY SIGNING THIS APPLICATION THE UNDERSIGNED ATTEST(S) TO THE ACCURACY OF ALL INFORMATION PROVIDED. THE UNDERSIGNED CERTIFIES/CERTIFY THAT THE UNDERSIGNED IS/ARE AWARE OF THE REQUIREMENTS AND RESPONSIBILITIES GOVERNING THIS RELATIONSHIP. THE UNDERSIGNED HAS/HAVE A COMPLETE UNDERSTANDING OF THE GUIDELINES AND POLICIES REGARDING THE EXTENSION OF CREDIT, MARGIN REQUIREMENTS, NET LIQUIDATION EQUITY AND THAT THE UNDERSIGNED WAIVE(S) ANY RIGHT TO REDEEM SHARES OF MONEY MARKET MUTUAL FUNDS WITHOUT THE MEMBER ORGANIZATION'S CONSENT AND THAT THE MEMBER ORGANIZATION RESERVES THE RIGHT TO REDEEM SHARES OF MONEY MARKET MUTUAL FUNDS IN CASH UPON REQUEST. BY SIGNING BELOW, THE UNDERSIGNED AFFIRM(S) THAT THE UNDERSIGNED HAS/HAVE READ AND UNDERSTAND THE PORTFOLIO MARGINING RISK DISCLOSURE STATEMENT, THE DISCLOSURE DOCUMENT "CHARACTERISTICS AND RISKS OF STANDARD OPTIONS", THE SPECIAL STATEMENT FOR UNCOVERED OPTIONS WRITERS, THE DAY TRADING DISCLOSURE STATEMENT, PENSON'S PRIVACY POLICY AND THE CUSTOMER ACCOUNT, MARGIN AND SHORT ACCOUNT AGREEMENT. PARAGRAPH 8 OF THE CUSTOMER MARGIN AND OF THE SHORT ACCOUNT AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE.

THIS AGREEMENT WILL NOT BE VALID UNLESS AND UNTIL THE ACCOUNT HOLDER(S) SIGN(S) BELOW AND ON EACH AND EVERY AGREEMENT, ATTACHMENT, SCHEDULE AND/OR DISCLOSURE STATEMENT REQUIRING THE SIGNATURE OR ACKNOWLEDGEMENT OF THE ACCOUNTER(S).

Authorized Signature:

Primary Account Holder: _____ Date: _____

Secondary Account Holder (if Applicable) _____ Date: _____

Authorized Person (if Applicable): _____ Date: _____

BROKER USE ONLY:

Day Trading:

Approved for Day Trading Strategy?	<input type="checkbox"/> Yes / <input type="checkbox"/> No
Day Trading Risk Disclosure Statement Delivered?	<input type="checkbox"/> Yes / <input type="checkbox"/> No
Date Day Trading Disclosure was Delivered:	

Option Trading Approvals:

Covered Call Writing:	<input type="checkbox"/> Yes / <input type="checkbox"/> No
Purchasing Options: (Puts for Safety or Leverage / Call for Leverage)	<input type="checkbox"/> Yes / <input type="checkbox"/> No
Uncovered Option Writing:	<input type="checkbox"/> Yes / <input type="checkbox"/> No
Other Options Transactions:	<input type="checkbox"/> Yes / <input type="checkbox"/> No

Document Deliveries:

Please note date of delivery for the following:	
Privacy Policy:	
Margin Risk Disclosure Statement:	
Characteristics of Risks of Standard Options:	
Special Statement for Uncovered Option Writers:	

Signatures:

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



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

CUSTOMER ACCOUNT, MARGIN AND SHORT ACCOUNT AGREEMENT

Account Number:	Full Name and Address on Account	Social Security Number / Employment Identification Number
		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), but that SIPC coverage is not available for funds maintained solely for the purpose of earning interest.

BY SIGNING PAGE 3 OF THIS NAF-PM, ABOVE, AND ON PAGE 7, THE ACCOUNT HOLDER AGREES TO ALL TERMS OF THE CUSTOMER AGREEMENT PRINTED ON THIS SIDE AND THE REVERSE OF EACH PAGE OF THIS DOCUMENT. THE ACCOUNT HOLDER ACKNOWLEDGES RECEIPT OF A COPY OF THIS AGREEMENT, THE INFORMATION BROCHURE PREPARED BY PENSON FINANCIAL SERVICES, INC., AND PENSON'S PRIVACY POLICY. THE ACCOUNT HOLDER CERTIFIES THAT THE ACCOUNT HOLDER 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. PARAGRAPH 8 BELOW OF THIS CUSTOMER ACCOUNT, MARGIN AND SHORT ACCOUNT AGREEMENT, CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE. The account holder acknowledges that the account holder's margin account securities may be borrowed by you or loaned to others. The account holder also acknowledges receipt of a copy of this Agreement and a copy of the Margin Risk Disclosure Statement.

