



Thank you for choosing Scottrade OptionsFirst

## **Trust Account Application Instructions**

Complete and sign pages two through five. Read all agreements and disclosures and retain for your records. An incomplete form will cause a delay in processing.

Fax or mail all forms to:

Fax            314-543-6264

Mail            Scottrade-OptionsFirst  
                  P.O. Box 31542  
                  St. Louis, MO 63131-0542

Scottrade reserves the right to ask for a copy of the Trust, but does not require one for the opening of the account.

If you have any questions please call 1-877-223-3344  
or visit us at [www.optionsfirst.com](http://www.optionsfirst.com)



# OPTIONS APPLICATION

Due to the risks associated with options, the Financial Industry Regulatory Authority (FINRA) requires the information requested below. This information will be used by Scottrade to assess your eligibility to open an options account and will be treated confidentially.

Scottrade Account Number (if application is for an existing account - otherwise leave blank):			
<b>APPLICANT</b> (for Corporations/Trusts/etc. - Indicate Entity Name)		<b>CO-APPLICANT</b> (for Corporations/Trusts/etc. - Indicate Authorized Person)	
Name: First Middle Last		Name: First Middle Last	
<input type="checkbox"/> Mr.		<input type="checkbox"/> Mr.	
<input type="checkbox"/> Ms.		<input type="checkbox"/> Ms.	
<input type="checkbox"/> Mrs.		<input type="checkbox"/> Mrs.	
Age	Marital Status	Number of Dependents	Age
			If married, is the main applicant your spouse? <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>EMPLOYMENT INFORMATION</b> (Applicant)		<b>EMPLOYMENT INFORMATION</b> (Co-Applicant)	
Employment Status <input type="checkbox"/> Employed <input type="checkbox"/> Self Employed <input type="checkbox"/> Unemployed		Employment Status <input type="checkbox"/> Employed <input type="checkbox"/> Self Employed <input type="checkbox"/> Unemployed	
Occupation:		Occupation:	
Employer Name		Employer Name	
<b>FINANCIAL INFORMATION</b> (Applicant)		<b>FINANCIAL INFORMATION</b> (Co-Applicant)	
Annual Income (US\$)		Annual Income (US\$)	
Source: <input type="checkbox"/> Employment <input type="checkbox"/> Retirement/Trust <input type="checkbox"/> Spousal/Parental Support <input type="checkbox"/> Investment		Source: <input type="checkbox"/> Employment <input type="checkbox"/> Retirement/Trust <input type="checkbox"/> Spousal/Parental Support <input type="checkbox"/> Investment	
Net Worth (US\$): (Excluding Family Residence) Liquid Assets (US\$):		Net Worth (US\$): (Excluding Family Residence) Liquid Assets (US\$):	
<b>YEARS OF INVESTMENT EXPERIENCE</b> (Applicant)		<b>YEARS OF INVESTMENT EXPERIENCE</b> (Co-Applicant)	
Stocks:	Options:	Stocks:	Options:
<b>INVESTMENT OBJECTIVES AND TRADING STRATEGIES</b>			
Request an approval level appropriate to your risk tolerance and investment objectives. Scottrade does not determine the appropriateness of the approval level you selected.			
<b>APPROVAL LEVELS</b>	<b>TRADING/INVESTMENT OBJECTIVES</b>	<b>OPTIONS STRATEGIES</b>	<b>AVAILABILITY</b>
<input type="checkbox"/> Level I	Income	Covered Calls	All Accounts
<input type="checkbox"/> Level II	Growth & Income	Level I + Long Purchases	All accounts EXCEPT: Coverdell ESAs, Custodian, Guardianship, Conservatorship, Keogh and Qualified Retirement Plans
<input type="checkbox"/> Level III	Growth & Income	Level II + Cash Secured Put	OptionsFirst Accounts
<input type="checkbox"/> Level IV	Speculation	Level III + Spreads	OptionsFirst Accounts
<input type="checkbox"/> Level V	Speculation	Level IV + Uncovered Writing	Non-IRA OptionsFirst Accounts (Margin Required)

Please read the Scottrade Options Agreement on the following pages before signing this application. Once signed, return the Scottrade Options Application to your local branch office and retain the Scottrade Options Agreement for your records.

**By signing this form, I acknowledge that a copy of a separate document, *Characteristics and Risks of Standardized Options*, has been made available to me via a physical copy or by accessing it online at [Options.Scottrade.com](http://Options.Scottrade.com) (Forms Center / Agreements / *Characteristics and Risks of Standardized Options*).**

**I further acknowledge that I have received, read and agree to abide by the terms of the Scottrade Options Agreement, which contains a pre-dispute arbitration clause in item 10.**

**When applying for uncovered options through Scottrade, I agree I have received and read the Special Statement for Uncovered Options Writers concerning the risks of this type of trading.**

\_\_\_\_\_  
Date **X** Applicant's Signature

\_\_\_\_\_  
Date **X** Co-Applicant's Signature

SCOTTRADE USE ONLY			
OCC Brochure mailed (initial & date): _____			
<i>OptionsFirst form, please fax or overnight to HQ</i>			
A.E. Approval: _____	Date: _____	Approved Level: <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5	
Br. Mgr. Approval: _____	Date: _____	ROP Approval: _____	
		Date: _____	

# TRUST ACCOUNT CERTIFICATION

TRUST ACCOUNT INFORMATION			
Title of Trust:			
Tax Identification Number for the Trust: (If personal, Grantor/Trustor Social Security number may be used)			Original Effective Date of the Trust:
Name of Trustee(s):			
Name of Successor Trustee(s):			
If Revocable, by whom is Trust Revocable or Amendable?		Date of Amendment or Restatement (if any)	
GRANTOR/TRUSTOR INFORMATION			
If grantor/trustor is deceased, please attach a copy of the death certificate.			
Name			
Social Security Number		Date of Birth	
Street Address	City	State	ZIP plus 4
ADDITIONAL GRANTOR/TRUSTOR INFORMATION (If Applicable)			
Name			
Social Security Number		Date of Birth	
Street Address	City	State	ZIP plus 4

As Trustee(s) of the above trust, and in connection with my account application to open and maintain a securities brokerage account with Scottrade OptionsFirst, I certify the above to be true, and hereby represent and warrant that:

1. The undersigned are all present Trustees of the Trust.
2. Scottrade OptionsFirst at its sole discretion may (a) request a partial or full copy of the trust and amendments for clarification of the grantor(s) intent with regard to the Trust (b) require the written consent of any or all Trustees prior to acting upon instructions of any Trustee.
3. In consideration of Scottrade OptionsFirst opening and maintaining an account for the Trust, executing transactions in such account, and providing such services as Scottrade OptionsFirst shall provide from time to time, the Trustee(s) hereby agree:
  - That Scottrade OptionsFirst is authorized to follow the instructions of any Trustee authorized to execute a transaction or issue any other instruction with respect to the Trust, and to deliver funds, securities or any other assets in this account to any such Trustee or on any such Trustee's instructions, on the presumption that either (a) the Trust Agreement expressly provides that each Trustee is authorized to act individually, independently and without the consent of the other Trustee(s) for all purposes related to the Trust brokerage account, or (b) if the Trust Agreement does not contain such an express provision, the Trustee so acting has obtained the requisite consent of the other Trustees in accordance with the requirements of the Trust Agreement.
  - That Scottrade OptionsFirst shall be informed in writing at its corporate headquarters of any change, restatement, or amendment to the Trust Agreement which would change any representation, warranty or certification contained herein, including the list of present Trustees, and that until such written notice shall have been received Scottrade OptionsFirst may rely on such representations, warranties, and certifications.
4. Scottrade OptionsFirst is authorized to follow such actions and instructions of the Trustee(s), with respect to the following powers authorized by the Trust Agreement:
  - Open and maintain an account in the name of the Trust and enter into and execute agreements and do all things which are necessary to open and maintain such account with Scottrade OptionsFirst;
  - Buy, sell, exchange, convert, tender, trade, or otherwise acquire or dispose of stocks, bonds, mutual funds, and all other securities;
  - Engage in Margin transactions, upon Scottrade's OptionsFirst approval of the trust account for margin transactions, and upon the presumption that the trust agreement provides for margin transactions, pursuant to the margin rules and requirements as set forth by Scottrade OptionsFirst;
  - Engage in Options transactions, upon Scottrade's OptionsFirst approval of the trust account for options transactions, and upon the presumption that the trust agreement provides for options transactions, pursuant to the options rules and requirements as set forth by Scottrade OptionsFirst;
  - Receive notices, demands, confirmations, account statements and communications of any kind relating to the operation of or assets in the account;
  - Direct that the securities be transferred to another account for or transferred into the name of the Trust or any third party, including an account for or in the name of the Trustee, and to direct that funds and other assets be distributed from the Account to the Trust or any third party, including any Trustee, or an account for any of them;
  - Otherwise to manage or exercise control over the account or the assets thereof.

I agree to indemnify and hold Scottrade OptionsFirst, its officers, directors, employees, agents, and assigns, harmless from any loss, damage, or claim arising as a result of Scottrade's OptionsFirst reliance on the information provided in this document, and from acting upon instructions believed by Scottrade OptionsFirst to have originated with the Trustee(s). I agree to abide by the Scottrade Brokerage Account Agreement.

### ALL TRUSTEES MUST SIGN

<b>X</b>	<b>X</b>
Trustee Signature	Trustee Signature
Date	Date

## OptionsFirst Password Security Form

As soon as your OptionsFirst account is opened, a customer service representative will provide you with your username and account number. You can then set your password and access your account as follows:

- Go to [options.scottrade.com](http://options.scottrade.com)
- Click on the "Login" link
- Click on the "Forgot your password?" link
- Enter your username and other required fields
- Provide the answer to the security question you have selected below
- You will be prompted to create a new password

These instructions are also provided in the *OptionsFirst Quick-Start Guide*.  
**Please return to OptionsFirst with your applications for processing.**

Applicant Name:	Applicant Social Security Number:
<b>Select one of the following security questions and provide your response. Please print clearly; your answer is case-sensitive.</b>	
<input type="checkbox"/> What is your mother's maiden name?	_____
<input type="checkbox"/> What is your favorite stock?	_____
<input type="checkbox"/> What city were you born in?	_____
<input type="checkbox"/> What was the model of your first car?	_____
<input type="checkbox"/> What is your favorite ice cream flavor?	_____



# Brokerage Account Agreement Terms and Conditions

By opening a brokerage account or accounts at Scottrade, Inc. ("Scottrade," "we," "our" or "us"), you acknowledge and represent that you have read and understand the Scottrade Brokerage Account Agreement (the "Agreement") below and agree to be bound by its terms. This Agreement includes the separate disclosures and notices ("Addendums") referenced in and provided with this Agreement. This Agreement governs each brokerage account that you open or request to be opened with us (each "Account").

**1. Legal Capacity to Enter Into Agreements.** You are of full legal age in the state or jurisdiction in which you reside and have the capacity to enter into this Agreement.

**2. Accuracy of New Account Application and Credit Information.** The information that you have provided us is current, accurate, truthful and complete. No one except the person(s) listed on the Brokerage Account Application ("Application") has an interest in the Account being applied for. You agree to provide us with an updated Application promptly upon any material changes in any such information. You also agree to notify us in writing if you are or become: employed or affiliated with a broker-dealer, a U.S. stock exchange or the Financial Industry Regulatory Authority ("FINRA"); or an officer, director, 10 percent shareholder, control person or affiliate of a U.S. publicly traded company. You authorize us to make inquiries to consumer or credit reporting agencies, financial institutions, employers and/or any other source we believe necessary for the purpose of verifying your identity (as required by federal law). You also acknowledge that Scottrade may provide information (e.g. negative account information of unsecured debts) regarding your performance under this Agreement to these agencies. You understand that, upon your written request, we will tell you whether we requested a credit report and provide the name and address of the agency that furnished it.

**3. Account Types.** You understand that you are responsible for selecting the Account type (e.g. single, joint, fiduciary, retirement, individual retirement or business type Accounts) that is appropriate for your needs and circumstances. You also understand that certain Account types may be eligible for (or restricted from) certain services offered by Scottrade.

**A) Joint Accounts.** For joint accounts, each joint account holder agrees that each joint account holder shall have authority, without notice to the other joint account holder to: (i) buy and sell securities, options, or other investment products on margin, or otherwise, depending on the type of account; (ii) receive confirmations, statements and communications of every kind related to the account; (iii) receive and dispose of money, securities and/or other property in the account; (iv) make, terminate, or agree to modifications of this Agreement; (v) waive any of the provisions of this Agreement; and (vi) generally to deal with us as if each joint account holder alone was the sole holder of the account. We will not have responsibility for notifying other joint account holders of the actions of any other joint account holder. Each joint account holder agrees that notice to any joint account holder shall constitute notice to all joint account holders. Each joint account holder further agrees that he or she shall be jointly and severally liable to us with respect to all matters relating to the account. We may follow the instructions of any of the joint account holders concerning the account and make delivery to any of the joint account holders of any and all securities and/or other property in the account, and make payments to any of the joint account holders, of any or all monies in the account as any of the joint account holders may order and direct, even if such deliveries and/or payments shall be made to only one of the joint account holders personally.

In the event that we receive notice of a dispute between or conflicting instructions from joint account holders, we may (but are not required to) place restrictions on the account, including restrictions on withdrawals or transfers from an account, until we receive satisfactory documentation that the dispute has been resolved or all joint account holders give us joint instructions. In the event of the death of any of the joint account holders, the surviving joint account holders shall immediately give us notice. The estate of any deceased joint account holder shall be liable and each survivor will be liable, jointly and severally, to us for any debt or loss in the account or debt or loss incurred in the liquidation of the account or the adjustment of the interests of the joint account holders. Unless the joint account holders indicated to the contrary when the account was opened, we may presume that it is the express intention of the joint account holders to hold the account as joint tenants with rights of survivorship. In the event of the death of any of the joint account holders, the entire interest in the account shall be vested in the surviving joint account holders on the same terms and conditions as theretofore held, without in any manner releasing the deceased joint account holder's estate from liability.

**B) Fiduciaries.** With regard to fiduciary accounts, a fiduciary is a person or entity authorized to make decisions with respect to an account on behalf of the Account's beneficial owners, including a trustee, custodian of a UGMA or UTMA, conservator, guardian, executor, administrator, attorney-in-fact, or investment advisor or other person to whom you have granted trading authority over an Account. You understand and agree that Scottrade does not review any action or inaction by a fiduciary with respect to an Account and is not responsible for determining whether a fiduciary's action or inaction satisfies the standard of care applicable to such fiduciary's handling of the Account. You further understand and agree that Scottrade is not responsible for determining the validity of a person's or entity's status or capacity to serve as a fiduciary. You agree to hold Scottrade and its officers, directors, employees, agents and affiliates harmless from any liability, claim, or expense (including attorneys' fees and disbursements), as incurred, for the actions or non-actions of your fiduciary.

**4. Warnings Regarding Linked Accounts.** As a service to Brokerage Account customers, Scottrade may provide you with the option to open a Scottrade Bank Account. You understand if you choose to open a Scottrade Bank Account it will automatically be connected directly to your Scottrade Brokerage Account. In opening such Scottrade Bank Accounts, you will have the opportunity to add joint account holders or fiduciaries that may or may not be included as a joint account holder or fiduciary on your Scottrade Brokerage Account ("Additional Account Party"). You understand, acknowledge and agree that if you provide information regarding your Scottrade Brokerage Account to such an Additional Account Party in order for such Additional Account Party to view or transact in your Scottrade Bank Accounts online, the Additional Account Party will have access to your Scottrade Brokerage Account and will not be blocked from the functionality offered, including, but not limited to: transfer funds to a Scottrade Bank Account for subsequent withdrawal, execute trades and transfer securities out of the Scottrade Brokerage Account.

You further understand, acknowledge and agree that anyone who you authorize to make transactions on your behalf in relation to your Scottrade Brokerage Account, such as a joint account holder or a fiduciary on your Scottrade Brokerage Account, will also have access to your Scottrade Bank Accounts, whether or not included as an Additional Account Party on your Scottrade Bank Accounts, and thus will be able to execute transactions in your Scottrade Bank Accounts, including, but not limited to: making deposits and withdrawals and making wire transfers. Scottrade will provide you with a User ID and Password (which you are thereafter required to replace with a new Password) when you open a Scottrade Brokerage Account. You agree to safeguard your User ID and the initial and all subsequent versions of your User ID and/or Password. You understand and agree that neither Scottrade nor Scottrade Bank shall be responsible for any breach of security caused by your failure or the failure of anyone you authorize to make transactions on your behalf to maintain the confidentiality of your User ID and Password.

