



# Brokerage Account Agreement

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**By opening a brokerage account 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 referenced in this Agreement. This Agreement governs each brokerage account ("Account") that you open or request to be opened with us.**

## Section I: Opening an Account

### **I-A. Legal Capacity to Enter into Agreements; Accuracy of Application; Credit Information; Customer Identification Program Notice**

**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.

**Accuracy of Application.** By signing the Brokerage Account Application ("Application"), you acknowledge and attest that the information that you have provided us is current, accurate, truthful and complete. No one except the person(s) listed on the Application has an interest in the Account being subject to this Agreement. 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.

**Credit Information.** You authorize us to make inquiries to consumer or credit reporting agencies, financial institutions, employers and/or any other source we believe necessary to verify your identity (as required by federal law). You also acknowledge that Scottrade may provide information (e.g. negative account information or 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.

**Customer Identification Program Notice.** In order to help the government fight the funding of terrorism and money laundering activities, Scottrade is required by Federal law to obtain, verify, and record information that identifies each person who opens an account with us. When you open an account, Scottrade is required to collect information such as your name, date of birth, permanent physical address (no mail receiving or incorporation services), and identification number (if you are a U.S. citizen, this is typically your Social Security number). You may also need to present your driver's license or other identifying documents. By submitting an application, you authorize us to verify your identity, creditworthiness, and other information (and your spouse's if you live in a community property state), and to provide information about you and your Account to consumer and credit reporting agencies and collection agencies. You further authorize Scottrade to obtain copies of your consumer and credit reports at its discretion, at any time. We may deny your application to open an account or may decline to offer you certain services available under this Agreement in our sole discretion for any reason.

### **I-B. Non-Resident Aliens; U.S. Visa Holders**

**Non-Resident Aliens.** We may open Accounts for non-resident aliens who are required to complete a Form W-8BEN 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 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 online 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.

**U.S. Visa Holders.** Due to differing tax implications and foreign securities regulations, Scottrade will not be able to provide services to certain clients residing outside of the United States on a long-term permanent basis. In certain countries, however, we may continue providing services through our Asia Pacific International operations. If you plan on leaving the United States on a long-term or permanent basis, please contact your local Scottrade® team or independent investment advisor (if your Account is a Scottrade® Advisor Services Account, or "SAS Account") 10 days in advance of your departure for further assistance. Also, if you are planning on maintaining or making additional contributions towards your retirement account(s) and you are returning to your home country permanently, we strongly encourage you to consult with your tax advisor regarding your distribution options and the tax treatment and/or consequences of any distribution(s). You also acknowledge that it is your responsibility to contact Scottrade if there are any changes to your U.S. Visa or when you leave the United States on a long-term or permanent basis. Scottrade is not responsible for any tax consequences in your Account that may occur as a result of your departure.

### **I-C. Fees, Commissions and Account Minimums**

You agree to pay the brokerage commissions, charges, taxes or other fees as set forth in our then-current Brokerage Commissions and Fees Schedule as applicable to the pricing structure of your Account and the type of transactions and services you receive. Scottrade's Brokerage Commissions and Fees Schedule is available on our website. We may amend our Brokerage Commissions and Fees 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.

### **I-D. Application Approvals and Account Maintenance**

We may reject your Application, or 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 decide, at any time in our sole and absolute discretion, to restrict trading, prohibit disbursements and/or transfers, or take no action in your Account. You acknowledge that if we decide to close your Account, we may liquidate holdings in your Account and/or issue out the securities in your Account, at your expense, to the transfer agent of any security that is Direct Registration System (DRS) eligible, send to the address of record any security in certificate form, and/or send to the address of record any available cash balance in the form of a check made payable as the Account is registered and minus any fees or other obligations owed to Scottrade.

In addition, one of our overriding concerns is that our officers, employees, contractors and customers are provided with a safe environment. We will not tolerate physical violence, threatening behavior, or other inappropriate conduct directed toward officers, employees, contractors or customers. If you engage in any such behavior, you agree that we are authorized to: (i) liquidate any securities, instruments or other property in your account, (ii) send you the proceeds, and (iii) close your account. In exercising our rights under this Section, we will provide you with reasonable notice under the circumstances. We will not be responsible for any losses caused by the liquidation of securities, instruments or other property pursuant to this paragraph, including but not limited to any tax liabilities.