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.



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. "Account Holder" means any person, persons or legal entity opening this account. "PFSI" refers to Penson Financial Services, Inc. "Introducing broker" or "Introducing firm" means any brokerage firm which introduces securities transactions on behalf of the account holder, which transactions are cleared through PFSI, whether one or more. "Obligations" means all indebtedness, debit balances, liabilities or other obligations of any kind of the account holder to PFSI, 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.

3. Breach; Security Interest. Whenever in PFSI's discretion or when it is considered necessary for PFSI's protection, or for the protection of the account holder's introducing firm or in the event of, but not limited to; (i) any breach by the account holder of this or any other agreement with PFSI or (ii) the account holder's failure to pay for securities and other property purchased or to deliver securities and other property sold, PFSI may sell any or all securities and other property held in any of the account holder'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 account holder, 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 account holder, and/or PFSI may require the account holder to deposit cash or adequate collateral to the account holder'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 account holder or in which the account holder may have an interest held by PFSI or carried in any of the account holder's accounts with PFSI (either individually or jointly with others) shall be subject to a first and prior security interest and lien for the discharge of the account holder's obligations to PFSI, wherever or however arising and without regard to whether or not PFSI has made advances with respect to such securities and other property, and PFSI is hereby authorized to sell and/or purchase any and all securities and other property in any of the account holder's accounts, and/or to transfer any such securities and other property among any of the account holder'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 account holder with PFSI, including but not limited to reasonable attorneys' fees and expenses, incurred and payable or paid by PFSI shall be payable to PFSI by the account holder.

4. Cancellation. PFSI is authorized, in PFSI's discretion, should PFSI for any reason whatsoever deem it necessary for PFSI's protection, without notice, to cancel any outstanding order, to close out the accounts of the account holder, in whole or in part, or to close out any commitment made on behalf of the account holder.

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

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

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

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

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 ACCOUNT HOLDER AND PFSI, OR THE INTRODUCING BROKER, OR THE AGENTS, REPRESENTATIVES, EMPLOYEES, DIRECTORS, OFFICERS OR CONTROL PERSONS OF PFSI 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 PFSI'S BUSINESS, THE INTRODUCING BROKER'S BUSINESS OR THE ACCOUNT HOLDER'S ACCOUNTS, SHALL BE CONDUCTED PURSUANT TO THE CODE OF ARBITRATION PROCEDURE OF THE 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 account holder represents that the account holder is of majority age, that the account holder 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 account holder is a corporation, partnership, trust or other entity, the account holder represents that its governing instruments permit this Agreement, that this Agreement has been authorized by all applicable persons and that the account holder signatory is authorized to bind the account holder. The account holder represents that the account holder shall comply with all applicable laws, rules and regulations in connection with the account holder's account. The account holder further represents that no one except the account holder has an interest in the account or accounts of the account holder with PFSI.

10. Joint Accounts. If the account holder shall consist of more than one person, the account holders' obligations under this Agreement shall be joint and several. References to the "account holder" shall include each of the account holders. PFSI may rely on transfer or other instructions from any one of the account holders in a joint account, and such instructions shall be binding on each of the account holders. PFSI may deliver securities or other property to, and send confirmations; notices, statements and communications of every kind, to any one of the account holders, and such action shall be binding on each of the account holders. Notwithstanding the foregoing, PFSI is authorized in PFSI's 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 account holder trades any options, the account holder agrees to be bound by the terms of PFSI's **Customer Option Agreement**. The account holder understands that copies of the Customer Option Agreement are available from PFSI and, to the extent applicable, is incorporated by reference herein. The terms of the Customer Option Agreement are in addition to the provisions of this Agreement and any other written agreements between PFSI and the account holder.

12. Data Not Guaranteed. The account holder expressly agrees that any data or online reports are provided to the account holder 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 account holder acknowledges that the information contained in any reports provided by PFSI 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 PFSI or any of PFSI's affiliates be liable to the account holder or any third party for the accuracy, timeliness, or completeness of any information made available to the account holder or for any decision made or taken by the account holder in reliance upon such information. In no event shall PFSI or PFSI'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 PFSI or with the delay or inability to use such reports.