You understand that neither Scottrade nor Scottrade Bank reviews any action or inaction by you or anyone you authorize to act on your behalf in relation to your Scottrade Brokerage Account or Scottrade Bank Account. You understand and agree that you are solely responsible for reviewing the activity in your Scottrade Brokerage Account and your Scottrade Bank Account and to promptly notify Scottrade in the event you believe that someone has used your log-in credentials, such as your User ID and password, to access your Scottrade Brokerage Account, your Scottrade Bank Account or both, without your authorization. You agree to hold Scottrade, Scottrade Bank and their respective officers, directors, employees, agents and affiliates harmless from any liability, claim, or expense (including attorneys' fees and disbursements), as incurred, for the actions and non-actions by you and the actions and non-actions of anyone you authorize to act on your behalf (or anyone to whom you provide your Scottrade Brokerage Account or Scottrade Bank Account information) in relation to your Scottrade Brokerage Account and/or your Scottrade Bank Account. You understand and agree that neither Scottrade nor Scottrade Bank shall be responsible for any breach of security caused by your failure, or the failure of anyone you authorize to act on your behalf with respect to your Scottrade Brokerage Account, your Scottrade Bank Account or both, to maintain the confidentiality of the User ID and password associated with your Account.

**5. Identity Verification for Anti-Money Laundering Purposes.** We are required by Federal law to verify the identity of each account owner. Scottrade may ask you to provide various identification documents prior to opening an Account. Addendum 1 to this Agreement is our "Customer Identification Program Notice." It describes in general the identification process. You acknowledge that you have received and read Addendum 1.

**6. Account Approvals and Maintenance.** We may reject your Application, close or restrict your Account for any reason, in our sole and absolute discretion, without notice to you and without disclosing the details of that decision. We may require that you provide us additional information or documentation in order for us to continue carrying your Account. You acknowledge that we may, at any time in our sole and absolute discretion, restrict trading, disbursements, transfers or take no action in your Account. You acknowledge that we may issue out the assets in your account at your expense, for any security(s) in your account either to the transfer agent(s) of any security(s) that is Direct Registration System (DRS) eligible, or to your address of record in certificate form, and for any available cash balance to your address of record in the form of a check.

**7. No Advice and No Recommendations.** You acknowledge that we do not and will not give investment, legal or tax advice or make securities recommendations. You agree that you are a self-directed investor and all orders entered are unsolicited and based on your own investment decisions or the investment decision of your duly authorized representative. You agree that neither Scottrade nor any of its employees may be your duly authorized representative and that you will neither solicit nor rely upon Scottrade or any of its employees for any such advice. You understand that you are solely responsible for all orders entered, including but not limited to trade qualifiers, the number of trades entered, the suitability of any trade(s), investment strategies and risks associated with each trade, and will not hold Scottrade or any of its employees liable for those investment decisions. You further understand that we do not and will not review the appropriateness or suitability for you of any transactions implemented or investment strategies employed in your Account. You hereby agree to hold Scottrade and its officers, directors, employees, agents and affiliates harmless from any liability, financial or otherwise, or expense (including attorneys' fees and disbursements), as incurred, as a result of any losses or damages you may suffer with respect to any such decisions, instructions, transactions or strategies employed in your Account by you or your duly authorized representative, or as a result of any breach by you of any of the covenants, representations, acknowledgments or warranties herein.

**8. Fees, Commissions and Account Minimums.** You agree to pay the brokerage commissions, charges, taxes or other fees as set forth in our then-current Commission Schedule as applicable to the pricing structure of your Account and the type of transactions and services you receive. Scottrade's Commission Schedule is available on our website. We may amend our Commission Schedule at any time by posting the changes to our website. Certain clients may have a different pricing structure based on assets or activities in their accounts at Scottrade. You understand that Scottrade may require a minimum deposit to open an Account and that you also may be required to maintain a minimum deposit amount. Commissions are charged on a per order basis. Limit orders executed over multiple days and orders modified after a partial execution on the same day will be treated as separate orders for commission calculation purposes.

**9. Purchases and Sales.** To execute purchase orders, we generally require that your Account contain available funds equal to or greater than the purchase price of the securities. To execute sell orders, we generally require that securities be long in your Account in good deliverable form. You agree that any purchase or sell order accepted (inadvertently or otherwise) by us without sufficient funds or negotiable certificates, respectively, in your Account, will be subject to liquidation in the case of a purchase order, or buy-in in the case of a sell order, at your expense. In the event full funds are not available in your Account when a purchase order is executed, you promise to pay the full amount due via wire transfer on or before the settlement date for the purchase. In the event a sale order is executed and the securities sold are not in your Account, you promise to deliver all securities sold, on or before settlement date. If such funds or securities are not received on or before the settlement date, we may liquidate your Account and you will be liable for any resulting losses and all associated costs that we incur.

**10. Orders, Executions and Account Statements.** We may route any order authorized by you to any exchange, other market centers where such business is then transacted, or we may execute the order ourselves. You understand that we do not provide you with direct access to the marketplace. You understand, whether you place a market or limit order or other type of order that you will receive a price at which the order is executed in the market. Particularly during periods of high volume, illiquidity, fast movement or volatility in the marketplace, or the placement of large orders, the execution price you receive may differ from the quote published at the time of order entry, and you may receive partial executions at different prices. We do not accept orders for purchase or sale of securities through the mail, commercial carrier or by email. You understand that you are responsible for promptly reviewing upon receipt all trade confirmations and account statements. Such confirmations and statements shall be deemed accepted by you and shall be binding unless you notify us in writing within ten (10) days after transmission to you. You agree that you are responsible for monitoring all open orders. If you place a good-till-cancelled ("GTC") order, you understand that the GTC order is subject to our Open Orders Cancel Schedule posted online in our Message Center. Otherwise the open order will remain in force until it is executed, it is cancelled by us because of a corporate action, reorganization or operational reason, or you choose to cancel it.

**11. Late and Corrected Reports.** When your order is executed, we typically receive an electronic message (a "Report") notifying us about the status of the order, including, but not limited to, whether the order had been executed and at what price. However, we do not always receive reports promptly (a "Late Report"). Accordingly, you may then receive a Late Report. You may also receive Reports correcting a previous Report, including errors in execution prices. You acknowledge that you will receive the price at which your order is actually executed in the marketplace even if the Report is late or a Report corrects an incorrect price or term of another Report.

**12. Cancellation and Modification Requests.** You acknowledge that it may not be possible to cancel or modify an order. Any attempt to cancel or modify an order is simply a request to cancel or modify. We are not liable to you if we are unable to cancel or modify an order. You understand and agree that, if an order cannot be canceled or modified, you are bound by any execution of the original order. You further acknowledge that attempts to modify or cancel and replace an order can result in an over-execution of the order, or the execution of duplicate orders, that our systems do not prevent over-execution on duplicate orders from occurring, and that you shall be responsible for all such executions. If you enter a cancellation request, you agree to wait to confirm that the cancellation request has been effected prior to entering a replacement order. You agree not to assume that any order has been executed or cancelled until you have received a Report from us with regard to order execution. You are responsible for knowing the status of your pending orders before entering additional orders. You agree to contact us in the event you are unclear on the status of an order.

**13. Order Routing and Payment for Order Flow.** Consistent with the overriding principle of best execution, we generally route orders for listed and over-the-counter equity securities and options to market centers, including exchanges, securities dealers who make markets over-the-counter, and alternative trading systems such as ECNs. We take a number of factors into consideration in determining where to route customers' orders, including, the speed of execution, quality of executions (price improvement relative to the national best bid offer (NBBO) in any one market center), automatic execution guarantees, the availability of efficient and reliable order handling capability, the liquidity offered by the market center, the level of service provided, and the cost of executing orders. We may receive remuneration from a market center, but remuneration is only a factor when all other factors affecting best execution are equal. U.S. Securities and Exchange Commission (SEC) rules require all brokerage firms to make publicly available quarterly reports describing their order routing practices. These quarterly reports describe how and where customer orders are routed and are available on our website. In addition to the quarterly reports above, SEC rules also require brokerage firms, upon a customer's request, to provide information regarding the identity of the market center to which any customer order was routed in the six months prior to the request; whether the order was a directed or non-directed order, and the time of the transaction, if any, that resulted from such order. If you wish to receive the foregoing routing information for any order(s) within the past six months, please contact your local Scottrade branch. We receive remuneration (for example, in the form of per-share arrangements, liquidity rebates, or profit sharing arrangements) for directing customer orders to certain market centers for execution. The source and amount of any compensation received by us in connection with your transaction will be disclosed upon written request. You understand that any remuneration that we may receive for routing orders through various market centers is considered a reduction in our costs and will not accrue to your Account.

**14. Cash Account Restrictions.** Under Regulation T, purchases in a Cash Account are permitted if a customer has sufficient funds to pay for a purchase, or with the understanding that a customer will make full cash payment for purchases prior to selling a security and will not contemplate selling prior to making such payment. Freeriding is the prohibited practice of purchasing and selling a security without meeting the payment obligation under Regulation T of the Federal Reserve Board created by the initial purchase. Freeriding may also be caused by the use of unsettled sales proceeds to purchase securities. Freeriding violates Federal Reserve Regulation T and may also violate other securities laws. You agree to promptly pay for any purchases in a Cash Account, and understand that freeriding in your Cash Account is prohibited and may result in us restricting or closing your Account.

**15. Payment of Obligations Upon Demand.** You will be liable to Scottrade for the payment for all trades, debit balances, margin calls, or other obligation ("Obligations") owing in your Account. You agree that all orders for the purchase or sale of securities for your Account shall be processed and/or executed with the understanding that an actual purchase or sale is intended and it is your intention and obligation in every case to pay for any purchase or deliver certificates to cover all sales on or before settlement date, whether or not you are in receipt of a trade confirmation. You agree to pay any debit balance (i.e. an Account balance owed to Scottrade) and to satisfy any indebtedness to Scottrade in your Account on demand. Payments (cash, traveler's checks, third party checks or personal checks for investment clubs/limited partnerships/corporations are not generally accepted) or securities submitted to your Scottrade branch need to be made before settlement to allow for transit to our headquarters. You agree that any security sold will be in good deliverable form (properly endorsed, proper denominations, adjusted for all company reorganizations and free of any encumbrances). Debit balances in any Account may be charged interest in accordance with our then-current interest rate schedule for debit balances.

**16. Security for Indebtedness.** All securities, options, credit balances, bank deposit program balances, assets and other property, which we may maintain in or for your Account or otherwise, whether individually or jointly held with others, whether now owned or hereafter acquired, and any proceeds or distributions therefore (collectively, "Collateral"), shall be subject to a lien in our favor for the discharge of all Obligations. You hereby grant us a continuing, perfected, first-priority security interest and right of set-off in all Collateral. Subject to the provisions of any applicable statute, rule or regulation, we may hold Collateral as security for the payment of any Obligations, and we shall have the right to transfer such Collateral from your Account from or to any other Account in which you have an interest, when in our judgment such transfer may be necessary for our protection. In enforcing the lien, we shall have the right to sell, assign, and deliver all or any part of the Collateral in any of your Accounts to satisfy your Obligations or when we otherwise deem it necessary for our protection. If we believe there is inadequate security for your Obligations or upon any event which in our opinion jeopardizes your Account, we shall have the right to: (a) cancel any outstanding orders for the purchase or sale of securities, options, assets or other property; (b) close transactions in your Account; (c) buy-in any securities, options, assets or other property of which your Account may be short; or (d) require you to deposit additional Collateral in accordance with the rules and regulations of the Board of Governors of the Federal Reserve System, or any securities regulatory or self-regulatory body to whose jurisdiction we are subject. We may also, but shall have no obligation to, require you to deposit such additional Collateral as we in our sole and absolute discretion determine is necessary as security for your Obligations. We shall have all rights and remedies available to a secured party under any applicable law in addition to the rights and remedies provided herein. Subject to the provisions of any applicable statute, rule or regulation, we may take any or all of the foregoing actions at any time without prior notice, tender, demand or call, all of which you expressly waive, and regardless of any prior notice or demand by us. You hereby appoint us as your true and lawful agent and attorney-in-fact, with full power to act in your name and on your behalf, with respect to the execution of all instruments and the taking of all action necessary or desirable to effectuate the rights and remedies provided in this Agreement and by applicable law.

**17. Events of Default.** The following shall constitute an "Event of Default": (a) You fail to make payment as and when required pursuant to this Agreement; (b) You fail to provide margin or to perform any other Obligations as and when we require; (c) Any representation or warranty made by you shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated; (d) You state that you will not perform any of the Obligations under this Agreement; (e) You default in the performance of any Obligation to us under any agreement now or hereafter entered into; (f) You default in the payment of any indebtedness for borrowed money, or any guaranty of such indebtedness, upon the maturity (including any accelerated maturity) thereof; (g) You apply for, consent to or are the subject of an application or petition for the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar person of all or a substantial part of your property, admit in writing your inability or become unable to pay your debts generally as such debts become due, make a general assignment for the benefit of creditors, file or are the subject of the filing or entry of a petition or order for relief under Title 11 of the U.S. Code or any similar law of any jurisdiction regarding reorganization, liquidation, dissolution, insolvency, or relief of debtors or of an application for a protective decree under the Securities Investor Protection Act of 1970; or (h) We believe that we may be unable to apply without delay property that we are holding or expect to receive from you against any Obligation to us under this Agreement or in connection with any transactions executed by us on your behalf.

**18. Remedies.** Upon the occurrence of any Event of Default, we may, in our sole and absolute discretion and without notice to you: (a) cancel or otherwise liquidate your Account and any position therein or transaction in your Account; (b) setoff any Obligation owed by us to you against any Obligation of yours, or against any Collateral; (c) satisfy any Obligation of yours to us from any Collateral; (d) sell, or be deemed to have sold, any securities, instruments or other property in your Account; and (e) purchase, or be deemed to have purchased, any securities, instruments or other property, in which you have a short position. All purchases or sales pursuant to this Section may be affected in public or private purchases or sales in which we may be the purchaser or seller, in each case, as we may deem appropriate in our sole and absolute discretion and at such price or prices as we may deem satisfactory in our sole and absolute discretion. You are not entitled to any advance notice to any such remedies by us. In our sole and absolute discretion, we may (but are not required to) attempt to notify you or to provide a grace or notice period before we exercise such remedies. However, any such grace or notice period may be shortened or eliminated by us without further notice to you if we believe it is appropriate to do so for our protection. We may exercise remedies under this Section without notice notwithstanding any prior grace or notice period provided to you.

**19. Free Credit Balances, Funds Availability, and Bank Deposit Program.** You understand and agree that Scottrade may place and hold your available cash balances in your Scottrade brokerage account as free credit balances, in our Bank Deposit Program as described in Addendum 8, or through other arrangements that Scottrade may make available. We may change or replace the above options in our discretion. We may, in our sole and absolute discretion, pay you interest on any free credit balances awaiting investment. A free credit balance is the sum of the uninvested cash in your Account less the funds required to pay for purchase transactions due to settle on or after the day the free credit balance is to be calculated, charges to your Account, and credit balances that are Collateral for your Obligations. Free credit balances are not bank deposits and are not insured by the FDIC. If you receive interest on these free credit balances, you agree that you maintain the free credit balances in your Account for investment purposes, and not solely for the purpose of receiving interest. We reserve the right to stop paying interest on free credit balances, close your Account or to take any other action necessary if we determine that you are maintaining free credit balances with Scottrade solely for the purpose of receiving interest. We may increase or decrease the rate of interest or decide to stop or start paying interest at anytime in our sole and absolute discretion. Our use of credit balances in our business is subject to the limitations of SEC Rule 15c3-3. You have the absolute right to receive, in the normal course of business, any free credit balance and any fully paid securities to which you are entitled, subject to any open commitments in your Account.