### **I-E. Joint Accounts; Fiduciary Accounts; Retirement Accounts**

Scottrade offers many different account types, which you can learn about at [www.scottrade.com](http://www.scottrade.com). You understand that you are responsible for selecting the account type 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. You represent the assets of the Account are free from all liens and charges and you represent and agree that no liens or charges will arise from your acts or omissions.

**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 and for all obligations arising under this Agreement. 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 individually, 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 holder(s) on the same terms and conditions as theretofore held, without in any manner releasing the deceased joint account holder's estate from liability.

**Fiduciary Accounts.** 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 an account established pursuant to the Uniform Gifts to Minors Act ("UGMA") or Uniform Transfers to Minors Act ("UTMA"), conservator, guardian, executor, administrator, attorney-in-fact, or investment advisor or other person to whom trading authority has been granted. You understand and agree that Scottrade does not review any action or inaction by a fiduciary with respect to your 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. Scottrade may require additional documentation before permitting a fiduciary on an existing account or when opening a new account. You and the fiduciary each 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.

**Retirement Accounts.** Retirement accounts are subject to additional terms, conditions and disclosures, specific to the type of account you are opening. All terms, conditions and disclosures for all retirement account types are available at [www.scottrade.com](http://www.scottrade.com). By opening your account, you acknowledge you received, read and agree to all of the terms, conditions and disclosures applicable to the particular retirement account you are opening. Scottrade does not provide tax advice. Please consult your tax, or legal, advisor for questions concerning your personal tax or financial situation.

## Section II: Account Activity

### II-A. No Advice and No Recommendations

You acknowledge that we do not and will not give investment, legal or tax advice or make recommendations relating to the advisability of transactions involving acquiring, holding, disposing of, or exchanging, individual securities or investment property, or recommendations as to how securities or other investment property should be invested after being transferred into your Account. You acknowledge upon acceptance of this agreement 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 associates 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 of any transactions implemented or investment strategies employed in your Account for you. 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, acknowledgements or warranties herein.

### II-B. Purchases and Sales; Cash Account Restrictions

**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 held in your Account free and clear of any liens and 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 the 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.

**Cash Account Restrictions.** Under Federal Reserve Regulation T, purchases in a Cash Account are permitted if a client has sufficient funds to pay for a purchase or will make full cash payment for the purchase prior to selling a security. Freeriding is the prohibited practice of purchasing and selling a security without meeting the payment obligation created by the initial purchase. Freeriding may also be caused by the use of unsettled sales proceeds to purchase securities. Freeriding violates 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.

### II-C. Free Credit Balances and Funds Availability; Sweep Program Terms, Conditions and Disclosures

**Free Credit Balances and Funds Availability.** 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 Sweep Program as described below, or through other arrangements that Scottrade may make available. We may change or replace these options for your available cash balances at 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 (as defined in Section VII-C below) for your Obligations (as defined as Section VII-D below). 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 any time in our sole and absolute discretion. Our use of credit balances in our business is subject to the limitations of U.S. Securities Exchange Commission ("SEC") Rule 15c3-3. You have the absolute right to receive, in the normal course of business, any free credit balance and any full paid securities to which you are entitled, subject to any open commitments to your Account.

### Wire and Automated Clearinghouse Transfers

These terms and conditions applicable to wire and Automated Clearinghouse ("ACH") transfers and your consent and agreement to same are subject to Article 4A of the Uniform Commercial Code - Fund Transfers as adopted in the state of Missouri. With respect to ACH transactions which you have authorized, you agree to be bound by the National Automated Clearing House Association ("NACHA") operating rules and any local ACH operating rules then in effect. With respect to other electronic funds transfers, you agree to be bound by any rules then in effect governing the use of any system through which the funds may be transmitted including, but not limited to, Federal Reserve Board Regulation J with regard to Fedwire and the Clearing House Interbank Payments System ("CHIPS") operating rules with regard to CHIPS. You further agree that all wire transfers you initiate will be subject to the terms and conditions of the Automated Clearing House association rules with respect to the type of transfer initiated. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank, or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. You agree that ACH and wire transfers out of UTMA governed custodian managed accounts comply with the provisions of the Uniform Transfer to Minors Act.