13. Order Flow Disclosure. Depending on the security traded and absent specific direction from the account holder, stock orders are routed via an electronic system to a listed, NASDAQ or over the counter broker or dealer. PFSI or PFSI's correspondents may receive cash payments for routing such orders to specific brokers or dealers. Because these agents are market makers, they carry inventory in their specific securities, allowing for price improvement to the account holder by trading through their inventories. Accordingly, the account holder's orders will always be executed at the "best bid" or "best offer", or at a price superior to either, by virtue of the market maker's inventory positioning capabilities.

14. Credit Check. PFSI is authorized, in PFSI's discretion, should PFSI for any reason deem it necessary for PFSI's protection, to request and obtain a consumer credit report for the account holder.

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 account holder has previously opened, now has open or may open or reopen with PFSI, 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 PFSI's authorized representative. This Agreement and all provisions shall inure to the benefit of PFSI and PFSI's successors, whether by merger, consolidation or otherwise, PFSI's assigns, the account holder's introducing broker, and all other persons specified in Paragraph 8. PFSI shall not be liable for losses caused directly or indirectly by any events beyond PFSI's 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. PFSI may transfer the accounts of the account holder to PFSI's successors and assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the account holder.

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 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 account holder 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 account holders' securities or trading loss.

Additionally, for margin and/or short accounts, the following provisions are also applicable:

17. Liquidation. In the event of the death of the account holder, or in the event the margin in any account in which the account holder has an interest shall in either PFSI's or the introducing broker's discretion become unsatisfactory to either PFSI or the introducing broker, or be deemed insufficient by either PFSI or the introducing broker, PFSI is hereby authorized; (a) to sell any or all securities or other property which PFSI may hold for the account holder (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 PFSI's rights provided herein. PFSI may likewise accept and rely upon instructions which PFSI receives from the introducing broker to effect any of the aforementioned transactions (as noted in (a); (b); and (c)). PFSI 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 PFSI's 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 PFSI may be the purchaser for PFSI's own account.

18. Hypothecation. Within the limitations imposed by applicable laws, rules and regulations, all securities now or hereafter held by PFSI, or carried by PFSI in any account for the account holder (either individually or jointly with others), or deposited to secure same, may from time to time, without any notice, be carried in PFSI's general loans and may be pledged, repledged, hypothecated or re-hypothecated, separately or in common with other securities for the sum due to PFSI thereon or for a greater sum and without retaining in PFSI's 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 PFSI agrees to deliver to the account holder 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 account holder originally. Any securities in the account holder's margin or short account may be borrowed by PFSI, or lent to others.

19. Interest. Debit balances in all the accounts of the account holder shall be charged with interest in accordance with PFSI's established custom, as disclosed to the account holder in the Customer Information Brochure pursuant to the provisions of Rule 10b-16 of the Securities Exchange Act.

20. Margin. The account holder agrees to maintain in all accounts with PFSI such positions and margins as required by all applicable statutes, rules, regulations, procedures and custom, or as PFSI deems necessary or advisable. The account holder agrees to promptly satisfy all margin and maintenance calls.

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



PORTFOLIO MARGINING RISK DISCLOSURE STATEMENT

OVERVIEW OF PORTFOLIO MARGINING

1. Portfolio margining is a margin methodology that sets margin requirements for an account based on the greatest projected net loss of all positions in a "security class" or "product group" as determined by a model using multiple pricing scenarios. Pricing scenarios for options are based on changes in inputs to a theoretical pricing model, including the underlying price and volatility.
2. The goal of portfolio margining is to set levels of margin that more precisely reflect actual net risk. The customer may benefit from portfolio margining in that margin requirements that are calculated based on net risk are generally lower than alternative "position" or "strategy" based methodologies for determining margin requirements. Lower margin requirements allow the customer more leverage in an account.

CUSTOMERS ELIGIBLE FOR PORTFOLIO MARGINING

3. To be eligible for portfolio margining, customers (other than broker-dealers or members of a national futures exchange) must be approved for writing uncovered options. If a customer (other than a broker-dealer or member of a national futures exchange) wishes to trade in unlisted derivatives, the customer must have and maintain at all times account equity of not less than five million dollars, aggregated across all accounts under identical ownership at the carrying broker-dealer and/or its United States regulated affiliated broker-dealers or Futures Commission Merchants. This identical ownership requirement excludes accounts held by the same customer in different capacities (e.g., as a trustee and as an individual) and accounts where ownership is overlapping but not identical (e.g., individual accounts and joint accounts). In addition to the requirements of the self-regulatory organization rule, carrying broker-dealers may have their own minimum equity requirement and possibly other eligibility requirements.