**20. SIPC and Other Insurance Coverage.** You understand that we are members of the Securities Investor Protection Corporation ("SIPC") and that SIPC currently protects the assets in your Account up to \$500,000, with a limit of \$250,000 for cash balances, which are being held for purposes of investment. Cash balances not held for investment purposes (e.g. the sole purpose is to collect interest) may not be covered by SIPC. You acknowledge that these SIPC protections do not cover fluctuations in the market value of your securities. A brochure with the details of SIPC's protections is available at [www.sipc.org](http://www.sipc.org) or by calling (202) 371-8300.

**21. Control or Restricted Securities.** Scottrade does not generally handle the sale of control or restricted securities. You agree to notify us if you have deposited or seek to deposit any unregistered, restricted, or control securities in your Account. You agree not to enter sell orders with Scottrade for securities that are subject to Rule 144 or 145(d) of the Securities Act of 1933. You agree to pay for any loss Scottrade may incur in closing out any such intentional or unintentional sales. If you elect to deposit any control or restricted securities in your Account, you understand and agree that you will not sell such securities through your Account.

**22. Responsibility Regarding Certain Securities.** You are responsible for knowing the rights and terms for all securities bought, sold and maintained at Scottrade, including but not limited to stock splits, reorganizations, mergers, name changes, symbol changes, dividends (including stock dividends), option symbols, and option deliverables and any available insurance coverage, including the limitations on such coverage. Scottrade may, but is not obligated to, notify you of any upcoming expiration or redemption dates, or take any action on your behalf without your specific instructions except as required by law and the rules of regulatory authorities. Certain securities may grant you valuable rights that may expire unless you take specific action. These securities include bonds, convertible securities, warrants, stock rights and securities subject to exchange offers or tenders. You are responsible for knowing all expiration dates, redemption dates, and the circumstances under which rights associated with your securities may be called, cancelled, or modified. If any such security is about to expire worthless or be redeemed for less than its fair market value and instructions have not been received from you, we may, at our discretion, sell the security and credit your Account with the proceeds. If an Account has an option position on the last trading day prior to expiration that is \$0.01 or more in-the-money, the option is subject to automatic exercise. However, Scottrade reserves the right at its sole discretion to close any option position prior to expiration date or any position resulting from the exercising/assignment after option expiration. You will be charged a brokerage commission for any such transaction. Scottrade is not obligated to take any of these actions and we are not liable for losses should we not do so. Securities traded in the over-the-counter bulletin board and pink sheets and other thinly-traded securities may present particular trading risks in that they can be more volatile and are generally less liquid than securities traded on exchanges. Scottrade reserves the right to place restrictions on the trading of such securities, or any other securities for any reason, without prior notice.

**23. Communication Between Companies and Shareholders.** As required by SEC rules, we will release your name, address, and security positions to requesting companies in which you own shares that are held in your Account, unless we receive notice from you in writing that you object to us providing this information.

**24. Privacy Disclosures.** Addendum 2 to this Agreement is our "Privacy Policy and Security Statement." It describes how we protect your personal and financial information that we collect in the course of providing financial services to you. You acknowledge that you have received and read Addendum 2.

**25. Mutual Fund Investing.** You may invest in a variety of mutual funds in your Account through Scottrade. The information and services provided by Scottrade are not to be considered an offer to sell or a solicitation of an offer to buy a particular fund. Fund purchases may be subject to investment minimums, and all fund transactions are subject to acceptance by us and/or the fund company. By entering a mutual fund transaction through Scottrade, you acknowledge that you have received and read the fund prospectus, which describes the risks associated with the investment. Some mutual funds available through Scottrade may impose a sales charge on the purchase of shares of the fund. These charges are known as a "sales load." You may also be able to purchase mutual fund shares without paying a front-end sales load, although you may be charged a "contingent deferred sales charge" (i.e. back-end load) upon the sale or redemption of the shares. These charges may not be included in the fund's performance data. We may receive all or part of a sales load in connection with your investment in the fund's shares. Please consult the fund's prospectus for more information. Some mutual funds offer reductions in front-end sales loads, known as breakpoints, for purchases over certain amounts. In addition, such discounts may be available through Letters of Intent or Rights of Accumulation. You acknowledge that you are solely responsible for determining and obtaining breakpoints and rights of accumulation. Addendum 3 is a Disclosure Statement entitled "Mutual Fund Breakpoint Discount". This document describes various issues in purchasing load mutual funds. You acknowledge that you have received and read Addendum 3. Additional information about mutual fund breakpoints is available from FINRA at its website [www.finra.org](http://www.finra.org). Please consult the fund's prospectus for more information. Some mutual funds impose a marketing distribution fee known as a "12b-1 fee." This fee is included in the computation of the fund's overall expense ratio and is reflected in the fund's performance data. We may receive all or part of the 12b-1 fees in connection with your investment in the fund's shares. Please consult the fund's prospectus for more information.

**26. No Transaction Fee Mutual Fund Program.** You may participate in our No-Transaction Fee Mutual Fund Program ("NTF Program") in your Account. This program allows you to invest online in no-load mutual funds through Scottrade without paying a sales load or transaction fee. NTF mutual funds purchased through a Scottrade broker instead of online are subject to transaction fee set forth on our commission schedule. We may receive compensation directly from participating fund companies or third parties in payment for the fund distribution services that we provide. This compensation is included in the fund's overall expense ratio and is reflected in the fund's performance data. Please consult the fund's prospectus for more information. By participating in the NTF Program, you agree to the terms and conditions of the program as set forth in the Important Mutual Fund Information section of our website, which is subject to change at any time without prior notice to you. You acknowledge that we may modify or discontinue the NTF program without prior notice to you. By entering into a mutual fund transaction through us, you acknowledge that you have received and read the fund prospectus, which describes the risks associated with the investment. No-load mutual funds that are not part of our NTF program are subject to the transaction fees set forth in our commission schedule.

**27. International Accounts.** We may open Accounts for non-resident aliens that are required to complete a Form W-8 for tax withholding purposes (International Accounts). We do not promote ourselves, nor hold ourselves out, as doing business outside the United States. Since this agreement is not binding until approved and accepted by us in the United States, this agreement shall be deemed to be a contract made in the United States. All services to be performed by us shall be performed solely in the United States in United States dollars. You understand that an International Account must be an Internet Account. A Scottrade office in the United States will service your Account because we do not have offices outside the United States. Notifications will be provided to you solely in electronic form through email and notices posted to your particular Account on Scottrade's website. You further understand that you may only fund the Account with wired funds, personal checks, cashier's checks and/or money orders drawn on United States banks. Our website shall not be considered a solicitation for or offering of any investment product or service to any person in any jurisdiction where such solicitation or offering would be illegal.

**28. FINRA Public Disclosure Program.** As a member of FINRA, Scottrade is required to disclose the availability of BrokerCheck, an online tool that provides information on FINRA-registered firms. To access BrokerCheck or download a brochure, go to [www.finra.org/brokercheck](http://www.finra.org/brokercheck). You can also call the BrokerCheck Hotline at (800) 289-9999.

**29. Arbitration Disclosures.** This Agreement contains a predispute arbitration clause. By signing this Agreement, the parties agree as follows:

- A) All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- B) Arbitration awards are generally final and binding: a party's ability to have a court reverse or modify an arbitration award is very limited.
- C) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- D) The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- E) The panel of arbitrators may 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.

**30. Agreement to Arbitrate Controversies.** You agree that any controversy, dispute, claim, or grievance between us, any of our affiliates or our or their shareholders, officers, directors employees, associates, or agents, on the one hand, and you or, if applicable, your shareholders, officers, directors employees, associates, or agents on the other hand, arising out of, or relating to, this Agreement, or any service provided by us, including transactions of any kind made on your behalf through us, shall be resolved by Financial Industry Regulatory Authority (FINRA) arbitration, in accordance with FINRA's Code of Arbitration Procedure. If you are not a resident of the United States at the time a controversy subject to arbitration arises, you agree that any arbitration hearing shall be held in St. Louis, Missouri; you consent to the personal jurisdiction of all courts located in the State of Missouri for purposes of enforcing this arbitration agreement and any arbitration award; and you agree that any arbitration proceeding shall be conducted in the English language. If any party unsuccessfully resists confirmation or enforcement of an arbitration award rendered under this agreement, then all costs, attorneys' fees, and expenses incurred by the other party or parties in confirming or enforcing the award shall be fully assessed against and paid by the party resisting confirmation or enforcement of the award.

**31. Class Actions.** 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: (a) the class certification is denied; or (b) the class is decertified; or (c) 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.

**32. Consent to Monitoring and Recording.** You understand that we may, in our sole and absolute discretion, monitor or tape record telephone conversations with you, and you consent to such monitoring or recording. We are not required to record all telephone conversations and do not guarantee that recordings of any particular telephone conversation will be retained or are capable of being retrieved. You acknowledge that we do not accept orders left on voicemail and you agree not to leave any instructions for us on voicemail to enter a securities transaction for you.

**33. Email and Electronic Communications.** All email sent to and from us is subject to monitoring, review by or disclosure to someone other than your intended recipient. You acknowledge that there may be delays in email being received by your intended recipient. You agree to hold us harmless for any delay in email delivery regardless of whether the delay was caused by us or a third party. Email sent to and from a Scottrade address may be retained by our corporate email system. You agree not to use email to transmit orders to purchase or sell a security and further agree that Scottrade is not liable for any actions taken or any omissions to act as a result of any email message you send to us. Electronic communications with Scottrade via our website, wireless device or touchtone service are also subject to monitoring, review by or disclosure to someone other than the recipient and such communications may be retained by Scottrade.

**34. Complaints.** You may direct complaints to your local Scottrade branch or Scottrade's national service center at support@scottrade.com or by calling 1-800-619-SAVE. Written complaints may be sent to Scottrade, Inc., Attn: Compliance Department, 700 Maryville Center Drive, St. Louis, MO 63141-5814.

**35. Applicable Rules and Regulations.** You acknowledge that this Agreement and all orders and transactions executed in your Account shall be subject to all applicable federal and state laws and regulations, and the constitution, rules, regulations, customs, usages, rulings and interpretations of the exchange or market and its clearinghouse (if any) where such transactions are executed.

**36. Governing Law and Assignment.** This Agreement and its enforcement shall be governed by the laws of the State of Missouri (without regard to its conflict of law provisions); shall cover individually and collectively all of your Account(s) which you may open or reopen with us; shall inure to the benefit of our successors and assigns, whether by merger, consolidation or otherwise; and shall be binding upon your heirs, executors, administrators, successors, and personal representatives, together with all other persons claiming any legal or beneficial interest through you or in your Account(s). You may not assign the rights and duties hereunder without first obtaining our prior written consent. We may assign our rights and duties under this Agreement and may transfer your Account and this Agreement to our successors and any affiliated assigns without notice, or to any other entity with prior notice to you.

**37. Losses Due to Extraordinary Events; Limitation of Liability.** We shall not be liable for loss caused directly or indirectly by war, strikes, natural disasters, terrorist acts, government restrictions, exchange or market rulings, suspensions of trading, computer or communications line failures, or delays in the transmission of orders due to a breakdown or failure of market centers or transmission facilities or other conditions beyond our reasonable control.

**38. Entire Agreement and Severability.** This Agreement, any attachments hereto, and the terms and conditions contained in statements and confirmations, contain the entire agreement between the parties with respect to the subject matter hereof. If any provision or condition of this Agreement shall be held to be invalid or unenforceable by any court, or regulatory or self-regulating agency or body, such provision shall be deemed modified, or, if necessary, rescinded in order to comply with the relevant court, or regulatory or self-regulatory agency or body. The validity of the remaining provisions and conditions shall not be affected thereby, and this Agreement shall be carried out as if such invalid or unenforceable provision or condition was no contained herein. You acknowledge that you have entered into this Agreement and will enter into transactions in consideration of and in reliance upon the understanding that all such transactions constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, in addition to any of the other rights and obligations set forth in the Agreement, (a) you agree to perform all of your obligations in respect of each such transaction, (b) we shall be entitled to setoff claims and apply property held by us in respect of any such transaction or otherwise against obligations owing to us in respect of any other such transaction or otherwise, and (c) payments, deliveries and other transfers made by us in respect of any such transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other such transaction, and the obligations to make any such payments deliveries and other transfers may be applied against each other and netted by us.

**39. Amendments.** Scottrade may amend, change, revise, add or modify this Agreement at any time. The current version of the Agreement will be posted on our website, [www.scottrade.com](http://www.scottrade.com), and you understand that your continued Account activity after such amendment constitutes your acceptance to be bound by all amendments to the Agreement. In addition, you understand that this Agreement may not be modified by any verbal statements or written amendments that you seek to make to the Agreement without written acceptance from the General Counsel of Scottrade.

**40. Notices To You.** Scottrade will send all notices and other communications relating to your Account to the mailing address or, where applicable, the electronic mail address that you specified on your Brokerage Account Application, subsequent updates to this information and/or post the notices and other communications to a server that you may view when you log into your Account. Scottrade is not responsible for notification problems that may arise from time zone differences or Internet connectivity. Any communication we send to your mailing address by mail, messenger, telegraph, electronic data communication, fax or otherwise or to your electronic mail address is considered delivered to you personally, whether you receive it or not. You agree to inform us promptly of any changes in your mailing address or electronic mail address. **To Us.** All notices and other communications to Scottrade required or permitted under this Agreement shall be in writing and shall be directed to P.O. Box 31759, St. Louis, MO 63131 Attention: General Counsel.

**41. Waiver.** Any failure by us to insist at any time upon compliance with this Agreement or with any of its terms shall not constitute or be considered a waiver by us of any of our rights.

**42. Business Continuity Disclosure.** Addendum 4 to this Agreement is our "Business Continuity Disclosure." It describes our plans for dealing with significant business disruptions that may include power outages, a natural disaster or other disruptions. You acknowledge that you have received and read Addendum 4.

**43. Termination.** You may terminate this Agreement or your Account at any time upon written notice to us, after paying any Obligations you owe to us. You shall remain responsible for all Obligations initiated or authorized by you, including, without limitation, any transactions, debts, and interest as provided under this Agreement, whether arising before or after termination of this Agreement. We may terminate this Agreement or your Account any time, without advance notice, for any reason in our sole and absolute discretion. The terms and conditions of this Agreement will survive termination of your Account and will continue to apply to any disputed or other remaining matters arising from our relationship.

**44. Headings.** The headings contained in each Section are for descriptive purposes only and shall not be deemed to modify or qualify any of the rights or obligations set forth in each such Section.

## Internet Trading

The following provisions apply to Accounts that have access to our Internet trading functionality or online account access.

**45. Consent to Electronic Delivery of Information and Records.** Internet Accounts typically receive account information, including trade confirmations, account statements, proxies, shareholder information, important notices, messages and other records and communications electronically ("electronic delivery"). To receive electronic delivery, you must consent to receive these documents electronically. Once you have consented to receive electronic delivery, documents will be provided to you when we post the information on servers accessible to you on a password-protected portion of our website or that of a trusted third-party. By consenting to electronic delivery, you are agreeing to suppress the mailing of paper documents. Your consent to electronic delivery is immediate (although it may take one to two business days for us to process your request) and will remain in effect unless revoked by Scottrade or by you. You may revoke your consent to electronic delivery at any time by visiting the relevant part of our website or by notifying us in writing. This revocation from you is only effective after we receive and process it. If you wish to receive paper documents through the U.S. mail, you understand that you will be charged fees for delivery of these paper documents. We will provide you with online notification or send you an email regarding the availability of the documents on our website.

If we are unable to notify you electronically, you understand that we may, in our sole and absolute discretion, discontinue electronic delivery and send you account documents in paper form. You acknowledge that our primary method of communicating with you will be by posting information to servers that you may access from your Account with us online. You agree to check your Account on our website regularly as you may not have any other means of knowing that a communication has been delivered to you. There is no charge from us for electronic delivery, but online access and usage charges by your Internet service or access provider may apply. Documents and information will be made available in html or PDF format and may be printed and/or saved. You acknowledge that you can access documents in html or PDF format. You acknowledge that Scottrade Alerts and Messages contain important information affecting your Account and you are responsible for reading these Alerts and Messages and also the other messages, notices, disclosures and other communications on our website.