If you originate a fund transfer and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, Scottrade and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You may be a party to an Automated Clearing House ("ACH") entry or a wire transfer that may be credited or debited against your Account.

You agree that payment for ACH or wire credit transfers may be made solely by reference to the account number of the recipient. Scottrade is not obligated to determine whether a discrepancy exists between the name and the account number shown on the transfer information.

Any credit resulting from an ACH credit or other wire transfer is provisional until Scottrade receives final payment. We reserve the right to delay or prevent withdrawal of funds pending verification of final payment. If final payment is not received, or if your Account was credited by mistake, you agree that we may reverse the credit to your Account or that you will otherwise reimburse us if funds in your Account are not sufficient. In the event that the payment does not become final, the originator will not be deemed to have paid you the amount of the credit. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. If we receive a payment order to credit an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

You will be notified of the receipt of any ACH entry or wire transfer in your Account statement, but next-day or other notice will not be provided. If you believe a transfer has not been properly credited to you, you agree to promptly notify us immediately at the number listed on your Account statement.

If you are entitled to compensation for any delay or improper completion of an ACH or wire transfer as a result of an error by us, our liability will be limited to the payment of interest for a period not exceeding the lesser of sixty (60) days or the period between the date of the error and the date of the correction. Any such compensation will be paid at our discretion by either (1) adjusting your Account balance to reflect the average balances you would have had but for the error, or (2) direct payment of cash in an amount equal to interest at the average applicable federal funds rate for that period.

New accounts cannot perform ACH-Out transactions for 60 calendar days after initial deposit, regardless of deposit method. The new account will not be displayed as an option for ACH Out on the on-line self-service portal until the 61st day. Clients have ACH-Out capabilities, but cannot use that feature for 60 days after making the initial deposit to a new account.

**Scottrade® Sweep Program Terms, Conditions and Disclosures.** Under the Scottrade Sweep Program ("Sweep Program" or "Program"), uninvested cash balances in your Scottrade brokerage Account are automatically swept into interest bearing deposit accounts or, if available, money market mutual funds ("Money Market Funds") until these balances are invested by you or otherwise needed to satisfy obligations arising in connection with your account.

The Sweep Program seeks to provide you with the security of FDIC insurance for your cash balances. By utilizing multiple banks, the Sweep Program has been structured to provide you with up to \$500,000 in FDIC insured deposits. Through the Sweep Program, excess cash balances in your eligible Scottrade brokerage Account will automatically be deposited into interest-bearing FDIC-insured accounts ("Sweep Accounts") at one or more banks ("Program Banks"). Your balance in each Sweep Account, individually and aggregated, is referred to as your "Customer Deposit Account." One of the Program Banks in the Sweep Program is Scottrade Bank FSB ("Scottrade Bank"), an affiliate of Scottrade, Inc. ("Scottrade"). References herein to "Scottrade Bank" and "Scottrade" shall include any successors in interest to such entities. Reference herein to Excess Bank currently refers to Scottrade Bank. Beginning on or after June 15, 2017, TD Bank, N.A. and TD Bank USA, N.A. will become Program Banks.

**1. Authority as Agent.** Scottrade will act as your agent in establishing and maintaining the Sweep Account at each Program Bank. Each Sweep 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 Sweep Program or may block up to three (3) Program Banks from receiving your funds, except for TD Bank, N.A., TD Bank USA, N.A. and the Excess Bank. You may not block Excess Bank deposits as defined in Item 4 below. You may make either of these elections online or by completing a form that may be obtained from your local Scottrade team (or independent investment advisor if you are a Scottrade Advisor Services client). If you withdraw your consent, your cash will not be swept to a Sweep Account and, if applicable, cash in a Sweep Account will be transferred back to your Scottrade brokerage Account.