POSITIONS ELIGIBLE FOR A PORTFOLIO MARGIN ACCOUNT

4. All margin equity securities (as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System), warrants on margin equity securities or on eligible indices of equity securities, equity-based or equity-index based listed options, and security futures products (as defined in Section 3(a)(56) of the Securities Exchange Act of 1934) are eligible to be margined in a portfolio margin account. In addition, a customer that has an account with equity of at least five million dollars may establish and maintain positions in unlisted derivatives (e.g., OTC swaps, options) on a margin equity security or an eligible index of equity securities that can be priced by a theoretical pricing model approved by the Securities and Exchange Commission ("SEC").

SPECIAL RULES FOR PORTFOLIO MARGIN ACCOUNTS

5. A portfolio margin account may be either a separate account or a sub-account of a customer's standard margin account. In the case of a sub-account, equity in the standard account may be available to satisfy any margin requirement in the portfolio margin sub-account without transfer to the sub-account.
6. A portfolio margin account or sub-account will be subject to a minimum margin requirement of \$375 for each listed option, unlisted derivative and security futures product, multiplied by the contract's or instrument's multiplier, carried long or short in the account. Other eligible products are not subject to a minimum margin requirement.
7. A margin deficiency in the portfolio margin account or sub-account, regardless of whether due to new commitments or the effect of adverse market movements on existing positions, must be met within three business days. Failure to meet a portfolio margin deficiency by the end of the third business day will result in a prohibition on entering any new orders, with the exception of new orders that reduce the margin requirement. Failure to meet a portfolio margin deficiency by the end of the third business day will result in the prompt liquidation of positions on the fourth business day, to the extent necessary to eliminate the margin deficiency.
8. Any shortfall in aggregate equity across accounts, when required, must be met within three business days. Failure to meet a minimum equity deficiency by the end of the third business day will result in a prohibition on entering any new orders, with the exception of new orders that reduce the margin requirement, beginning on the fourth business day and continuing until such time as the minimum equity requirement is satisfied, or if applicable, all unlisted derivatives are liquidated or transferred out of the portfolio margin account.

SPECIAL RISKS OF PORTFOLIO MARGIN ACCOUNTS

9. Portfolio margining generally permits greater leverage in an account, and greater leverage creates greater losses in the event of adverse market movements.
10. Because the maximum time limit for meeting a margin deficiency is shorter than in a standard margin account, there is increased risk that a customer's portfolio margin account will be liquidated involuntarily, possibly causing losses to the customer.
11. Because portfolio margin requirements are determined using sophisticated mathematical calculations and theoretical values that must be calculated from market data, it may be more difficult for customers to predict the size of future margin deficiencies in a portfolio margin account. This is particularly true in the case of customers who do not have access to specialized software necessary to make such calculations or who do not receive theoretical values calculated and distributed periodically by an approved vendor of theoretical values.
12. Trading of margin equity securities, warrants on margin equity securities or on eligible indices of equity securities, listed options, unlisted derivatives on margin equity securities or an eligible index of equity securities, and security futures products in a portfolio margin account is generally subject to all the risks of trading those same products in a standard securities margin account. Customers should be thoroughly familiar with the risk disclosure materials applicable to those products, including the booklets entitled "Characteristics and Risks of Standardized Options" and "Security Futures Risk Disclosure Statement". Because this disclosure statement does not disclose the risks and other significant aspects of trading in security futures and options, customers should review those materials carefully before trading these products in a portfolio margin account.
13. Customers should consult with their tax advisers to be certain that they are familiar with the tax treatment of transactions in margin equity securities, warrants on margin equity securities or on eligible indices of equity securities, listed options, unlisted derivatives on margin equity securities or an eligible index of equity securities, and security futures products, including tax consequences of trading strategies involving both security futures and option contracts.
14. The descriptions in this disclosure statement relating to eligibility requirements for portfolio margin accounts, and minimum equity and margin requirements for those accounts, are minimums imposed under the self-regulatory organization rules. Time frames within which margin and equity deficiencies must be met are maximums imposed under the self-regulatory organization rules. Broker-dealers may impose their own more stringent requirements.
15. Customers should bear in mind that the discrepancies in the cash flow characteristics of security futures and certain options are still present even when those products are carried together in a portfolio margin account. In addition, discrepancies in the cash flow characteristics of certain unlisted derivatives may also be present when those products are carried in a portfolio margin account. Both security futures and options contracts are generally marked to the market at least once each business day. Similarly, certain unlisted derivatives may also be marked to the market on a daily basis. However, there may be incongruity between the marking to the market of each eligible product in that marks may take place with different frequency and at different times within the day. For example, when a security futures contract is marked to the market, the gain or loss is immediately credited to or debited from, respectively, the customer's account in cash. While a change in the value of a long option contract may increase or decrease the equity in the account, the gain or loss is not realized until the option is liquidated, exercised, or assigned. Accordingly, a customer may be required to deposit cash in the account in order to meet a variation payment on a security futures contract even though the customer is in a hedged position and has experienced a corresponding (but yet unrealized) gain on an option. Alternatively, a customer who is in a hedged position and would otherwise be entitled to receive a variation payment on security futures contract may find that the cash is required to be held in the account as margin collateral on an offsetting option position.