**46. Security and Confidentiality.** You agree that you are the exclusive owner and solely responsible, jointly and severally, if applicable, for the confidentiality and protection of the User ID and password that allows you to access our electronic trading systems. You further agree that you will be fully responsible for all acts and non-acts by you and anyone who you authorize to act on your behalf including all brokerage transactions, banking transactions and any other transactions that result from the use of your User ID, Account number and/or password. You agree to indemnify and hold Scottrade, Scottrade Bank and their respective officers, directors, employees, agents and affiliates harmless if any other person utilizing your User ID, Account number or password or any other confidential information provides instructions to us that may be contrary to your instructions or unauthorized by you. You agree to immediately notify Scottrade in writing via email of any loss, theft or unauthorized use of your UserID, Account number, password or any other confidential information.

## Internet Trading cont'd

**47. Electronic Trading System Risks.** Electronic or computer-based facilities and systems such as those that we provide to you are inherently vulnerable to disruption or failure and may be unavailable to you from time to time. We do not guarantee that any or all of these means will be available to you at a particular time. You agree that if electronic access is unavailable, you must use an alternative means of access to conduct transactions and other account activity, which may delay access to your account or your ability to effect transactions.

**48. Limitation of Liability.** You accept that our system is "As Is," and without warranties, express or implied, including, but not limited to, the implied warranties or merchantability or fitness for a particular use, purpose or application; timeliness; freedom from interruption; or any implied warranties arising from trade usage, course of dealing or course of performance. Under no circumstances shall we be liable for any punitive, indirect, incidental, special or consequential loss or damages, including loss of business, profits or goodwill. We shall not be liable to you by reason of delays or interruptions of service or transmissions, or failures of performance of our system regardless of cause, including, but not limited to, those caused by hardware or software malfunction; governmental, exchange or other regulatory action; acts of god; war, terrorism, or our intentional acts. You recognize that there may be delays or interruptions in the use of our system, including, for example, those caused intentionally by us for purposes of servicing the system. You acknowledge that alternative trading arrangements are available through us as listed above but we do not guarantee that alternative trading arrangements will be available at a particular time and we will not be held liable for delays in entertaining an order. In no event shall our liability, regardless of the form of action and damages suffered by you, exceed the commissions and fees paid by you to us in the month in which the action arose.

**49. Risks of Online Trading.** Addendum 5 to this Agreement is a "Disclosure of Online Trading Risks." This Addendum generally describes the unique risks of online trading and volatile markets. You acknowledge that you have received and read Addendum 5.

**50. Use of Scottrade's Websites.** Websites refer to Scottrade's websites (*scottrade.com*, *scottssave.com*, *scottrader.com* and additional websites that we may register). The websites provide you with content and information. Content includes account positions, account activity, balances, transaction status, statements, confirmations and other Account-related data. Information is not related specifically to an Account. Information is financial or investment information provided by third parties to us that we provide to you, which includes market data, news, research, financial analysis, commentary, or tools. The information on the websites is provided from sources believed to be reliable but cannot be guaranteed. The content on the websites is provided as a convenience but cannot be guaranteed. The content on the websites is provided as a convenience but may be inaccurate or outdated. You agree at all times to rely upon your transaction confirmations and statements as the official records of your Account. We may without notice to you change, revise, modify, add, upgrade, remove or discontinue any part of the websites. The websites may include hyperlinks to third-party websites. We are not responsible for the information or content provided by such third-party websites. The information provided on our websites is not customized for you and you understand that the information provided to you is not a recommendation to you about the suitability of a purchase and/or sale of any security.

**51. Market Data, News and Other Information.** You agree that the market data, news and other information available to you through our website is for your personal use and that you will not retransmit or republish this information in any form. We may terminate your access to the above at any time in our sole and absolute discretion without notice to you. You acknowledge that the information provided to you is obtained from sources believed to be reliable and is presented on a best efforts basis, and that no accuracy or completeness of the information is guaranteed. You also acknowledge that we do not guarantee that there will not be interruptions in its availability. You further acknowledge that the provision of such information does not constitute a recommendation by us to purchase or sell any security or any financial, tax or legal advice by us. More specifically, with regard to market data, you agree that: a) "Data Disseminators" (the New York Stock Exchange, NASDAQ, the Options Price Reporting Authority, their processors and each constituents of these Data Disseminators, including the Chicago Board Options Exchange, NYSE Amex, National Stock Exchange, BATS Exchange, Inc., NYSE Arca, Philadelphia Stock Exchange, etc.) that make "Market Data" (e.g., last sale prices, bids, offers or any other information provided) available, own the proprietary rights to all market data they supply; b) neither we nor any Data Disseminator guarantees the timeliness, sequence, accuracy or completeness of any Market Data; c) the Data Disseminators and/or Scottrade shall not be liable to you or to any other person for any losses or damages arising from inaccuracies, errors omissions, delays, interruptions or non-performance, whether or not due to any negligent act or omission of any Data Disseminator or Scottrade.

In no event shall any Data Disseminator or Scottrade be liable for any incidental, special, indirect or consequential damages, including but not limited to lost profits, trading losses or damages resulting from inconveniences or loss of use of Market Data services; d) no Data Disseminator nor Scottrade may be held liable for any discontinuance in the provision of Market Data or for any change in the manner of distribution for any reason; e) Market Data is made available for your own personal use and you are prohibited from furnishing it to any other person or entity; f) Data Disseminators or Scottrade may terminate your receipt of Market Data at any time; g) this Agreement is for the express benefit of Scottrade and the Data Disseminators and, accordingly, the Data Disseminators as third party beneficiaries hereof are entitled to enforce this agreement by legal proceeding or otherwise against you or any person that gains access to or uses Market Data other than as this Agreement contemplates. You shall pay the reasonable attorneys' fees that any Data Disseminator may incur in so enforcing this Agreement.

Without limiting the generality of the foregoing, you agree that you will i) not use any software tools, procedures or instructions (other than to access the websites through standard browsers), automatic devices or automated processes, or manual processes to monitor or access data or content provided by us through the websites, ii) not use any device, hardware or software to bypass our security, iii) not disrupt or attempt to disrupt the proper or usual working of any Scottrade website or Market Data, news or information application, iv) not modify or alter any of our software, v) not use any software or process to access quantities or amounts of data that exceed Scottrade's limits including, without limitation, attempting to exceed or actually exceeding Scottrade's limitation on the number of stocks on which information may be simultaneously obtained (currently 20 stocks for the Scottrade brokerage service and 10 stocks for the Scottrader Service), vi) access the information available through our websites solely by manual request and not programmatically by macro or other automated means, and vii) not take any action that may cause, or that actually causes, an unreasonable or disproportionately large load on Scottrade's infrastructure or servers. You agree not to distribute any software or instructions that could be used to breach any of the terms and conditions set forth herein. You further agree that damages may not be an adequate remedy to Scottrade in the event of a breach of any provision of this paragraph by you and that such a breach would result in irreparable harm to Scottrade. Accordingly, in the event of any such breach or threatened breach, Scottrade shall have, in addition to any other remedies, the right to, as applicable, (a) specifically enforce such provision, and (b) restrain and enjoin breaches and threatened breaches by you.

**52. No Recommendation of Day Trading.** By providing the means to place trades electronically, we do not promote, recommend or endorse what is commonly referred to as day trading – the practice of purchasing and selling the same security within one day's trading. Day trading involves unique risks and you agree to educate yourself on the risk of day trading prior to engaging in this activity through our facilities.

**53. Extended Hours Trading Disclosure.** Addendum 6 to this Agreement is an "Extended Hours Trading Disclosure" statement. To the extent that you enter orders during after-market hours, you acknowledge you have carefully considered the risks of extended hours trading and whether such trading is appropriate for you. You acknowledge that you have received and read Addendum 6.

**54. License to Use Our Software.** With regard to ScottradeELITE users and other systems in which we have provided software for you to download, we grant you and you accept a non-exclusive and non-transferable license to use our proprietary software to communicate with our system ("Our Software"), solely as provided herein. Title to Our Software shall remain the sole property of Scottrade, including without limitation, all applicable rights to patents, copyrights and trademarks. You shall secure and protect Our Software in a manner consistent with the maintenance of Scottrade's ownership and rights therein and shall not sell, exchange, or otherwise transfer Our Software to others. We shall be entitled to obtain immediate injunctive relief against threatened breaches of the foregoing undertakings. You shall not copy, modify, translate, decompile, reverse engineer, disassemble or otherwise reduce to a human readable form, or adapt Our Software or use it to create a derivative work, unless authorized in writing to do so by the General Counsel of Scottrade. Any updates, replacements, revisions, enhancements, additions or conversions to Our Software supplied to you by us shall become subject to this Agreement. You agree that we shall have no liability for and you will hold us harmless from your use of Our Software.

## Margin Accounts

In consideration of Scottrade opening one or more Margin accounts for you, you agree to the foregoing and following provisions.

**55. Margin Loans.** We may in our sole and absolute discretion, make loans to you for the purpose of purchasing, carrying or trading in securities, options or other property ("Margin Loans"). Margin Loans will be made in a Margin Account. You agree that you are solely responsible for determining whether margin is appropriate for you in light of your financial resources, objectives, and other relevant circumstances. You understand and agree that Scottrade will not make this determination on your behalf. Subject to regulatory requirements, the minimum and maximum amount of any particular Margin Loan may be established by us in our discretion regardless of the amount of Collateral delivered to us and we may change such minimum and maximum amounts from time to time.

**56. Risk of Margin Trading.** You understand that trading on margin (including effecting short sales) involves a high degree of risk and may result in a loss of funds greater than the amount you have deposited in your Account. Addendum 7 is a "Margin Disclosure Statement" regarding the risks of margin. You acknowledge that you have received, read, and understand Addendum 7.

**57. Requirement to Maintain Sufficient Margin.** Your margin transactions are subject, at all times, to the initial margin and maintenance margin requirements (the "Margin Requirements") established by us and the applicable exchange, FINRA, or the Federal Reserve Board. You shall monitor your Account to ensure that at all times the Account shall contain sufficient equity to meet the applicable Margin Requirements. We may modify such Margin Requirements for open and new positions, at any time, in our sole and absolute discretion. The margin that we require may exceed the margin required by any exchange or association. We may reject any order if you do not have a sufficient account balance to meet Margin Requirements and may delay the processing of any order while determining the correct margin status of your Account. You shall maintain, without notice or demand from us, a sufficient account balance at all times so as to continuously meet the Margin Requirements.

The general formulas for calculating margin requirements provided in the paragraph below are only illustrative and may not accurately reflect the actual margin requirement in effect at a particular time for your Account. You acknowledge that we are not obligated to: (a) request additional securities or other property for margin purposes in the event the Account falls below minimum margin requirements; (b) notify you of any such deficiency; or (c) allow you time to deposit additional securities or other property. You agree to promptly satisfy all margin and maintenance calls. With regard to initial margin, Regulation T of the Federal Reserve Board and FINRA 4210 require that all margin accounts meet a \$2,000 minimum equity requirement (\$25,000 is required if you are deemed to be a "pattern day trader" pursuant to FINRA Rule 4210); and must meet an initial 50% requirement of the amount purchased or sold short. With regard to maintenance requirements, we typically issue a margin call (i.e. request for the immediate deposit of additional Collateral) if the equity in your Account drops below 35 percent (50 percent for non-U.S. residents who have an International Account) of the market value. In some situations such as (but not limited to) concentrated positions, low priced stocks or volatile stocks, we may require substantially greater collateral than normal initial or maintenance levels. We reserve the right to calculate the foregoing on an intra-day basis.

**58. Margin Calls.** Margin calls may be issued in writing, via telephone, electronically, or by other means of communication. In some situations, such as volatile market conditions, we may not immediately issue a margin call when your Account equity falls below 35 percent. You are responsible for acting immediately on any maintenance calls, buy in or sell out notices given orally or in writing. Your failure to promptly deposit additional money or securities in response to a margin call, regardless of the equity level in your Account, may result in the liquidation of part or all of the securities in your Account. Although we will generally attempt to notify you of a margin call and give you an opportunity to deposit additional equity to secure the Account, we reserve the right to institute immediate discretionary liquidation of any and all securities without prior notice and without giving you the opportunity to deposit additional equity. This sole and absolute discretion applies regardless of any historical pattern of delivering verbal/written notices or of any current verbal or written representations by Scottrade that indicates a different dollar amount, liquidation time, or suggests additional time based on due date. This sole and absolute discretion to liquidate immediately applies regardless of time zone differentials, language interpretations, or delays in wiring funds, and includes the sole and absolute discretion to choose which position to liquidate and in what order. It is your responsibility to monitor and liquidate positions to minimize your losses before we are forced to liquidate on your behalf to protect our interest as a creditor. We reserve the right at our sole and absolute discretion to close out any positions for any Account that represents a negative liquidation value.

**59. Interest Charges on Debit Balances.** You agree to pay interest on all debit balances in any Account. Interest on your average daily net debit balance will be calculated using a base rate determined by us and may be changed at any time in our discretion. The base rate is influenced by market conditions, loan demand, broker call rate and/or prime rate. Additional discounts may apply. Interest is accrued daily and will be posted or compounded monthly and is calculated on a 360-day year. You understand that the use of a 360-day year results in higher interest payments than if a 365-day year were used. We reserve the right to change the rate at anytime and without advance notice. Free credit balances in your Account will be used to reduce your margin debit balance before interest is calculated. You understand that the interest charge made to your Account(s) at the close of a charge period will be added to the opening balance for the next charge period unless paid. For the most current margin rates, go to [scottrade.com](http://scottrade.com).

Debit Balance	Margin Interest Rate
\$0.00 - \$9,999.99	0.25% below base rate
\$10,000.00 - \$24,999.99	0.50% below the base rate
\$25,000.00 - \$49,999.99	0.75% below the base rate
\$50,000.00 - \$99,999.99	1.25% below the base rate
\$100,000.00 - \$249,999.99	1.5 % below the base rate
\$250,000.00 - \$499,999.99	1.75% below the base rate
\$500,000.00 - \$999,999.99	2.25% below the base rate
\$1,000,000.00 and above	2.75% below the base rate

**60. Short Sales.** You agree to advise us prior to entering a sell order if it is a "short" sale (the sale of a security that you do not own). You agree that all short sale transactions shall be executed in a Margin Account. You understand that to facilitate a short sale, we must borrow the securities that you sell short. Short sales can be subject to a buy in from settlement date and thereafter. Scottrade does not guarantee a minimum time to short a position. Should Scottrade be unable to borrow or re-borrow a security you have sold short, or for any other reason we deem prudent, we may at our discretion, with or without notice, cover your position by buying the stock at the current market price and you agree to be liable to Scottrade for any resulting debit balance. Margin Accounts are marked to the market daily and any increase in value of a short position will result in that unrealized loss being added to your debit balance and interest being charged as described above.

Similarly, a drop in value will decrease your debit balance. If the lender should call in your borrowed securities for any reason such as a tender offer, and you cannot cover in time to make delivery, we may hold you responsible for any resulting loss. You agree that if (a) market conditions change, (b) we are unable to borrow the securities, (c) the lender recalls the securities, or (d) the provisions covered by the closeout requirements of Regulation SHO become applicable, we may attempt to reborrow the securities, but you understand that we may need to cover the short position in the Account on the open market at the then-current market price and market conditions. You understand that you will be responsible for any resulting loss or associated costs incurred by us in connection with "short" transactions. The initial margin requirement is 50 percent of the short sale amount and the minimum maintenance level will be 140 percent of the market value of the short position on securities priced above \$12.50 per share. On securities priced between \$5 and \$12.50, the maintenance requirement is \$5 per share plus the cost to buy back. Securities under \$5 may not be sold short. Short sale proceeds help secure our loan to you and may not be withdrawn. You are liable for any dividends paid on securities you have sold short.

**61. Loan of Securities.** We are authorized to lend ourselves, as principal or otherwise, or others any securities held by us in your Account and we shall have no obligation to retain under our possession and control a like amount of such securities. In connection with such loans, we may receive and retain certain benefits (including interest on collateral posted for such loans) to which you shall not be entitled. In certain circumstances, such loans may limit, in whole or in part, your ability to exercise voting rights of the securities lent.

**62. Pledge of Securities, Options and Other Property.** All securities and other property now or hereafter held, carried or maintained by us in or for your Account may, from time to time without notice to you, be pledged, repledged, hypothecated or re-hypothecated by us, either separately or in common with other securities and other property. The values received may be greater than the amount you owe us. Any losses, gains or compensation resulting from these activities will not accrue to your brokerage Account. We are required under SEC rule 15c3-3 to retain in our possession and control all fully paid-for securities. Securities used as Collateral for Margin Loans are not fully paid for and therefore are not subject to the same obligation.