**2. Eligibility.** To be eligible for the Sweep Program, your Scottrade brokerage Account must be one of the following types: 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 Accounts") are also eligible for the Sweep Program. Scottrade, in its sole and absolute discretion, determines when eligible accounts are added to the Sweep Program; eligible accounts are not automatically added to the Sweep Program. Accounts maintained in the names of business entities, including corporations and partnerships, and accounts subject to the Employee Retirement Income Security Act ("ERISA") are not eligible to participate in the Sweep Program at this time. Scottrade, in its sole and absolute discretion, may decide that your Sweep Account is ineligible 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. Changes in your brokerage Account may result in loss of eligibility; such changes may include but are not limited to: establishing a short position, being designated as a pattern day trader, requesting interest to be mailed, requesting an account transfer, and being designated as a compromised account. Contact your local Scottrade team or independent investment advisor (if you are a Scottrade Advisor Services client) to determine eligibility.

**3. Account Protection.** Deposits in Sweep Accounts are eligible to be 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. The limit on FDIC insurance for all account ownership categories is \$250,000 per depositor for deposits at a particular insured depository institution. This limit 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 Sweep Program is \$500,000. 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 free standing bank accounts you maintain with the Program Bank, and deposits through other Sweep Accounts you have with Scottrade or through another brokerage firm. Deposits made by you with a Program Bank outside of the Program will count toward the FDIC limit. Please note that the Sweep Program seeks FDIC coverage on an account-level basis and your Sweep Account for separate Scottrade brokerage accounts may be deposited at the same Program Bank, thereby limiting your total FDIC insurance. You are responsible for monitoring your balances held at all banks to determine what deposit insurance coverage is available to you. Scottrade and its affiliates and associates do not monitor or take responsibility for balances held outside the sweep program. Please be advised that if you choose to opt out of one or more banks participating in the Sweep Program you may not be eligible for FDIC insurance coverage up to the maximum of \$500,000. More information about FDIC insurance is available at [www.fdic.gov](http://www.fdic.gov) or by phone at 877-275-3342 or 800-925-4618.

The Securities Investor Protection Corporation ("SIPC") and Scottrade's excess SIPC insurance do not cover deposits in Sweep Account. The SIPC protects the securities of its members' customers up to \$500,000 (including \$250,000 for claims for cash) in the event securities or cash are missing from a client's account as a result of bankruptcy or other financial difficulties experienced by a member firm. You may also obtain information about SIPC coverage, including a brochure that describes the SIPC and SIPC insurance, by accessing the SIPC website at [www.sipc.org](http://www.sipc.org).

**4. Deposits.** Although the Sweep 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 Sweep Program. Deposits to Sweep Accounts will be made by Scottrade on your behalf. Information about the Sweep Accounts and your Customer Deposit Account is available to you from Scottrade and not the Program Banks. Each business day Scottrade will deposit the excess cash balances in your Scottrade brokerage Account into one or more omnibus deposit accounts maintained at the Program Banks, as described below. The omnibus deposit accounts at the Program Banks are held in the name of Scottrade for the exclusive benefit of its clients participating in the Sweep Program. Your Sweep 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 Scottrade brokerage Account. Your periodic Scottrade Account Statement will display all monthly Sweep Program 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 Sweep Account at a Program Bank until the balance of your Sweep Account reaches \$247,500. Scottrade will then deposit additional funds at the next eligible Program Bank up to \$247,500. Once your Customer Deposit Account deposits in the aggregate are at the Program maximum of \$500,000, additional amounts will be deposited with the Excess Bank. An "Excess Bank" is a bank that will accept funds without limitation and without regard to the Maximum Applicable Deposit Insurance Amount. Excess Bank deposits may not be eligible for FDIC insurance. Scottrade may add additional Excess Bank to the Program Bank list at its discretion and will provide notice to clients if such changes occur.

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 Sweep Program, that bank may still serve as an Excess Bank for your funds. Scottrade may periodically 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 have an opportunity to block a Program Bank from receiving your funds. These changes are also available from your local Scottrade team or, if your Account is a SAS Account, from your independent investment 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 available FDIC insurance coverage, you should carefully review such notice to determine if the change in Program Banks has an impact on this coverage, or if you wish to opt out of a newly added or current Program Bank.

Deposits through the Sweep Program at Program Banks constitute obligations of the Program Banks and are not directly or indirectly obligations of Scottrade. Information about the participating Program Banks is available at [www.ffiec.gov](http://www.ffiec.gov) or by contacting the FDIC Public Information Center by mail at L. William Seidman Center, Virginia Square, 3501 North Fairfax Drive, Arlington, VA 22226 or by calling 703-562-2200. Scottrade does not guarantee the financial condition of the Program Banks or the accuracy of any publicly available financial information concerning the Program Banks.