The general provisions governing portfolio margining (including definitions used in this document) are set forth in NYSE Rule 431(g) and NASD Rule 2520(g), which can be found at www.finra.org.

ACKNOWLEDGEMENT FOR CUSTOMERS UTILIZING A PORTFOLIOMARGIN ACCOUNT

BY SIGNING BELOW, I/WE AFFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE PORTFOLIOMARGINING RISK DISCLOSURE STATEMENT.

CUSTOMER NAME: _____
 BY: _____ DATE: _____
 (signature/title)



MARGIN DISCLOSURE STATEMENT

PFSI is 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 firm's 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:

- o **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.
- o **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 firm's 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.
- o **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.
- o **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.
- o **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.
- o **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 account holders under certain conditions, an account holder does not have a right to the extension.
- o **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.

PENSON CREDIT TERMS AND POLICIES:

The following Disclosure of Credit Terms and Policies is required by the Securities and Exchange Commission and is part of your Penson Account–Customer Account Agreement. It describes the terms under which PFSI extends credit and charges interest and how your obligations are secured by property in your Account.

Interest Charges. PFSI will charge interest on a daily basis on the credit extended to you. The daily interest charges are calculated by multiplying your "daily adjusted debit balance" by the "daily margin interest rate." Generally speaking, your daily adjusted debit balance is the actual settled debit balance in your Margin and Short Account, increased by the value of securities held short and reduced by the amount of any settled credit balance carried in your Cash Account.

PFSI calculates your daily-adjusted debit balance each day by adjusting your previous day's balance by any debits and credits to your account and by changes in the value of short positions. If your daily-adjusted debit balance is reduced because you deposit a check or other item that is later returned to PFSI unpaid, PFSI may adjust your account to reflect interest charges you have incurred.

PFSI reserves the right to charge interest on debit balances in the Cash Account. Periodically, PFSI will send you a comprehensive statement showing the activity in your account, including applicable interest charges, interest rates and adjusted daily debit balances.

Daily Margin Interest Rate. The "daily margin interest rate" is based on a 360-day year. It is calculated for each day by dividing the applicable margin interest rate shown in the table below by 360. Note that the use of a 360-day year results in a higher effective rate of interest than if a year of 365 days were used.

PFSI sets the Base Rate at its discretion with reference to commercially recognized interest rates, industry conditions relating to the extension of margin credit and general credit market conditions.

Your margin interest rate will be adjusted automatically and without notice to reflect any change in the Base Rate. If your interest rate increases for any reason other than a change in the Base Rate, PFSI will give you written notice at least 30 days prior to that change.

Compounding Interest Charges. PFSI compounds interest on a daily basis. Interest charges will accrue to your account each day. PFSI will include the charges in the next day's opening debit balance and charge interest accordingly. The interest rates described above do not reflect compounding of unpaid interest charges; the effective interest rate, taking into effect such compounding, will be higher.

Initial Margin Requirements. The Federal Reserve Board and various stock exchanges determine margin loan rules and regulations.

When you purchase securities on margin, you agree to deposit the required initial equity by the settlement date and to maintain your equity at the required levels. The maximum amount PFSI currently may loan for common stock (equity) securities is 50% of the value of marginable securities purchased in your Margin and Short Account; different requirements apply to nonequity securities, such as bonds or options. If the market value of stock held as collateral increases after you have met the initial margin requirements, your available credit may increase proportionately. Conversely, if the market value decreases, your available credit may proportionately decrease.