**Addendum 1**  
**Customer Identification Program Notice**

The following is **Important Information You Need to Know About Opening A New Account**.

To help the government fight the funding of terrorism and money laundering activities, Scottrade is required to obtain, verify, and record information that identifies each person who opens an account with us. This Notice answers some questions that you may have about Scottrade's Customer Identification Program. When you open an account, Scottrade is required to collect information such as the following from you: 1) your name; 2) date of birth; 3) permanent address; and 4) identification number. Typically, if you are a U.S. Citizen, the identification number required is your social security number. You may also need to show your driver's license or other identifying documents.

**Addendum 2**  
**Brokerage Privacy Statement**

The Scottrade Brokerage Privacy Statement describes how we collect and protect your personal information in the course of providing you with financial services.

**Our Privacy Policy.** We are very committed to protecting the privacy of your personal information. Scottrade wants you to know that:

- We do not sell, rent or license your personal information to anyone.
- We maintain physical, electronic and procedural safeguards that restrict unauthorized access to your personal information.
- We train our employees about privacy and limit access to this information.

**Personal Information We May Collect.** We collect personal information about you, which may include your name, physical address, email address, telephone number, Social Security number and other information as required.

We obtain this information from the following sources:

- Information you provide online, on written applications or forms, and other information you may provide;
- Information entered online that may be stored even if you do not complete or submit an application;
- Information from third parties in order to verify your identity or to prevent fraud;
- Information from third parties that you authorize to provide information to us; and
- Information about your transactions, account experience, account balance, trading activity and payment history.

**Personal Information We Use or Disclose.** Scottrade does not sell, rent or license your personal information to anyone. This applies to both current and former customers. We use your personal information to provide services you may have requested, to respond to communications from you, and to help you open new or additional accounts. We disclose your personal information, as permitted by law, to non-affiliated third parties that help us provide financial services to you. This includes third parties who provide statements of your accounts, transaction confirmations and check printing; or provide custody, depository or recordkeeping services. All non-affiliated third parties that accept or receive personal information from us are obligated contractually or by law or regulation to keep this information confidential and to use the information only to provide the services we ask them to perform. We disclose personal information to government and regulatory agencies and to comply with a lawful summons, court order, subpoena, fraud investigation, audit or regulatory examination.

**Security of Your Personal Information.** We maintain physical, electronic and procedural safeguards that restrict access to your personal information. We comply with applicable laws and regulations. Our online environment uses industry leading security technologies including layered security and access controls over personal information. These safeguards are reviewed and may be adjusted in response to advances in technology and the latest security threats.

**How We Use Cookies.** Scottrade uses first-party and third-party cookies. Cookies are small text files sent by a website server to your Web browser and stored on your computer. The use of cookies helps us understand how you are using our website. They allow us to improve the security, content, navigation and functionality of the website. Additionally, we use cookies on our websites and the sites on which we advertise to track advertising performance and to collect aggregate data on Web page viewing. Cookies are not used to collect or disseminate any personal information. You can manage the placement of cookies on your computer through the features found in most Internet browsers. You can also delete cookies that have already been placed on your computer. Consult the "Help" function of your browser to explore your options.

**Internet Protocol (IP) Address.** As you enter our website, we capture and retain the IP address of the device you are using, such as a personal computer or a handheld device. The IP address does not identify you or your personal information and is used for security purposes only.

**Links to Other Websites.** We provide links to other third-party websites to provide information that may be of interest to you. When you select a link to a third-party site, you are subject to the privacy and security policies of the third party.

**How to Protect Yourself.** We encourage you to protect your personal computers by using the Security Checklist on the Scottrade.com website under the Security Section and ensure your account information is stored securely, transactions are accurately reflected and contact information is up-to-date.

**Steps to Take if You Become an Identity Theft Victim.** If you feel you have become the victim of online identity theft, you should take the following steps:

- If you feel your Scottrade account has been compromised in any way, immediately contact us toll-free at 1-800-619-SAVE (7283).
- Contact the fraud department at each major credit bureau and tell them you are an identity theft victim:
  1. Equifax - call 800.525.6285 or visit [www.equifax.com](http://www.equifax.com)
  2. Experian - call 888.397.3742 or visit [www.experian.com](http://www.experian.com)
  3. TransUnion - call 800.680.7289 or visit [www.transunion.com](http://www.transunion.com)
- Contact the creditors/companies for any accounts that have been tampered with or opened fraudulently. Speak with someone in the security or fraud area of each creditor/company; follow up with a letter.
- File a report with your local police or the police in the community where the online fraud took place. Get a copy of the police report in case you need proof of the crime.
- Keep records of everything involved in your efforts to clear up the fraud including copies of written correspondence and records of telephone calls.
- File a complaint with the Federal Trade Commission (FTC).

**Revisions.** Scottrade reserves the right to make changes to the Brokerage Privacy Statement at any time. Any changes or updates become effective immediately upon posting to this site. Please check the "Last Revision" date below to determine if there have been any changes since you have last reviewed our Privacy Statement. Scottrade provides an annual privacy notice to current customers. You may always review our Brokerage Privacy Statement online at [www.scottrade.com](http://www.scottrade.com), or contact us for a copy at 1-800-619-SAVE (7283).

Revised December 2008

### Addendum 3 Mutual Fund Breakpoint Discounts Disclosure

Before investing in mutual funds, it is important that you understand the sales charges, expenses, and management fees that you will be charged, as well as the breakpoint discounts to which you may be entitled. Understanding these charges and breakpoint discounts will assist you in identifying the best investment for your particular needs and may help you reduce the costs of your investment. This disclosure document will give you general background information about these charges and discounts. However, sales charges, expenses, management fees, and breakpoint discounts vary from mutual fund to mutual fund. Therefore, you should discuss these issues with your financial advisor and review each mutual fund's prospectus and statement of additional information, which are available from your financial advisor, to get the specific information regarding the charges and breakpoint discounts associated with a particular mutual fund.

**Sales Charges.** Investors that purchase mutual funds must make certain choices, including which funds to purchase and which class share is most advantageous. Each mutual fund has a specified investment strategy. You need to consider whether the mutual fund's investment strategy is compatible with your investment objectives. Additionally, most mutual funds offer different share classes. Although each share class represents a similar interest in the mutual fund's portfolio, the mutual fund will charge you different fees and expenses depending upon your choice of share class. As a general rule, Class A shares carry a "front-end" sales charge or "load" that is deducted from your investment at the time you buy fund shares. This sales charge is a percentage of your total purchase. As explained below, many mutual funds offer volume discounts to the front-end sales charge assessed on Class A shares at certain predetermined levels of investment, which are called "breakpoint discounts." In contrast, Class B and C shares usually do not carry any front-end sales charges. Instead, investors that purchase Class B or C shares pay asset-based sales charges, which may be higher than the charges associated with Class A shares. Investors that purchase Class B and C shares may also be required to pay a sales charge known as a contingent deferred sales charge when they sell their shares, depending upon the rules of the particular mutual fund.

**Breakpoint Discounts.** Most mutual funds offer investors a variety of ways to qualify for breakpoint discounts on the sales charge associated with the purchase of Class A shares. In general, most mutual funds provide breakpoint discounts to investors who make large purchases at one time. The extent of the discount depends upon the size of the purchase. Generally, as the amount of the purchase increases, the percentage used to determine the sales load decreases. In fact, the entire sales charge may be waived for investors that make very large purchases of Class A shares. Mutual fund prospectuses contain tables that illustrate the available breakpoint discounts and the investment levels at which breakpoint discounts apply. Additionally, most mutual funds allow investors to qualify for breakpoint discounts based upon current holdings *from prior purchases through "Rights of Accumulation,"* and future purchases, based upon "*Letters of Intent.*" This document provides general information regarding *Rights of Accumulation* and *Letters of Intent*. However, mutual funds have different rules regarding the availability of *Rights of Accumulation* and *Letters of Intent*. Therefore, you should discuss these issues with your financial advisor and review the mutual fund prospectus to determine the specific terms upon which a mutual fund offers *Rights of Accumulation* or *Letters of Intent*.

1. **Rights of Accumulation** – Many mutual funds allow investors to count the value of previous purchases of the same fund, or another fund within the same fund family, with the value of the current purchase, to qualify for breakpoint discounts. Moreover, mutual funds allow investors to count existing holdings in multiple accounts, such as IRAs or accounts at other broker-dealers, to qualify for breakpoint discounts. Therefore, if you have accounts at other broker-dealers and wish to take advantage of the balances in these accounts to qualify for a breakpoint discount, you must advise your financial advisor about those balances. You may need to provide documentation establishing the holdings in those other accounts to your financial advisor if you wish to rely upon balances in accounts at another firm.

In addition, many mutual funds allows investors to count the value of holdings in accounts of certain related parties, such as spouses or children, to qualify for breakpoint discounts. Each mutual fund has different rules that govern when relatives may rely upon each other's holdings to qualify for breakpoint discounts. You should consult with your financial advisor or review the mutual fund's prospectus or statement of additional information to determine what these rules are for the fund family in which you are investing. If you wish to rely upon the holdings of related parties to qualify for a breakpoint discount, you should advise your financial advisor about these accounts. You may need to provide documentation to your financial advisor if you wish to rely upon balances in accounts at another firm.

Mutual funds also follow different rules to determine the value of existing holdings. Some funds use the current net asset value (NAV) of existing investments in determining whether an investor qualifies for a breakpoint discount. However, a small number of funds use the historical cost, which is the cost of the initial purchase, to determine eligibility for breakpoint discounts. If the mutual fund uses historical costs, you may need to provide account records, such as confirmation statements or monthly statements, to qualify for a breakpoint discount based upon previous purchases. You should consult with your financial advisor and review the mutual fund's prospectus to determine whether the mutual fund uses either NAV or historical costs to determine breakpoint eligibility.

2. **Letters of Intent** – Most mutual funds allow investors to qualify for breakpoint discounts by signing a Letter of Intent, which commits the investor to purchasing a specified amount of Class A shares within a defined period of time, usually 13 months. For example, if an investor plans to purchase \$50,000 worth of Class A shares over a period of 13 months, but each individual purchase would not qualify for a breakpoint discount, the investor could sign a Letter of Intent at the time of the first purchase and receive the breakpoint discount associated with \$50,000 investments on the first and all subsequent purchases. Additionally, some funds offer retroactive Letters of Intent that allow investors to rely upon purchases in the recent past to qualify for a breakpoint discount. However, if an investor fails to invest the amount required by the Letter of Intent, the fund is entitled to retroactively deduct the correct sales charges based upon the amount that the investor actually invested. If you intend to make several purchases within a 13 month period, you should consult your financial advisor and the mutual fund prospectus to determine if it would be beneficial for you to sign a Letter of Intent.

As you can see, understanding the availability of breakpoint discounts is important because it may allow you to purchase Class A shares at a lower price. The availability of breakpoint discounts may save you money and may also affect your decision regarding the appropriate share class in which to invest. Therefore, you should discuss the availability of breakpoint discounts with your financial advisor and carefully review the mutual fund prospectus and its statement of additional information, which you can get from your financial advisor, when choosing among the share classes offered by a mutual fund. If you wish to learn more about mutual fund share classes or mutual fund breakpoints, you may wish to review the investor alerts available on the FINRA website. See [www.nasdr.com/alert\\_mfclasses.htm](http://www.nasdr.com/alert_mfclasses.htm), and [www.nasdr.com/alert\\_breakpoints.htm](http://www.nasdr.com/alert_breakpoints.htm) or visit the many mutual fund websites available to the public.

### Addendum 4 Business Continuity Disclosure

In accordance with regulations, Scottrade has developed a business continuity plan that is intended to permit us to continue critical business operations during natural disasters, power outages or other significant events. While there can be no assurance that service will continue without interruption in all circumstances, our plan does address the actions that we will take in the event that there is a significant disruption. Account access is planned to be restored as the first step, which would be followed by other critical business operations. We maintain a back-up facility, including a secondary data center for all of our branches nationwide. Our back-up facility is located well away from our primary facility so that it would not be affected by a regional disruption. Account access would be available through the data center at our back-up facility and your local branch office. Our plan will be reviewed, updated and tested periodically.

## Addendum 5 Risks of Online Trading

There are certain risks associated with online investing. You need to be aware of these risks so that you can take steps to minimize those risks. Scottrade provides you guidelines for getting started and provides you many detailed references to government and other regulatory websites for additional resources for evaluating online trading risks.

**Enter Orders Wisely.** There is no substitute for wise planning when deciding to enter an order online. Understand the companies that you are buying and selling, and know what your goals are for each investment. Most of all, understand your own risk tolerance and the risks involved with each of your investments.

**Stock Quotes.** Before you place an order for a stock, it is a good idea to look at the stock's quote. Check the ask price (the price at which the security is offered for sale in the market) if your order is a buy. If your order is a sell, you should check the bid price (the price a buyer is willing to pay). Doing so will provide you with an indication of the price that you will pay or receive for the security. The volume of a stock, often provided along with the price quote, will tell you the number of shares traded from the current day's market opening until the reported trade time. Scottrade provides you real time quotations through our website. It is important to realize that a real-time quote is not a guarantee that your order will be executed at that price. There may be a delay in the real time quote, the market may be moving quickly, your order may be behind another order in priority or other reasons that may delay an order's execution.

**Fast Markets.** In quickly changing markets, or fast markets as they are called, the bid and ask prices change rapidly. For example, securities of companies that have recently made initial public offerings (IPOs) may be particularly prone to price volatility. If there is a large volume of shares being traded in that stock, there may be a delay in the execution of your order. From the time you obtain a real-time quote and place your market order, to the time the order is actually executed, the price may change substantially. If you get a real-time quote that says a stock is selling at \$100, and the price moves up to \$110 by the time your order is filled, you will pay \$110. This may cause you to overspend the balance in your account. You should be especially cautious if you place orders, especially market orders, during fast markets.

**Order Queues.** Although we automatically route most orders up to a certain size or type that we receive to a market center, there may be times when we suspend automatic routing. This may be due to a change in size or other order parameters, fast markets, order queues or other market or operational reasons.

**Limit Orders.** When you place a market order (except in the last few minutes of the trading day), you are likely to receive an execution. But as described earlier, you are not guaranteed a specific execution price. In order to handle pricing uncertainties, you may want to place what is known as a limit order. A limit order lets you specify the price at which you are willing to have the order executed. If you are placing an order to buy a stock, you can set a limit that says you are only willing to buy at or below a specified price. The advantage of a limit order is that you will be protected from having to pay more than your limit price for the stock. The downside is that if the market moves higher, your order will not be executed, and you will not own the stock you wished to purchase. Although limit orders guarantee a particular price, they do not guarantee that your order will be executed. A market order, on the other hand, essentially ensures that your order will be executed but does not guarantee a particular price. Depending upon your preferences, limit orders may or may not be an appropriate tool. Additionally, you should always consider whether buying highly volatile stocks are appropriate for your investment strategy.

**Order Status.** Be aware that submitting a trade online is not the same as having that trade executed. When you submit an order, you will receive a reference order number signifying that we have received your order. In most situations, the order is automatically transmitted to the market. In some instances, the order may need to be reviewed and approved before it is sent to a market center. Scottrade may reject the order for a number of reasons, for example, because you are trying to sell short a hard-to-borrow security that is not approved by our stock loan department. In most situations, you will receive notice that your order was executed or that you have a current open order. In some situations, market centers may be slow in returning execution reports to Scottrade so you should not assume that the order did not go through.

**Cancellations.** Similarly, if you cancel an order, make sure the cancellation worked before placing another trade. Orders can only be canceled if they have not been executed. Although Scottrade may submit your cancellation request to the market center, this does not mean it was canceled. To see whether your cancellation did occur for stocks, the cancellation request will show as pending until we receive acknowledgment from the market center that the cancel has been accepted.

**System Availability.** On occasion, you may not be able to access our website. Although we have many information technology professionals working to keep our systems running, any computer system, whether it is yours, your Internet Service Provider's, or ours, can experience unscheduled outages or slowdowns for a variety of reasons. Computer problems can arise on your end, our end, or anywhere in between. Your computer may break down. The telephone line between your computer and your Internet service provider may be slow or fail. Your Internet service provider may go down. Our computers and the computers we link to may have problems. Additionally, even if all systems are working, when trading volumes soar and many investors want to buy or sell at the same time, lines form and orders cannot be filled as quickly as you would like. Scottrade has taken precautions to help our systems handle heavy use in fast markets, but neither we nor any other online brokerage can promise complete reliability under all circumstances. If you experience problems, you can always place an order by calling your local Scottrade branch or using telephone order entry system.