**5. Withdrawals.** When funds are needed to cover transactions such as securities purchases, withdrawal requests from you, checks, etc. in your Scottrade brokerage Account, we will generally use any free credit balances in your Scottrade brokerage Account first. If additional funds are needed, Scottrade, as your agent, will withdraw funds from the Sweep 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 that Program Bank, we will withdraw funds from Sweep Accounts at Program Banks in descending order, except where circumstances require a different withdrawal method. Federal banking regulations require Program Banks to reserve the right to require written notice seven days before permitting transfers or withdrawals from Sweep or other deposit accounts.

**6. Types of Deposit Accounts.** Your Customer Deposit Account representing funds deposited at a particular Program Bank will be held in two linked sub-accounts established on Scottrade's books and records: (a) an interest-bearing transaction sub-account (commonly referred to as a "NOW" sub-account), and (b) 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 deposited at a particular Program Bank between the NOW and MMDA sub-accounts on a daily basis. You will not have an individual NOW or MMDA sub-account at a Program Bank, but rather, your Customer Deposit Account representing funds deposited at a particular Program Bank will be aggregated with the deposits of other Scottrade customers that participate in the Sweep Program as described above in Item 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. 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 establish a target balance for your NOW sub-account. Scottrade may change this target balance at any time. If your funds in your NOW sub-account exceed any such target balance, the excess will be transferred to your MMDA sub-account, unless the number of transfers for that monthly cycle have exceeded the maximum amount as described below.

Federal Reserve regulations limit transfers from an MMDA sub-account to six (6) transfers per month. Your NOW subaccount is considered to be like a transaction account from which an unlimited number of transfers may be made. While there is no limit on the number of transfers, the only types of transfers that are permitted from your NOW sub-account under the Sweep Program are: (a) transfers to your MMDA sub-account (to extent funds in your NOW sub-account exceed any target balance established by Scottrade), and (b) transfers from your NOW sub-account back to your Scottrade brokerage Account (to the extent needed to pay for brokerage Account transactions). Conversely, your MMDA sub-account is considered under Federal Reserve regulations to be like a savings account, from which no more than six transfers may generally be made per monthly cycle. The only type of transfer that is permitted directly from your MMDA sub-account under the Sweep 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). If a sixth transfer is needed, it will be for the full balance of available funds in your MMDA sub-account (excluding accrued interest). At the beginning of the next month, funds in your NOW sub-account that exceed any target balance that Scottrade may have established will be transferred back to your MMDA sub-account.

**7. Sweep Program Interest Rates and Program Banks.** Funds in the Sweep Program will generally earn interest. The interest rates earned by clients may vary over time, but will be the same from each Program Bank. The fee paid to Scottrade by the Program Banks will exceed the interest rate amounts paid to clients. Your interest rate tier will be determined by the aggregate balance of your Customer Deposit Account. The current and future rate for each tier is based on several 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: (a) clients with higher balances will generally receive higher interest rates on their Customer Deposit Accounts than clients with lower balances, and (b) balances for the purpose of tiers will not include the available cash balance in your Scottrade brokerage Account, or the balances in any other Customer Deposit Accounts that are connected to additional Scottrade brokerage Accounts you may have.

For SAS Accounts, the interest rate may be determined by factors such as: (a) total assets under management attributable to a particular independent investment advisor, and (b) balances in Customer Deposit Accounts that are connected to other Scottrade brokerage Accounts attributed to a particular independent investment advisor. Interest rates paid by the Program Banks in the Sweep Program may be lower than deposit accounts offered outside of the program or non-FDIC insured investments. Interest rates, tiers, and factors for determining rates and tiers 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 daily balance method. Interest accrues daily and is posted to your Customer Deposit Account on the last day of each month and displayed on your Scottrade Account Statement. Your Scottrade Account Statement will display the name of each Program Bank with which you have deposits, any withdrawals made during the month, the balance of deposits at each Program Bank, the applicable interest rate and amount of interest earned on your deposits. Current interest rates, tier information, participating Program Banks and other Sweep Program information is available by accessing your Scottrade brokerage Account at [www.scottrade.com](http://www.scottrade.com) or by contacting your local Scottrade team. For SAS Accounts, this information may be obtained by contacting your independent investment advisor. Any changes to applicable interest rates or Program Banks will be posted at [www.scottrade.com](http://www.scottrade.com).