Initial margin requirements may change without prior notice. PFSI may impose anytime and without prior notice more stringent requirements on positions that in our sole discretion involve higher levels of risk; for example, higher limits may apply for thinly traded, speculative or volatile securities, or concentrated positions of securities.

You may purchase only certain securities on margin or use them as collateral in your Margin and Short Account. Most stocks traded on national securities exchanges, and some over-the-counter (OTC) securities are marginable. At our discretion, PFSI reserves the right not to extend credit on any security.

Equity securities with a market value of less than \$3 per share may not be purchased on margin or deposited as margin collateral. If the market value of a security drops below \$3.00 per share, the security will not be assigned any value as collateral to secure your margin obligations.

Margin Maintenance Requirements. You must maintain a minimum amount of equity in your account to collateralize your outstanding loans and other obligations. Margin maintenance requirements are set:

- By the rules and regulations of the New York Stock Exchange, the American Stock Exchange and other regulatory agencies to the jurisdiction of which PFSI are subject; **and**
- According to our sole discretion and judgment.

You agree to maintain in your Margin and Short Account collateral of the type and amount required by:

- Applicable exchange rules and federal regulations;
- Our Disclosure of Credit Terms and Policies; **or**
- As required by PFSI, at PFSI's discretion.



Margin maintenance requirements may change without prior notice.

PFSI may issue a "margin call" (that is, a notification to deposit additional collateral) if your account equity falls below the margin maintenance requirement. This can happen for various reasons. The most common reasons are a decrease in the value of long securities held as collateral or an increase in the value of securities held short.

As a general guideline and when it is practicable to do so, PFSI may (but is not required to) issue a margin call when the equity in your Margin and Short Account falls below a predetermined percentage of the market value of assets at risk (that is, the sum of the market values of the long and short equity security positions) in your Margin and Short Account. The amount of additional collateral PFSI requires usually is an amount sufficient to raise your equity to minimum standards. For information on the current equity requirements, please contact Penson.

PFSI retains absolute discretion to determine whether, when and in what amounts PFSI will require additional collateral. In some situations, PFSI may find it necessary to require a higher level of equity in your account. For example, PFSI may require additional collateral if an account contains:

- Only one security or a large concentration of one or more securities; **or**
- Low-priced, thinly traded or volatile securities; **or if**
- Some of your collateral is or becomes restricted or non-negotiable or non-marginable.

PFSI also may consider market conditions and your financial resources.