**Additional Information.** Although the above highlights many of the unique risks of online order entry, the SEC and FINRA have additional information available at the websites listed below:

- The Internet and Online Trading: [www.sec.gov/investor/online.shtml](http://www.sec.gov/investor/online.shtml)
- Online Trading FAQ: [www.finra.org/investor/Information/InvestmentChoices/OnlineTrading/p005931](http://www.finra.org/investor/Information/InvestmentChoices/OnlineTrading/p005931)
- Investing Online Resource Center: [www.investingonline.org](http://www.investingonline.org)
- Guidance To Investors Regarding Stock Volatility and Online Trading: [www.finra.org/investor/Information/InvestmentChoices/OnlineTrading/p005932](http://www.finra.org/investor/Information/InvestmentChoices/OnlineTrading/p005932)
- Online Trading in Fast-Moving Markets: [www.sec.gov/investor/pubs/onlinetips.htm](http://www.sec.gov/investor/pubs/onlinetips.htm)
- Purchasing on Margin, Risks Involved with Trading in a Margin Account: [www.finra.org/investor/Information/InvestmentChoices/MarginInformation/p005927](http://www.finra.org/investor/Information/InvestmentChoices/MarginInformation/p005927)
- Understanding Margin Accounts, Why Brokers Do What They Do: [www.finra.org/investor/Information/InvestmentChoices/MarginInformation/p005922](http://www.finra.org/investor/Information/InvestmentChoices/MarginInformation/p005922)

**Addendum 6**  
**Extended Hours Trading**

**Extended Hours Risk Disclosure.** There are increased risks with extended hours trading. Below is an explanation of those risks. If you are not comfortable assuming these risks you should not enter orders on our extended hours trading site.

**Definition.** Extended hours trading is a means of trading before or after the regular trading session in certain Nasdaq and Listed securities through Electronic Communications Networks (ECNs). Options are not available for extended hours trading. ECNs match buy and sell orders at specified (Limit Order) prices. If you want to buy a stock through an ECN, but there are no sell orders to match the buy order, the order will not be executed until a matching sell order is received, and vice versa.

**Extended hours trades are not held to Time and Sales.**

**Hours.** Pre-Market trading is from 7:00 am - 9:28am ET on selected NASDAQ and Listed securities, Monday through Friday on days when the market is open. After-Hours trading is from 4:02pm to 8:00pm ET on selected NASDAQ and Listed securities, Monday through Friday on days when the market is open. On any day, extended hours (Pre-Market and/or After-Hours) trading may be unavailable, delayed, interrupted, or terminated early without any prior notice. When the regular trading session closes at 1:00pm ET, After-Hours trading will generally be offered from 1:02pm to 5pm ET.

**Limit Orders.** You may only enter day limit orders for Pre-Market and After-Hours hours trading. If your order is not executed, it will expire at the end of the relative trading session each day (Either the Pre-Market or After-Hours). Orders will not roll over or carry over to the next trading session. Extended hours orders may be modified and cancelled; however, these orders are subject to prior execution. You will be responsible for any execution at your original price. You will not be able to change an order from regular trading hours to extended hours trading. Pre-Market and After-Hours trading are separate trading sessions and orders are not linked between the two sessions. Order qualifiers may not be used in the extended hours trading session. All executed orders will be processed as a trade for that day subject to three-business day settlement.

**Risk of Lower Liquidity.** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders 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 Trading 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 Trading 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 Trading Hours.

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

**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 Unlinked Markets.** Depending on the extended hours trading system or the time of the 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 Trading Hours. Similarly, important financial information is frequently announced outside of Regular Trading 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 the security.

**Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV").** For certain Derivative Security 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 outside Regular Trading Hours, an investor who is unable to calculate implied values for certain UTP Derivative Security products in those sessions may be at a disadvantage to market professionals.

**Addendum 7**  
**Margin Disclosure Statement**

Scottrade is furnishing you this document 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 sections of the Scottrade Brokerage Account Agreement and the margin information in Scottrade's Agreements and Disclosures Center under Trading in Your Brokerage Account. Please contact your Scottrade branch office regarding any questions or concerns you may have with your margin account. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from Scottrade. If you choose to borrow funds, it will be done in a margin account. The securities held in your margin account are Scottrade'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, Scottrade can take action, such as issue a margin call and/or sell securities or other assets if any of your accounts, 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, but are not limited to, 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 Scottrade to avoid the forced sale of those securities or other securities in your account.
- **Scottrade can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the maintenance margin requirements or Scottrade's higher "house" requirements, Scottrade can sell the securities or other assets in any of your accounts held at Scottrade to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.
- **Scottrade can sell your securities or other assets 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 or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Although Scottrade will most often attempt to notify customers of margin calls, it is not required to do so. However, even if Scottrade has contacted a customer and provided a specific date by which the customer can meet a margin call, Scottrade can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- **You are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call.** Because the securities are collateral for you margin loan, Scottrade has the right to decide which security to sell in order to protect its interests.
- **Scottrade may increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice.** These changes in policy can take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy this call may cause a forced liquidation of 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 under certain conditions, you do not have a right to the extension. Scottrade has the sole and absolute discretion to provide an extension.

## Addendum 8 Bank Deposit Program Terms, Conditions and Disclosures

The Scottrade Bank Deposit Program ("BDP") seeks to provide you with the security of FDIC insurance for your cash balances. By utilizing multiple banks, the BDP has been structured to provide you with up to \$1,000,000 in FDIC insured deposits as set forth below. Through the BDP, excess cash balances in your eligible Scottrade brokerage account will automatically be deposited into interest-bearing FDIC-insured accounts ("BDP Account") at one or more banks ("Program Banks"). Your fund balance in each BDP Account, individually and aggregated, is referred to as your "Customer Deposit Account." One of the Program Banks in the BDP will be Scottrade Bank FSB ("Scottrade Bank"), an affiliate of Scottrade, Inc. ("Scottrade").

**1. Authority as Agent.** Scottrade will act as your agent in establishing and maintaining the BDP Account at each Program Bank. Each BDP Account is established on an omnibus basis at each Program Bank, with records of ownership maintained by Scottrade and the Program Bank in a manner consistent with applicable FDIC rules governing "pass through" deposit insurance. You understand that you have the right to withdraw your consent to have Scottrade act as your agent on your Customer Deposit Accounts on a Program Bank by Program Bank basis. You may choose not to participate in the BDP or may block any Program Bank from receiving your funds, except for deposits an "excess bank" as defined in paragraph 6 below. You may make either of these elections online or by completing a form that may be obtained from your local Scottrade branch office. If you withdraw your consent, your cash will not be swept to BDP Accounts and, if applicable, cash in BDP Accounts will be transferred back to your Scottrade brokerage account.

**2. Eligibility.** To be eligible for the BDP, your Scottrade brokerage account must be of the following type: individual, joint, IRA, custodial, trust for which the beneficiaries are natural persons or sole proprietorship ("Retail Accounts"). The same types of accounts held through Scottrade Advisor Services ("SAS") are also eligible for the BDP ("SAS Accounts"). Scottrade, in its sole and absolute discretion, determines when eligible accounts are added to the program, all eligible accounts are not automatically added to the program. Contact your local Scottrade branch office or, if your account is an SAS Account, contact your independent financial advisor, to determine eligibility. Accounts maintained in the name of business entities, including corporations and partnerships, are not eligible to participate in the BDP at this time. Scottrade, in its sole and absolute discretion, may further decide that your account is eligible or ineligible for the BDP if the cash available for sweeping in your Scottrade brokerage account does not reach or drops below a certain dollar amount that Scottrade may set or because of Scottrade's operational or administrative requirements. Changes in your account may result in loss of eligibility including but not limited to establishing a short position, being designated as a pattern day trader, requesting interest to be mailed, requesting account transfer, and account being designated as compromised.

**3. Account Protection.** Deposits in BDP Accounts are insured by the FDIC subject to these Terms, Conditions and Disclosures, as well as conditions set by the FDIC, an independent agency of the U.S. government. Effective October 3, 2008, the basic limit on FDIC insurance for all account ownership categories was increased from \$100,000 to \$250,000 per depositor for deposits at a particular depository institution. The FDIC insurance limit per insured bank, currently \$250,000 will be referred to as the Maximum Applicable Deposit Insurance Amount in this document and is subject to change. Because your funds may be maintained on deposit in multiple Program Banks, the maximum amount of FDIC deposit insurance coverage under the BDP is up to \$1,000,000. Your funds become eligible for FDIC deposit insurance when the funds are deposited in a Program Bank. This includes investments such as certificates of deposit, other direct deposits you make with the Program Bank, and deposits through other BDP Accounts you have with Scottrade or through another brokerage firm. Please be advised that if you choose to opt out of one or more banks participating in the BDP you may not be eligible for FDIC insurance coverage up to the maximum of \$1,000,000. **You are responsible for monitoring all your balances to determine what deposit insurance coverage is available to you.** If you have questions about FDIC insurance coverage, more information about FDIC insurance is available at [www.fdic.gov](http://www.fdic.gov) or by phone (877-275-3342 or 800-925-4618). Or, you may wish to seek advice from your own attorney or financial advisor concerning FDIC insurance coverage of deposits. The Securities Investor Protection Corporation ("SIPC") and Scottrade's excess SIPC insurance do not cover deposits in BDP Accounts.

**4. Deposits.** Although the BDP Accounts are the obligations of the Program Banks and not Scottrade, you will not have a direct relationship with the Program Banks. Deposits cannot be placed directly with Program Banks through the BDP. Deposits to BDP Accounts will be made by Scottrade on your behalf. Information about the BDP Accounts and your Customer Deposit Accounts is available to you from Scottrade and not the Program Banks. Each business day Scottrade will deposit, or cause to be deposited, the excess cash balances in your Scottrade brokerage account in one or more omnibus deposit accounts maintained at the Program Banks, as described further below. The omnibus deposit accounts at the Program Banks are held in the name of Scottrade for the exclusive benefit of its customers participating in the BDP. Your BDP Accounts will be reflected by a book entry on Scottrade's account records. No evidence of ownership, such as a passbook or certificate, will be issued to you, and no deposits or withdrawals will be accepted directly from you by the Program Banks. The ownership title and address of your Customer Deposit Account will be the same as your brokerage account. Your periodic Scottrade account statement will display all monthly BDP activity, as well as your end of month balance at each Program Bank.

Available cash in your Scottrade brokerage account will be deposited into a BDP Account at a Program Bank until the balance of your BDP Account reaches an amount, depending on the insurable capacity of the account, of just less than the Maximum Applicable Deposit Insurance Amount. Scottrade will then deposit additional funds at the next eligible Program Bank up to an amount, depending on the insurable capacity of the account, of just less than the Maximum Applicable Deposit Insurance Amount. Once your Customer Deposit Account deposits in the aggregate are at the program maximum set forth in paragraph 3 above, additional amounts will be deposited into Scottrade Bank or another Program Bank acting as an "excess bank." An "excess bank" in the BDP is a bank that will accept funds without limitation and without regard to the Maximum Applicable Deposit Insurance Amount. You may not select which of the Program Banks receive such excess deposits of your funds. If you choose to opt out of a bank participating in the BDP, that bank may still serve as a "excess bank" for your funds. From time to time, Scottrade may add, replace or otherwise change one or more of the Program Banks. In most cases, we will post such changes in advance on our website so you will have an opportunity to block a Program Bank from receiving your funds. These changes are also available from your local Scottrade branch office or, if your account is an SAS Account, through your independent financial advisor. Because you are responsible for monitoring the total amount of your funds (including your Customer Deposit Account funds) on deposit at each Program Bank in order to determine the extent of the FDIC insurance coverage available, you should carefully review such notice and determine if the change in Program Banks has an impact on your deposit insurance coverage.

**5. Withdrawals.** When funds are needed to cover transactions such as securities purchases, withdrawal requests, checks, etc. in your Scottrade brokerage account, we will, as a general matter, first use any free credit balances in your Scottrade brokerage account and then Scottrade, as your agent, will withdraw funds from the BDP Accounts maintained at one or more Program Banks where you have deposits. In general we will withdraw funds first from the last Program Bank in which funds have been deposited. If there are not sufficient funds on deposit at the last Program Bank in which funds were deposited, we will withdraw funds from the next Program Bank in which funds have been deposited. We will withdraw funds from BDP Accounts at Program Banks in descending order except where circumstances require a different withdrawal method. Federal banking regulations require Banks to reserve the right to require seven days' prior written notice before permitting transfers or withdrawals from BDP or other deposit accounts.

**6. Sub-Accounts.** Scottrade is taking certain steps outlined below to enable Program Banks to comply with certain banking laws, regulations, and practices.

Your Customer Deposit Account representing funds on deposit at a particular Program Bank will be held in two linked sub-accounts established on Scottrade's books and records (1) an interest-bearing transaction sub-account (commonly referred to as a "NOW" sub-account), and (2) an interest-bearing savings deposit sub-account (commonly referred to as an "MMDA" sub-account). Interest will accrue on the combined balance of both sub-accounts. Scottrade will allocate your Customer Deposit Account representing funds on deposit at a particular Program Bank between the NOW sub-account and the MMDA sub-account on a daily basis. You will not have an individual NOW sub-account or MMDA sub-account at a Program Bank but, rather, your Customer Deposit Account representing funds on deposit at a particular Program Bank will be aggregated with the deposits of other Scottrade customers that participate in the BDP as described above in the section entitled "1. Authority as Agent." For ease of reference, the portion of your Customer Deposit Account representing funds on deposit at a particular Program Bank that is allocated to the NOW sub-account is referred to as "your" NOW sub-account and the portion of your Program Deposit that is allocated to the MMDA sub-account is referred to as "your" MMDA sub-account. This allocation will allow tracking and limitation of the number of withdrawals from your MMDA sub-account. Under applicable Federal Reserve Board regulations, your NOW sub-account is considered to be like a "transaction account" from which an unlimited number of transfers of funds (i.e., withdrawals) may be made. While there is no limit on the number of withdrawals that may be made from your NOW sub-account, the only withdrawals that are permitted from your NOW sub-account under the BDP are (1) transfers to your MMDA sub-account (to the extent funds in your NOW sub-account exceed any target balance established by Scottrade), and (2) transfers from the NOW sub-account back to your Scottrade brokerage account (to the extent needed to pay for transactions in that account).

**Addendum 8 cont'd**  
**Bank Deposit Program Terms, Conditions and Disclosures**

Conversely, under Federal Reserve Board regulations, your MMDA sub-account is considered to be like a "savings account" from which generally no more than six withdrawals or transfers may be made per statement cycle. The only type of withdrawal that is permitted directly from your MMDA sub-account under the Program is a transfer to your NOW sub-account (to fund transfers from your NOW sub-account back to your Scottrade brokerage account and to maintain any target balance that Scottrade may have established for your NOW sub-account). No more than six transfers from your MMDA sub-account to your NOW sub-account are permitted per monthly cycle. If a sixth transfer is needed, it will be for the full balance of available funds in your MMDA sub-account (but not including accrued interest). At the beginning of the next monthly statement cycle, funds in your NOW sub-account that exceed any target balance that Scottrade may have established for your NOW sub-account (as described below) will be transferred back to your MMDA sub-account. Your funds deposited at a Program Bank will always be credited initially to your NOW sub-account. However, to maximize the amount that may be held in your MMDA sub-account, Scottrade may from time to time establish a target balance for your NOW sub-account. Scottrade may change or vary the target balance at any time or from time to time. To the extent funds in your NOW sub-account exceed any such target balance, the excess will be transferred to your MMDA sub-account unless the maximum number of transfers from your MMDA sub-account for that monthly statement cycle have already occurred.