**8. Financial Benefits to Scottrade.** Scottrade receives a fee from each non-affiliated Program Bank, and may receive a fee from, any affiliated Program Bank. The fee paid to Scottrade by Program Banks may vary over time and may be as much as 4%. The amount of fees received by Scottrade will affect the interest rate paid by the Program Bank (including any affiliated Program 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, the "Scottrade Brokerage Account Agreement"), there will be no charges, fees or commissions imposed on your account for the Sweep Program feature. In addition to Scottrade, other service providers will receive fees from each Program Bank, including affiliates of Scottrade. Scottrade affiliates (like Scottrade Bank) will receive substantial deposits from the Sweep program at a price that may be less than alternative funding sources. Deposits in Sweep Accounts at Scottrade affiliates (like Scottrade Bank) provide a stable source of funds for those affiliates, which intend to use the funds in the Sweep Accounts to support their respective investments, lending activities and other approved activities. As with other depository institutions, the profitability of these affiliates is determined in large part by the difference between the interest paid on Sweep Accounts (and other costs incurred), and the interest or other income earned on loans, investment and other assets. Scottrade may have banking relationships with Program Banks that are not directly related to the Sweep Program, in which Scottrade may receive additional financial benefits.

**9. TD Ameritrade Acquisition.** On October 24, 2016, Scottrade Financial Services, Inc., the parent company of Scottrade, Inc. and Scottrade Bank, agreed to be acquired by TD Ameritrade Holding Corporation ("AMTD"). This acquisition is expected to close as early as June 15, 2017 and as late as September 30, 2017, but may close before such time, after such time or not at all. If and when the pending acquisition transaction closes, Scottrade, Inc. will be an indirect wholly owned subsidiary of AMTD. As part of the same transaction, Scottrade Bank will be merged into TD Bank, National Association, an affiliate of AMTD. At closing, Scottrade Bank will be replaced as the Excess Bank by TD Bank USA, N.A., or one of its bank affiliates and TD Bank, N.A. and TD Bank USA, N.A. will also become Program Banks. Notice of the effective date of closing will be posted in advance on our website. TD Bank, N.A., TD Bank USA, N.A. and AMTD are affiliated through their parent companies.

**10. Money Market Mutual Funds.** Any money market mutual funds ("Money Market Funds") available through the Sweep Program are registered with the SEC pursuant to the Investment Company Act of 1940 and comply with the requirements of SEC Rule 2a-7. Money Market Funds purchase high quality, short-term securities in seeking to maintain their net asset value of \$1 per share. There is no guarantee that this net asset value per share will always be maintained and you may lose money by investing in Money Market Funds. Funds invested in a Money Market Fund are not guaranteed or insured by the FDIC or any other government agency and are not deposits of a bank. In the event a Money Market Fund option is available through the Sweep Program, Scottrade will act as your agent in establishing and maintaining positions in the Money Market Funds. You understand that you have the right to withdraw your consent to have Scottrade act as your agent in this capacity and you may choose not to participate in the Sweep Program. You may make this election online or by completing a form that may be obtained from your local Scottrade team (or independent investment advisor). If you withdraw your consent, your cash will not be swept to Sweep Accounts or Money Market Funds and, if applicable, cash already in Sweep Accounts and/or Money Market Funds will be transferred back to your Scottrade brokerage Account.

The Money Market Funds' rate of return may be affected by the fees imposed by the particular class of shares selected by Scottrade for the Sweep Program. Prior to, or at the same time your available funds are first swept into an available Money Market Fund, you will be furnished with the appropriate fund prospectus, which includes important information about the risks, charges and expenses associated with the fund and should be read carefully.