OPTIONS DISCLOSURE STATEMENT

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

- 1. Definitions.** "Account Holder" means any person, persons or legal entity opening this account. "PFSI" refers to Penson Financial Services, Inc. "Introducing broker" means any brokerage firm which introduces securities transactions on behalf of the account holder, which transactions are cleared through PFSI, whether one or more. "Obligations" means all indebtedness, debit balances, liabilities or other obligations of any kind of the account holder to PFSI, 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.
- 2. Limits.** The account holder 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 account holder hereby authorizes PFSI in PFSI's discretion, should PFSI deem it necessary for PFSI's protection for any reason, or if the account holder dies, to buy, sell, or sell short for the account holder's account and 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 PFSI for the account holder's account. Any and all expenses incurred by PFSI in connection with such transactions shall be reimbursed by the account holder to PFSI. The account holder understands and acknowledges that when transactions on the account holder's behalf are to be executed and the options are traded in more than one marketplace PFSI may use PFSI's discretion in selecting the market in which to enter the account holder's order unless the account holder specifically instructs otherwise. All monies, securities, or other property which PFSI may hold in any account of the account holder shall be held subject to a general lien for the discharge of the account holder's obligations to PFSI under this Agreement or otherwise.
- 4. Notice, Exercise, Random Allocation.** The account holder is aware of PFSI's requirements and time limitations for accepting an exercise notice and expiration date. The account holder understands that the account holder may not receive actual notice of exercise until the week following exercise. The account holder bears full responsibility for taking action to exercise or sell valuable options; however, in the absence of the account holder 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 PFSI to sell valuable options on the account holder's behalf within such time, the account holder agrees that PFSI may exercise the options contract on the account holder's behalf. In the event of such exercise, the profit in excess of commission costs created thereby will be credited to the account holder's account. In the event that the commissions to be charged for such an expiration transaction exceeds the proceeds to be realized, the account holder agrees and hereby relinquishes the account holder's ownership in said option to PFSI, and PFSI may exercise such option for PFSI's own account. If the account holder does not instruct the introducing broker to exercise the valuable option by the time stated above, and PFSI for whatever reason, does not exercise such option on the account holder's behalf, the account holder hereby waives any and all claims for damage or loss which the account holder might at the time or any time thereafter have against PFSI arising out of the fact that the option was not exercised. The account holder is aware that PFSI 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 account holder understands that a more detailed description of this procedure is available upon request by the account holder.
- 5. Uncovered Options.** The account holder agrees that in connection with any uncovered option(s) for the account holder's account, the account holder will not sell, during the life of such options, 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 account holder has met the collateral requirements established by PFSI and/or the introducing broker for carrying uncovered options. The account holder also agrees that the introducing broker and/or PFSI, in PFSI's sole discretion, may refuse any order to sell such underlying securities received from the account holder or by means of a "give up" basis through another firm unless, prior to such sale, the account holder has met the collateral requirements established by PFSI and/or the introducing broker for carrying uncovered options. PFSI has the right, in PFSI's sole discretion, to permit the account holder to apply the proceeds of such sale to such collateral requirements.
- 6. Risks.** The account holder 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 account holder in light of the account holder's investment objectives, financial situation and needs, experience and knowledge. The account holder agrees to advise the introducing broker of any changes in the account holder's investment objectives, financial situation or other circumstances that may be deemed to materially affect the suitability of executing options transactions for the account holder's account.
- 7. Options Account Form, Disclosure Documents.** The account holder has reviewed the contents of the options account form and represents that they are accurate. Although certain types of transactions are indicated as anticipated, PFSI and the introducing broker may execute any other types of transactions for the account holder's account upon the account holder's instructions. The account holder has received an Options Disclosure Document relating to options on the categories of underlying securities which the account holder has been approved for trading.
- 8. Accounts Carried as Clearing Broker.** The account holder understands that PFSI is carrying the accounts of the account holder as clearing broker by arrangement with the account holder's introducing broker through whose courtesy the account of the account holder has been introduced to PFSI. Until receipt from the account holder of written notice to the contrary, PFSI 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 account holder's accounts. The account holder represents that the account holder understands that PFSI acts only to clear trades introduced by the account holder's introducing broker and to effect other back office functions for the account holder's introducing broker. The account holder confirms to PFSI that the account holder is relying for any advice concerning the account holder's accounts solely on the account holder's introducing broker. The account holder understands that all representatives, employees and other agents with whom the account holder communicates concerning the account holder's account are agents of the introducing broker, and not PFSI's representatives, employees or other agents. The account holder understands that PFSI will not review the account holder's accounts and will have no responsibility for trades made in the account holder's accounts. PFSI shall not be responsible or liable for any acts or omissions of the introducing broker or its representatives, employees or other agents.

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 ACCOUNT HOLDER AND PFSI, OR THE INTRODUCING BROKER, OR PFSI'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 PFSI'S BUSINESS, THE INTRODUCING BROKER'S BUSINESS OR THE ACCOUNT HOLDER'S ACCOUNTS SHALL BE CONDUCTED PURSUANT TO THE CODE OF ARBITRATION PROCEDURE OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. ARBITRATION MUST BE COMMENCED BY SERVICE OF A WRITTEN DEMAND FOR ARBITRATION OR A WRITTEN NOTICE OF INTENTION TO ARBITRATE. IF PFSI ARE 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 account holder agrees to be bound by the terms of PFSI's **Customer Account Agreement**. If the account holder trades on margin or short accounts, the account holder agrees to be bound by the terms of PFSI's **Customer Margin and Short Account Agreement**. The account holder understands that copies of these agreements are available from PFSI 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 PFSI and the account holder.

11. Data Not Guaranteed. The account holder expressly agrees that any data or online reports are provided to the account holder 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 account holder acknowledges that the information contained in any reports provided by PFSI 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 PFSI or any of PFSI's affiliates be liable to the account holder or any third party for the accuracy, timeliness, or completeness of any information made available to the account holder or for any decision made or taken by the account holder in reliance upon such information. In no event shall PFSI or PFSI'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 PFSI or with the delay or inability to use such reports.