**7. Interest.** Funds in the BDP will generally earn interest. The rate of interest may vary over time, but will be the same from each Program Bank. The rate will vary based on the aggregate balance of your Customer Deposit Account. The interest rate for each tier is based on a number of factors, including general economic and business conditions. Separate tiers may exist for Retail Accounts and SAS Accounts. Interest will be paid by the Program Bank. For Retail Accounts, generally, customers with higher balances will receive higher interest rates on their Customer Deposit Accounts than customers with lower Customer Deposit Account balances. For SAS Accounts, the interest rate may be determined based upon total assets under management attributable to your applicable independent financial advisor or other factors. For Retail Accounts, your balance for purpose of tiers will not include the balances in any other of your Customer Deposit Accounts that have been linked to other Scottrade brokerage accounts or available cash balances in your Scottrade brokerage account. For SAS Accounts, balances in Customer Deposit Accounts that are linked to other Scottrade brokerage accounts may impact the interest rate tier if they are attributed to a particular independent financial advisor. Over any given period, the interest rates paid by the Program Banks in the BDP may be lower than deposit accounts offered outside of the program or non-FDIC insured investments. Interest rates, tier levels and factors affecting customer tier levels may be changed or eliminated by Scottrade at any time and without prior notice to you. Interest on your Customer Deposit Account is calculated based on the average monthly balance method. Interest accrues daily and will be posted to your Customer Deposit Account on the last day of each month.

**8. Financial Benefits to Scottrade.** Scottrade receives a fee from each non-affiliated Program Bank, and may receive a fee from Scottrade Bank. The amount of fee received by Scottrade will affect the interest rate paid by the Program Bank (including Scottrade Bank) on your Customer Deposit Account. Other than the applicable fees we charge pursuant to the terms and conditions that govern your Scottrade brokerage account (collectively, your "Brokerage Agreement"), there will be no charges, fees or commissions imposed on your account for the BDP feature. In addition to Scottrade, other service providers will receive fees from each Program Bank, including Scottrade Bank. Scottrade Bank will receive substantial deposits from the BDP at a price that may be less than other alternative funding sources available to it. Deposits in BDP Accounts at Scottrade Bank provide a stable source of funds for Scottrade Bank. Scottrade Bank intends to use the funds in the BDP Accounts to support its investments, lending activities and other approved activities. As with other depository institutions, the profitability of Scottrade Bank is determined in large part by the difference between the interest paid and other costs incurred by it on the BDP Accounts, and the interest or other income earned on its loans, investments, and other assets. Scottrade may have banking relationships with Program Banks that are not directly related to the BDP in which Scottrade may receive financial benefits.

**9. Notices and Information.** Scottrade may notify or send you information by means of letter, an email, an entry on your brokerage account statement or by other reasonable means. Current interest rates, tier information, participating Program Banks and other information about the BDP is available by accessing your brokerage account at [www.scottrade.com](http://www.scottrade.com) or contacting your local Scottrade branch office, or, if your account is an SAS Account, by contacting your independent financial advisor. For SAS Accounts, your independent financial advisor will have access to view all BDP information posted on [www.scottrade.com](http://www.scottrade.com) for your account. All communications, including any complaints, regarding the BDP or your Customer Deposit Accounts should be directed to Scottrade - Bank Deposit Dept., P.O. Box 31759, St. Louis, MO 63131.

**10. Closing of Account.** Scottrade or a Program Bank may, at any time, close BDP Accounts and/or your Customer Deposit Accounts. If your BDP Account is closed for any reason or because you no longer qualify pursuant to paragraph 2 as described above, your Customer Deposit Account balance will be transferred to your Scottrade brokerage account, unless that account was previously closed, or, at the Program Bank's discretion, a check for the remaining balance, if applicable, may be mailed to you. If you close your Scottrade brokerage account, your Customer Deposit Accounts will also be closed and the funds in your Customer Deposit Accounts will be distributed to you according to the conditions of the Brokerage Agreement.

**11. Right of Set-Off.** Scottrade may charge or set off funds in your BDP Accounts against indebtedness or obligations you may have to Scottrade. For further information on the right of Scottrade regarding such indebtedness or obligations, please see your Brokerage Agreement.

**12. Brokerage Agreement.** You understand and agree that you continue to remain bound by all of the terms and conditions of your Brokerage Agreement and that your Brokerage Agreement, including the pre-dispute arbitration clause, shall also govern BDP Accounts; provided that, in the event that any of the terms and conditions of your Brokerage Agreement conflict with any of the provisions of this document (the "Scottrade Bank Deposit Program Terms, Conditions & Important Disclosures" or "Disclosure Statement Agreement"), the provisions of the Brokerage Agreement shall govern.

**You agree to carefully read, make sure you understand, and accept the terms and conditions of this disclosure statement agreement. You understand that by continuing to maintain your brokerage account without objecting to the use of the BDP accounts, you are accepting this disclosure statement agreement and you will be legally bound by its terms and conditions**

Revised November 2011

**Addendum 9**  
**Cost Basis Disclosure**

Scottrade is required to supply the Internal Revenue Service an annual statement containing the adjusted cost basis for any "covered" security sold in an account. When determining cost basis, Scottrade's default method of tax lot selection is First In, First Out (FIFO). If you wish to change your default method, you must select a different method by accessing your account online or by contacting your local branch office. All cost basis identification methods, including specific lot selection, must be made prior to the settlement date of your transaction.

Due to variances between Scottrade's cost basis reporting requirements and the Internal Revenue Code, the adjusted basis reported by Scottrade may not agree with your actual adjusted basis. The provision of adjusted cost basis to the Internal Revenue Service does not constitute legal or tax advice. We suggest that you contact your tax advisor about your specific reporting requirements. Scottrade shall have no liability for any damages you incur as a result of it providing the required annual statement to the Internal Revenue Service or any differences in the basis reported by Scottrade and your actual adjusted cost basis.

# Scottrade options>first

## AGREEMENT

Customer Copy (Please Retain for your Records)

### THIS IS A CONTRACTUAL AGREEMENT - DO NOT SIGN THE OPTIONS APPLICATION UNTIL YOU HAVE READ THIS AGREEMENT CAREFULLY.

**With respect to any transaction effected by or on behalf of SCOTTRADE, INC. and its family of companies ("Scottrade," "We," or "Us") on my behalf for the purchase and/or sale of any options contract (puts, calls, etc.), listed on any exchange or traded in any market, I agree and represent hereby as follows:**

1. I have received and examined a copy of the options disclosure brochure entitled "Characteristics and Risks of Standardized Options," which has been made available to me by Scottrade, Scottrade.com or CBOE.com and is also available upon request. I understand and am prepared to take the risk involved in trading options contracts. Neither Scottrade nor its agents are under any obligation to convey any information to me relating to the underlying securities or indexes covered by any option, or to any securities or indexes related thereto, and no information so conveyed shall be construed as creating an implied agreement or course of dealing requiring Scottrade or its agents to convey any further information to me.
2. It shall be my sole responsibility to exercise, in a proper and timely manner, any right, privilege or obligation of any put, call or other option which Scottrade or its agents may purchase, handle, endorse or carry for my account. Whether acting alone or in concert with others, I agree not to exceed the position limits set for my account by Scottrade or its agents, any exchange or market, or any other regulatory authority having jurisdiction.
3. I agree to immediately deliver any funds or securities required as the result of the exercise or assignment of options contracts in my account. In their sole discretion and without notification to me, Scottrade and its agents are authorized to take any and all steps necessary to protect Scottrade or such agents from loss or damage arising out of any option transaction in my account. This discretion applies regardless of any past action taken or not taken by Scottrade or its agents, and is in no way to be construed as an obligation on the part of Scottrade or its agents to take such action on my behalf. Should Scottrade or its agents deem it necessary for their protection for any reason, or if I die, I hereby authorize Scottrade and its agents to buy, sell or sell short any option or security in my account, depending on my risk level. I agree to reimburse any and all expenses Scottrade or its agents incur in connection with such transactions.
4. This Agreement shall apply to all put, call or other options which Scottrade or its agents may have previously purchased, sold, executed, handled, endorsed or carried for my account and shall also apply to all put, call or other options which Scottrade or its agents may hereafter purchase, sell, handle, endorse or carry for my account and shall inure to Scottrade's or its agent's benefit as now or hereafter consulted.
5. I understand that Scottrade and its agents use a random method for allocation of exercise assignment notices for option contracts. This allocation method randomly selects from among all my short option positions, including positions established on the day of assignment. All short option positions are liable for assignment at any time. (A more detailed description of this procedure is available upon request.) I agree to be bound by such allocation method and also agree that, if an exercise notice is assigned to my account, the underlying security (or sufficient cash in the case of stock index options) will be delivered to Scottrade within the stated period of time in the case of a call, and sufficient cash to effect settlement of the assignment will be delivered to Scottrade in the case of a put.
6. If an account has an option position on the last trading day prior to expiration that closes \$0.01 or more in the money, the option will be exercised automatically, unless I contact Scottrade with explicit contrary instructions by 4:00 p.m. Eastern Time. Scottrade and its agents reserve the right to require cash or securities in my account before exercising an option automatically or on my instruction. This discretion applies regardless of any historical patterns of action taken or not taken by Scottrade or its agents. In the event of such exercise, the proceeds in excess of commission costs created thereby will be credited to my account. In the event that the commissions to be charged for such an expiration transaction exceed the proceeds to be realized, I agree and hereby relinquish my ownership in said option to Scottrade, and Scottrade or its agents may exercise such options for Scottrade's account.
7. All transactions under this Agreement shall be subject to the rules, regulations, customs and practices of the exchange or market, and the Options Clearing Corporation, where such transactions are executed and/or cleared. All transactions are also subject to the rules and regulations of the Securities Exchange Commission, the Board of Governors to the Federal Reserve System, the Commodity Futures Trading Commission, the Financial Industry Regulatory Authority (FINRA) and all other applicable federal agencies, state agencies and self-regulatory organizations. Notwithstanding the foregoing, this Agreement is governed by Missouri law.
8. Whenever any statute shall be enacted or regulation made under any statute by any exchange, market or the Options Clearing Corporation that shall be applicable to and affect in any manner or be inconsistent with any of the provisions of this Agreement, the provisions of this Agreement so affected shall be deemed modified or superseded by such statute or regulation.
9. Communications may be sent to me at my address of record, and all communications sent, whether by first class postage paid mail, overnight courier or otherwise, shall be deemed given to me personally, whether actually received or not. Communications sent to me by first class postage paid mail shall be deemed received three business days thereafter. Communications sent to me by overnight courier or similar method, shall be deemed received one business day thereafter.
10. I acknowledge that I have received, read and agree to abide by the terms of Scottrade's Brokerage Account Agreement which contains a pre-dispute arbitration clause. The parties agree as follows:
  - (a) all parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
  - (b) arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
  - (c) the ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
  - (d) the arbitrators do not have to explain the reason(s) for their award.
  - (e) the panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
  - (f) the rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
  - (g) the rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

You agree to arbitrate any controversy between you and us (including any of our officers, directors, employees, or agents) arising out of or relating in any way to our relationship, your account, any account that you may cause to be opened with us in the future, or any service provided by us, including but not limited to : (a) transactions of any kind made on your behalf, through or with us; or (b) the performance, construction or breach of this agreement or any other agreement between you and us. If you are not a resident of the united states at the time a controversy subject to arbitration arises, you agree that any arbitration hearing shall be held in St. Louis, Missouri; you consent to the personal jurisdiction of all courts located in the state of Missouri for purposes of enforcing this arbitration agreement and any arbitration award; and you agree that any arbitration proceeding shall be conducted in the English language. If any party unsuccessfully resists confirmation or enforcement of an arbitration award rendered under this agreement, then all costs, attorney's fees, and expenses incurred by the other party or parties in confirming or enforcing the award shall be fully assessed against and paid by the party resisting confirmation or enforcement of the award.

## **SCOTTRADE OPTIONS FIRST AGREEMENT (cont'd)**

**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 putative class until: (a) the class certification is denied; or (b) the class is decertified; or (c) 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. I have examined the entire Options Application and confirm to Scottrade and its agents the accuracy of all information contained thereon, especially those items concerning my income, net worth and investment objectives. If there is any change in my investment objectives or financial condition or other circumstances arise which may affect my ability to engage in options transactions, I will promptly advise Scottrade in writing.
12. I have executed Scottrade's Brokerage Account Application and Agreement, and that agreement and the terms and conditions therein are incorporated in this Agreement by reference. I hereby acknowledge possession and retention of a copy of this Agreement.
13. I request that Scottrade or its agents establish and maintain an options account for the purpose of trading options contracts. By signing this Agreement, I hereby confirm that I understand and agree to the terms and provisions on this form.
14. I agree that any data or online reports are provided to me without any warranties of any kind, express or implied, including but not limited to implied warranties of merchantability, fitness for a particular purpose or non-infringement. I acknowledge that the information contained in any reports provided by Scottrade or its agents 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 Scottrade or any of its agents be liable to me or any third party for the accuracy, timeliness or completeness of any information made available to me, or for any decision I make or action I take in reliance on such information. In no event shall Scottrade, its affiliates or their respective entities be liable for any special, incidental, indirect or consequential damages whatsoever, including but not limited to any lost profits, whether or not advised of the possibility of such damages, or any damages for delayed data.
15. I agree that I may not amend or assign this Agreement without the express written consent of Scottrade. This Agreement will inure to the benefit of my successors and permitted assigns. If any provision of this Agreement is held to be unenforceable, it shall not affect any other provisions of this Agreement. I agree and acknowledge that neither Scottrade nor any of its agents shall be liable for losses caused directly or indirectly by any events beyond their reasonable control, including without limitation, government restrictions, exchange or market rulings, suspension of trading or unusually heavy trading in any security, war, strikes, or a general change in economic, political or financial conditions.
16. I understand that options are risky and I will limit my financial commitment to an amount that I can afford to lose.
17. I understand that Scottrade will make no recommendations and I agree not to hold Scottrade or its agents responsible for the suitability of trades or any subsequent losses in my account. The execution of any trades by Scottrade or its agents will not be deemed to be an approval of such trades.
18. I am responsible for reviewing and monitoring all activities in my account, and I understand that neither Scottrade nor its agents are required to monitor such activities for me.
19. Unless I receive prior authorization from Scottrade, I shall not place trades that are not permissible under the option level for which I am approved. If any option position in my account becomes uncovered, Scottrade may, without prior notice, take immediate action to cover my position, and I shall be responsible for any resulting losses.
20. I am responsible for knowing the deliverable(s) prior to engaging in an option transaction, as well as any changes in the deliverables while maintaining positions in my account. Possible sources for this information include: 1-888-OPTIONS, OptionsEducation.org, OptionsClearing.com and Scottrade's trading Web site.
21. I understand that custodial accounts and qualified retirement plans (excluding IRAs) are limited to covered call writing.
22. If this account is being opened on behalf of a corporation, partnership, investment club, retirement plan, trust, LLC or any other type of entity in which I have or have been granted control, authority, trusteeship, agency or fiduciary responsibility, I hereby warrant and verify that the entity is permitted to engage in options transactions and that I have been granted the authority on behalf of the entity to enter into this Agreement.
23. If I am unable to engage in closing transactions because there was no prevailing bid or offers in the secondary market, I am obligated to the open position held in my account until expiration or assignment.
24. If an investment advisor manages my account, I understand that Scottrade or its agents may rely on the advisor's investment experience in conjunction with my qualifying information when determining my eligibility to trade options. My options trading may be limited to closing transactions if I sever the professional relationship with my advisor. If that occurs, I must re-apply for options approval to maintain options trading privileges in my account.
25. In order to process options orders, my account must have cleared funds equal to or greater than the purchase price of the options contracts. Notwithstanding the foregoing, I am responsible for all orders, including, without limitation, any orders Scottrade or its agents execute to purchase options in my account even if the account does not contain sufficient cleared funds.
26. I agree that in connection with any uncovered option(s) in my account, I will adhere to the margin requirements Scottrade or its agents establish for carrying uncovered options.
27. In the event that I receive authorization from Scottrade for uncovered option writing, I understand that there are special risks associated with uncovered option writing that expose the investor to potentially significant and unlimited losses, including, without limitation, the following: the writer of an uncovered call may incur large losses if the value of the underlying security exceeds the exercise price, and the writer of an uncovered put may incur large losses if the value of the underlying security declines below the exercise price. I further understand that uncovered option writing is not suitable for everyone. The strategy is only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial and unlimited losses, and has sufficient liquid assets to meet applicable margin requirements. If the value of the underlying instrument moves against me as an uncovered options writer, Scottrade may request additional margin payments. If I do not make such margin payments, Scottrade or its agents may, in their sole discretion and without prior notice, liquidate stock or options positions in any one of my accounts.
28. When applying for advanced options strategies (Levels III, IV and V), I authorize Scottrade, Inc. to open an account with Penson Financial Services, Inc. ("PFSI") in the name(s) listed as applicant(s) on this Options Application. I also acknowledge that I have received a copy of the OptionsFirst Disclosures and Terms. I further acknowledge that this advanced options account will be carried by PFSI as a clearing broker by arrangement with Scottrade. Until receipt of a notice from me, PFSI may accept and rely upon Scottrade for (a) orders for the purchase or sale in my account of securities, options and other property and (b) any other instructions concerning my advanced options account. I represent that I understand that PFSI acts only to clear trades introduced by Scottrade and to effect other back office functions for Scottrade. I also understand that PFSI does not provide advice nor shall I rely on any such advice provided to me. I understand that persons that I contact in connection with my advanced options account are employees of Scottrade and not PFSI. PFSI will not be responsible or liable for any acts or omissions of Scottrade or its representatives, employees or other agents. I acknowledge that PFSI is an agent of Scottrade, and shall be a third party beneficiary of this Agreement.
29. The undersigned agrees 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. 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.