**11. Notices and Amendments.** Scottrade will notify you of significant changes to the Sweep Program or provide information about the Program and/or your deposits by letter, e-mail, entry on your brokerage Account statement, or other reasonable means. Scottrade may periodically add, replace or otherwise change one or more of the Program Banks (including an affiliate), and/or change interest rates paid to clients. In most cases, we will post such changes in advance on our website so you have an opportunity to block a Program Bank from receiving your funds. These changes are also available from your local Scottrade team or, if your Account is a SAS Account, from your independent investment 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 available FDIC insurance coverage, you should carefully review such information to determine if the change in Program Banks has an impact on this coverage. These terms and conditions may be modified or amended upon thirty (30) calendar days written notice to clients. All communications or complaints regarding the Sweep Program should be directed to Scottrade, Inc., Attn. Investigation and Resolution Department, P.O. Box 31759, St. Louis MO, 63131.

**12. Closing of Sweep Accounts.** Scottrade or a Program Bank may close Sweep Accounts, positions in Money Market Funds, and/or Customer Deposit Accounts at any time. If your Sweep Account is closed for any reason (including loss of eligibility), your Customer Deposit Account balance will be transferred to your Scottrade Brokerage Account (unless it is closed), or, at the Program Bank's discretion, a check for any remaining balance may be mailed to you. If you close your Scottrade brokerage Account, your Sweep Account, Money Market Funds, and/or Customer Deposit Accounts will also be closed and the funds distributed to you according to the conditions of the brokerage Account Agreement.

**13. Right of Set-Off.** Scottrade may charge or set off your funds in the Sweep Program against indebtedness or obligations you may have to Scottrade or its affiliates. For further information on the right of Scottrade regarding such indebtedness or obligations, please see Section VII-C of the Scottrade Brokerage Account Agreement.

**14. Scottrade Brokerage Account Agreement.** You understand and agree that the Scottrade Brokerage Account Agreement, including the pre-dispute arbitration clause, continues to govern your Scottrade brokerage Account Agreement and shall also govern your participation in the Sweep Program. If any provisions of the Scottrade Brokerage Account Agreement conflict with provisions of these Sweep Program Terms, Conditions and Disclosures, the provisions of the Scottrade Brokerage Account Agreement shall govern.

**You agree to carefully read, understand and accept these Terms, Conditions and Disclosures. You understand that by continuing to maintain your Scottrade Brokerage Account without objecting to the use of the Sweep Program, you accept and are legally bound by the provisions of this document.**

#### **II-D. Orders, Executions and Account Statements; Cancellation and Modification Requests; Late and Corrected Reports**

**Orders, Executions and Account Statements.** We may route any order authorized by you to any exchange, other market centers where such business is transacted, or we may execute the order ourselves. You understand that we do not provide you with direct access to the marketplace. Whether you place a market order, limit order or other type of order, you understand 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, and statements shall be deemed accepted by you and shall be binding unless you notify us in writing within 10 days after transmission to you. You agree that you are responsible for monitoring all open orders. If you place a Good-'Til-Canceled ("GTC") order, you understand that the order is subject to the GTC Order Cancellation Schedule posted on our website. Otherwise the order will remain open until it is executed, you cancel it, or it is canceled by us due to a corporate action, reorganization or operational reason.

**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 do so. 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 such order from occurring, and that you shall be responsible for all such executions. If you enter a cancellation request, you agree to confirm that the cancellation request has been affected prior to entering a replacement order. You agree not to assume that any order has been executed or canceled until you have received a Report (as defined below) from us. You are responsible for knowing the status of your pending orders before entering additional orders. You agree to contact us immediately if you are unclear on the status of an order.

**Late and Corrected Reports.** When your order is executed, we typically receive an electronic message notifying us about the status of the order, including but not limited to whether the order has been executed and at what price (a "Report"). 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 subsequent Report corrects it.