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

13. Miscellaneous. The account holder agrees that this Agreement and all transactions in the account holder's accounts shall be governed by the constitution, rules, regulations, customs, usages and bylaws of the Options Clearing Corporation and all exchanges or other facilities upon which options are traded for the account of the account holder. If any provision of this Agreement is 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 account holder has previously opened, now has open or may open or reopen with PFSI, 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 PFSI's authorized representative. This Agreement and all provisions shall insure to the benefit of PFSI and PFSI's successors, whether by merger, consolidation or otherwise, PFSI's assigns, the account holder's introducing broker, and all other persons specified in Paragraph 9. PFSI shall not be liable for losses caused directly or indirectly by any events beyond PFSI's 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. PFSI may transfer the accounts of the account holder to PFSI's successors and assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the account holder.



Anti-Money Laundering

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. This notice answers some questions about your firm's Customer Identification Program (CIP).

What types of information will I need to provide? When you open an account, your firm is required to collect information such as the following from you: your name, address, date of birth, Identification number: (a) US Citizen: taxpayer identification number (social security number or employee identification number), or (b) Non-US Citizen: taxpayer identification number, passport number, and country of issuance, alien identification card number, or government- issued identification showing nationality, residence, and a photograph of you. You may also need to show your driver's license or other identifying documents. A corporation, partnership, trust or other legal entity may need to provide other information such as its principal place of business, local office, employer identification number, certified articles of incorporation, government issued business license, a partnership agreement or a trust agreement.

US Department of the Treasury, Securities and Exchange Commission, FINRA and New York Stock Exchange rules already require you to provide additional information, such as net worth, annual income, occupation, employment information, investment experience and objectives, and risk tolerance.

What happens if I don't provide the information requested or my identity can't be verified? Your firm may not be able to open an account or carry out transactions for you. If your firm has already opened an account for you, they may have to close it.

We thank you for your patience and hope that you will support the financial industry's efforts to deny terrorists and money launderers access to America's financial system.

Penson Financial Services, Inc. Privacy Policy

PFSI carries your account as a clearing broker by arrangement with your broker/dealer as introducing broker. At PFSI, 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 PFSI 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 PFSI 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

PFSI 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 PFSI under the USA PATRIOT Act, and in order to facilitate the clearing of customer transactions in the ordinary course of business.

PFSI 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

PFSI strives to ensure that our systems are secure and that they meet industry standards. We protect personal information that is provided to PFSI 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. PFSI instructs its 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 PFSI (i.e. statements or online services). Please contact your introducing broker if you require any additional information.

Changes to PFSI's Privacy Policy

PFSI reserves the right to make changes to this policy.

How to Get in Touch with PFSI about this Privacy Policy

For your reference, this policy has been posted to our website at www.penson.com. For more information relating to PFSI's privacy policy, please contact:

Penson Financial Services, Inc.
ATTN: Compliance Department
1700 Pacific Avenue, Suite 1400
Dallas, TX 75201
1-800-696-3585



Day-Trading Risk Disclosure Statement

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 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.

Business Continuity Plan: NASD Rule 3510

As a fully disclosed and omnibus clearing firm, PFSI has 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, Texas cannot be occupied due to anything from a natural disaster to a terrorist attack, whether or not such an event affects 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 at www.penson.com or by requesting in writing a copy of the plan. Inquiries should be directed to: Penson Financial Services, Inc. Attn: Compliance Department, 1700 Pacific Avenue, Suite 1400, Dallas, Texas 75201.

Futures Accounts

The National Futures Association (NFA) requires that we notify you in writing about NFA's Background Affiliation Status Information Center (BASIC). BASIC contains Commodity Futures Trading Commission (CFTC) registration and NFA membership information and futures-related regulatory and non-regulatory actions contributed by NFA, the CFTC and the U.S. futures exchanges. BASIC can be accessed at the NFA website www.nfa.futures.org or you can contact the NFA at (800) 621-3570 for additional information.

SIPC does not cover commodity contracts and options on futures.

SIPC

As a member of the Securities Investor Protection Corporation (SIPC) funds are available to meet customer claims up to a maximum of \$500,000 in cash and securities with a \$100,000 cash maximum. Additionally, Penson 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 and Investors Protection Act, which is administered by SIPC and is subject to certain conditions and limitations, details of which are available upon request. Note SIPC and Excess SIPC provide coverage against loss of securities and cash, not against market depreciation, fluctuation in market value of your securities or a trading loss. For additional information regarding SIPC, call (202) 371-8300 or visit the website at www.SIPC.org.

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 of 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 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.
- **Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV").** For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.