## SCOTTRADE OPTIONSFIRST AGREEMENT (cont'd)

30. 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.
31. 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.
32. 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.
33. **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.
34. **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.
35. **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 or Scottrade for legal or tax advice in connection with engaging in options transactions in the undersigned's IRA. The undersigned will not hold Penson or Scottrade responsible for any adverse tax consequences or penalties that the undersigned or the undersigned's IRA may incur in connection with options transactions.

## SPECIAL STATEMENT FOR UNCOVERED OPTIONS WRITERS (CUSTOMER COPY - PLEASE RETAIN FOR YOUR RECORDS)

There are special risks associated with uncovered options writing that expose the investor to potentially significant loss. Therefore, this type of strategy is not suitable for everyone and persons considering should be aware of these conditions:

**I. The potential loss of uncovered call writing is unlimited.** The writer of an uncovered call is in an extremely risky position and may incur large losses if the value of the underlying instrument rises above the exercise price of the option.

**II. The risk of writing uncovered put options is substantial.** The writer of an uncovered put position bears a risk of substantial loss if the value of the underlying instrument declines below the exercise price of the option. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.

**III. Therefore, uncovered options writing is suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements.** In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.

**IV. The potential risk for combination writing**, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.

**V. If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and the options writer could remain obligated until expiration or assignment.**

**VI. The writer of an American style option is subject to being assigned an exercise at any time after the option is written until expiration.** By contrast, European-style options may be exercised only at expiration.

**NOTE: It is expected that you will read the booklet entitled CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS available from your broker. In particular, your attention is directed to the chapter entitled 'Risks of Buying and Writing Options'. This statement is not intended to enumerate all the risks entailed in writing uncovered options.**

## DISCLOSURES & TERMS

The Applicant(s) ("You") understand when applying for advanced options strategies (Levels III, IV and V), that you are authorizing Scottrade, Inc. ("Scottrade") to open an account through Penson Financial Services, Inc. ("PFSI") in the name(s) listed as applicant(s) on the Options Application. You also acknowledge that you have received a copy of the OptionsFirst Disclosures and Terms on the following: (A) Clearing Agreement Disclosure (Rule 3230); (B) Credit Terms Disclosure; (C) FINRA Public Disclosure Program; (D) Scottrade Privacy Policy Addendum; and (E) Scottrade Business Continuity Plan Addendum.

### (A) CLEARING AGREEMENT DISCLOSURE (FINRA RULE 3230)

You have opened an account(s) with Scottrade, Inc., which has a contractual arrangement with Penson Financial Services, Inc. (PFSI) for the performance of clearing services. In accordance with Financial Industry Regulatory Authority (FINRA) Rule 3230, this disclosure is intended to inform you of the allocation of responsibilities contained in that clearing agreement. It is intended to be a general disclosure, not a definitive enumeration of each and every responsibility. Scottrade is not an affiliate or subsidiary of PFSI, its parent corporation, or any of PFSI's affiliated companies; nor are its registered representatives or other employees employed by PFSI, its parent corporation or affiliated companies.

You have appointed Scottrade to act as your agent for the purpose of carrying out your directions with respect to your purchase or sale of securities. PFSI has been informed that Scottrade is authorized to open or close the account(s), place and withdraw orders and take such other steps as are reasonable to carry out your directions. Until receipt of your written notice to the contrary, PFSI may accept instructions for your account(s) from Scottrade without inquiry or investigation by PFSI including, without limitation, instructions with respect to the disbursement of funds and the transfer of securities. PFSI is not responsible or liable for any of Scottrade's acts or omissions or the acts or omissions of Scottrade's employees, nor is it responsible for any indirect or consequential damages under any circumstances caused by Scottrade. As between you and PFSI, you shall be responsible for any action taken by PFSI in your account(s) based upon instructions PFSI received from either you or Scottrade. In the event that you maintain a delivery-versus-payment account(s), you agree to comply with FINRA Rule 11860 by furnishing your agent with instructions for the delivery or receipt of securities promptly upon receipt of confirmation (or the relevant data as to execution), which shall be no later than (i) the close of business on the second business day after execution for purchases, and (ii) the close of business on the first business day after execution for sales.

You understand that PFSI does not: act as investment adviser or solicit orders; advise you or Scottrade on any matters pertaining to the suitability of any order; offer any opinion, judgment or other type of information pertaining to the nature, value, potential or suitability of any particular investment; or review the appropriateness of investment advice or transactions entered by Scottrade on your behalf. You understand that PFSI's employees and agents are not authorized to give any such advice and you will not solicit or rely upon any such advice whether in connection with transactions in or for any of your account(s) or otherwise. In the event you need any advice concerning your account(s), you should consult and rely upon a professional who provides such advice, and not PFSI. PFSI does not control, audit or otherwise supervise the activities of Scottrade or its registered representatives, nor does it verify information provided by Scottrade regarding your account(s), including any transactions therein.

#### Scottrade shall at all times be exclusively responsible for:

- Opening, approving, servicing, and monitoring your account(s), including obtaining and verifying your new account information.
- Obtaining personal information from you, including your investment objectives.
- Reviewing your account(s) and orders for those account(s). Note: Scottrade does not offer its customers investment advice or recommendations, nor does it accept or maintain discretionary accounts.
- Accepting and arranging for execution of your transactions, and establishing procedures for reviewing and transmitting orders prior to execution.
- Determining commissions, mark-ups or other fees charged for your transactions.
- Transmitting instructions concerning your account(s) to PFSI either generally or in connection with tender offers, exchange offers or any other form of corporate reorganization, unless PFSI accepts instructions directly from you.
- Ensuring that securities sold by you may be transferred without restriction or that transfer restrictions have been complied with.
- Complying with all laws, rules, and regulations applicable to any arrangement or understanding that Scottrade may have to rebate to you any funds, including, without limitation, any portion of any commission mark-up, mark-down, fee or other charge, or to pay on your behalf the cost of any service or product.
- The conduct of your account(s) and ensuring that all the transactions conducted therein are in compliance with all applicable laws, rules and regulations. Such responsibility includes, without limitation: (i) knowing, to the extent the information is provided to us by you, all persons holding power of attorney over your account(s); (ii) selecting, investigating, training and supervising all personnel who open, approve or authorize transactions in your account(s); (iii) establishing written procedures for the conduct of your account(s) and maintaining compliance and supervisory personnel adequate to implement such procedure (iv) determining the suitability and legality of all transactions in your account(s), to the extent required by FINRA for discount broker-dealers; and (v) determining the appropriateness of the frequency of trading in your account(s).
- Receiving and delivering funds and securities (except where you either deliver funds or securities directly to PFSI or you receive a check directly from PFSI), and notifying you of PFSI's margin requirements.
- Supplying all documentation required by PFSI. PFSI at all times has the right, reasonably exercisable in its sole discretion, to refuse to accept orders for your account(s); PFSI may exercise this right if, for example, it has not received the necessary documentation for your account(s).

#### PFSI shall be responsible for the following services provided at the request of Scottrade:

- Any extensions of credit to you, which includes complying with Regulation T of the Federal Reserve Board, determining maintenance margin, paying and charging interest, and rehypothecation or loan of any of your margin securities.
- Maintaining account records on your behalf with such name(s) and address(es) as provided by Scottrade.
- Keeping custody of funds and securities (while they are in PFSI's physical possession), and segregating such funds and securities as required by applicable law.
- Preparing and transmitting to you monthly or, if appropriate, quarterly account statements. Such statements shall rely, in whole or in part, on information provided by Scottrade.
- Both PFSI and Scottrade have the right to reject any proposed transaction.

Unless we receive a written communication to the contrary, your understanding of and agreement with the clearing arrangement as described in this Rule 3230 Disclosure is acknowledged.

### (B) CREDIT TERMS DISCLOSURE

You will be charged interest on any credit extended to you by PFSI in connection with purchasing, selling, carrying or trading in any security, or other transactions in your cash or margin account. This information is being provided to you as required by SEC Rule 10b-16.

PFSI will determine at its discretion a Base Rate of interest upon which it will calculate the rate of interest to be charged to cash or margin account customers. The "Base Rate" will be determined by PFSI by referencing the prevailing "Broker's Call Rate" as appearing in financial publications. You will pay a rate of interest which can vary over the Base Rate, depending upon the size of your margin loans or any uncollected cash account debits. The rate will appear on your monthly statement, which will be sent to you at the end of every month. Since the rate of interest charged is related to the Broker's Call Rate in effect, as well as the size of any debit balances in your account(s), any changes in that rate or the size of the debit balance in your account(s) will cause corresponding changes in the rate you are charged. Such changes will be made without notice to you. If your interest rate is to be increased for any other reason, at least thirty (30) days' prior written notice will be given to Scottrade.

Debit balances represent money loaned to you by PFSI. When you purchase securities on margin, you must deliver the appropriate collateral required by Regulation T, as well as any additional collateral required by PFSI. The balance of the purchase price will be loaned to you. It is this loaned portion which creates the debit balance and upon which interest is charged. Each additional purchase likewise adds to your debit balance, as do your interest charges, unless paid, and any other incidental charges which may be assessed to your account(s) (such as any charges levied by a transfer agent or interest charged because of a prepayment of funds). Any sales, other than short sales, or other credits (such as dividends) reduce any existing debit balance. If there is a debit in the cash account and there is a margin account, interest will be calculated on the debit balance in the cash account and charged to the margin account.

## DISCLOSURES & TERMS (cont'd)

The method of computing interest will be as follows: interest is computed on a daily basis on the net debit balance during the interest period. The interest period runs from the first day to the last day of each month. To compute your interest, PFSI will take the debit balance on the first day of the month and each day add any debits appearing on your statement and subtract any credits. This will determine each day's debit balance. PFSI will then multiply each day's debit balance by the interest rate and by the fraction 1/360. The interest charged during the interest period will be the total of the daily charges so computed. Your monthly statements will show the opening and closing debit balances for the period.

### Liens and Additional Collateral

All collateral which PFSI or its affiliates may be carrying for you at any time, or which may at any time be in its/their possession or control for any purpose, including safekeeping, and any proceeds and distributions therefrom, shall be subject to a general lien and a continuing first-priority security interest (unless you forfeit such continuing first-priority security interest solely as a result of your own actions) for the discharge of all of your obligations and liabilities to PFSI, irrespective of whether or not PFSI has made advances in connection with such securities or other property, and irrespective of the number of accounts you may have with PFSI, or which PFSI affiliate holds such collateral.

PFSI shall require you to deposit additional collateral in accordance with the rules and regulations of the Federal Reserve Board and/or any other regulatory agency to whose jurisdiction PFSI is subject, and PFSI may also require you to deposit such additional collateral as it may determine is needed as security for your obligations.

### Short Sales and Marking to the Market

The credit that appears on your statement due to short sales (including short sales against the box) is offset by a debit of like amount as a result of the fact that PFSI must borrow the same security in order to deliver it to the buying broker. This means that 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. Any short position in your account(s) will be kept "marked-to-market" based on the daily composite closing price. This means that the balance maintained in the short account(s) will be adjusted weekly to equal the current market value of the short securities. If a security has been sold short (or sold short against the box) and it increases in market price over the price of the short sale, interest will be charged on the increase in value; if its market price decreases, any interest charges will be reduced in proportion to the decrease in value.

### (C) FINRA PUBLIC DISCLOSURE PROGRAM

FINRA is a self-regulatory organization for the securities industry. The FINRA Board of Governors has adopted a Public Disclosure Program that provides investors with disciplinary information on FINRA Member Firms and their Associated Persons in response to written inquiries, electronic inquiries via [FINRA.org](http://FINRA.org) or telephone inquiries via 1-800-289-9999.

The primary purpose of this Program is to help investors make informed choices about FINRA Member Firms and their Associated Persons when determining whether to conduct business with the firm. To obtain a free brochure describing FINRA Public Disclosure Program you can call the toll free number listed above or log onto [FINRA.org](http://FINRA.org).

### (D) SCOTTRADE PRIVACY POLICY ADDENDUM

For OptionsFirst, Scottrade is an introducing broker and PFSI is our clearing firm. PFSI understands that privacy is an important issue for its customers. It is PFSI's policy to respect the privacy of the accounts they maintain as clearing broker, and to protect the security and confidentiality of nonpublic personal information relating to those accounts. PFSI applies this policy 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 Scottrade. Scottrade collects information from you in order to provide the financial services that you have requested. The information Scottrade collects and provides to PFSI may include the following:

- Information received from you, such as your name, address, telephone number, Social Security number, occupation and income.
- Information relating to your transactions, including account balances, positions and activity.
- Information that may be received from consumer reporting agencies, such as credit bureau reports and other information relating to your creditworthiness.
- Information that may be received from other sources with your consent or the consent of your introducing broker.

**Sharing of Nonpublic Personal Information** PFSI does not disclose current or former customers' nonpublic personal information relating 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 Futures, Inc.; Penson Worldwide Settlements Ltd.; Penson Financial Services Canada; and Integrated Trading Solutions, Inc. These companies, along with PFSI, are wholly owned subsidiaries of Penson Worldwide, Inc. Penson may share information among its affiliates, as permitted by law, in order to better service your financial needs.

#### Security

PFSI strives to ensure that its systems are secure and that they meet industry standards. In order to protect personal information provided by Scottrade, PFSI maintains physical, electronic and procedural safeguards that either meet or exceed applicable law. Where appropriate, PFSI employs firewalls, encryption technology, user authentication systems (such as passwords and personal identification numbers) and access control mechanisms to control access to systems and data. Third parties who may have access to this personal information must also agree to follow appropriate standards of security and confidentiality. PFSI applies strict standards of care in handling the personal financial information of customers. As a general policy, PFSI employees will not discuss or disclose information regarding an account except with authorized Scottrade personnel, as required by law, or as pursuant to regulatory request.

#### Access to Your Information

You may access your account information through a variety of media offered by Scottrade and PFSI, including statements and online services. Please contact Scottrade at [optionsfirst@scottrade.com](mailto:optionsfirst@scottrade.com) if you require any additional information.

#### Changes to PFSI's Privacy Policy

PFSI reserves the right to make changes to this policy.

#### Contacting PFSI

For your reference, this policy has been posted on PFSI's Web site at [Penson.com](http://Penson.com). For more information relating to PFSI's Privacy Policy, please call 1-800-696-3585 or direct written requests to: Penson Financial Futures, Inc. Attn: Legal/Compliance Department 1700 Pacific Avenue, Suite 1400 Dallas, TX 75201

### (E) SCOTTRADE BUSINESS CONTINUITY PLAN ADDENDUM

Scottrade's clearing firm, PFSI, backs up our important records at a geographically separate location. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by PFSI that its objective is to restore its own operations and be able to complete existing transactions, accept new transactions and accept payments within one business day. Customer orders and requests for funds and securities could be delayed during this period.

In addition to PFSI's Business Continuity Plan, Scottrade has its own Business Continuity Plan that complies with applicable regulations. See Addendum 4, Business Continuity Disclosure, of the Scottrade Brokerage Account Agreement Terms and Conditions for details.

Scottrade's Business Continuity Plan (BCP) is updated periodically. If you have any further questions about our BCP, e-mail [Compliance@Scottrade.com](mailto:Compliance@Scottrade.com) or call (314) 965-1555 ext. 1900.