#### **II-E. Stop-on-Quote Order Risks and Disclosures; Corporate Actions**

**Stop-on-Quote Orders.** A stop-on-quote order is an order to buy or sell a security when the National Best Bid Offer ("NBBO") reaches or surpasses a specified level, or trigger, called a stop price. When placing a stop-on-quote order or a stop-on-quote limit order online, the stop price must be at least \$0.10 below the current bid on sell orders and \$0.10 above the current ask price on a buy order. If you place a stop-on-quote or stop-on-quote limit order with a broker, the \$0.10 spread requirement is waived. The triggering event for all stop-on-quote orders (including stop-limit-on-quote and trailing stop-on-quote) will occur when the bid price (sell orders) or ask price (buy orders) reaches or surpasses your stop price. As a result of the SEC's Regulation NMS Plan to Address Extraordinary Market Volatility which provides for a market-wide limit up and limit down (LULD) mechanism to prevent trades in NMS stocks from occurring outside of specified price bands, coupled with trading pauses in the event of more significant and prolonged price moves, the stop-on-quote orders will trigger and execute off what is considered an executable quote. A quote is executable when it is priced at or within the specified price bands. Once triggered, the stop-on-quote order becomes a market order and is then handled as a market order. Depending on market conditions, once a stop-on-quote order is triggered, there is no guarantee of the execution price and the price received may be several points away from your stop price.

**Trailing Stop-on-Quote Orders.** A trailing stop-on-quote order is similar to a stop-on-quote order, but instead of a stop price, you are able to set a stop condition, creating a moving ("trailing") activation price. You can enter a stop condition in points or by percentage. The minimum for any point trailing stop-on-quote sell or buy to cover order is \$0.01 and the minimum percentage for any point trailing stop-on-quote sell or buy to cover order is 1%. Scottrade holds your trailing stop-on-quote order on our servers on a "not held, best-efforts basis;" this means that we do not deliver your order to a market center until your stop condition is met. If your stop condition is met, we will send your order as a market order. Similar to a stop-on-quote order, your trailing stop-on-quote order will trigger and execute off an executable quote. Like a regular stop-on-quote order, your order may not be filled at your stop price, especially in certain fast market conditions. Our trailing stop-on-quote service is provided "as-is" and there may be delays, omissions or inaccuracies in the service. A trailing stop-on-quote order is subject to automatic cancellation pursuant to Scottrade's GTC Order Cancellation Schedule. Scottrade is not responsible for trailing stop-on-quote orders affected by system failures or for trailing stop-on-quote orders affected by quote data issues. Trailing stop-on-quote orders face risk from mechanical malfunction, system disruptions, some types of corporate actions (e.g. cash dividends), and data transmission errors, including errors involving quote data. In the event of misquotes or failures to receive quotes, orders may be erroneously delivered to the market center, or may fail to be delivered. In volatile market conditions, rapid NBBO quote movements may trigger your stop condition. On occasion, rapid quote movements or out-of-range quotes may trigger your stop condition. In an effort to avoid some of the market data risks, trailing stop-on-quote orders cannot be triggered by: (i) trades that occur during pre-market or extended-hours trading; (ii) trades with Late Reports; (iii) out-of-sequence trades; or (iv) trades outside the then-current best bid and offer in the market, unless it is the third trade outside the best bid and offer.

**Corporate Actions.** A corporate action or bankruptcy proceeding may affect a company's investors. Shareholders may be asked to exchange their shares for new shares in the event of a company reorganization, sometimes for less value than their original investment. When a company is reorganized, the rights of investors are explained in the reorganization plan. When mandatory corporate reorganizations and stock spin-offs/splits occur, you may receive new shares from the reorganized company. It is important to note how a corporate action may impact your account. The process of a corporate action involves the canceling of the old securities in exchange for the issuance of new shares of a security. The previously issued security is canceled and is no longer available for trading. A transfer agent will issue shares of the new security in exchange for the canceled shares. Scottrade will post the new shares resulting from a corporate reorganization to your account only after receiving the shares from a depository firm or the applicable transfer agent. Scottrade does not allow sell transactions on any *unlisted* security, which includes trades on the over-the-counter bulletin board or the pink sheets, prior to the new shares posting to your account.

#### **II-F. Order Routing and Payment for Order Flow**

Consistent with the overriding principle of best execution, we generally route orders for National Market System (NMS) and Over-the-Counter (OTC) equity securities as well as options to trading centers, including exchanges, securities dealers/market makers, and alternative trading systems such as ECNs. Although Scottrade does not accept client instructions to route orders to a particular destination, Scottrade takes a number of factors into consideration in determining where to route customers' orders, including quality of executions relative to the National Best Bid and Offer (NBBO) at any one market center, the speed of execution, the availability of efficient and reliable order handling capability, the liquidity offered by the trading 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 at [www.scottrade.com/routing](http://www.scottrade.com/routing). You may request a written copy by contacting your local Scottrade® team, Registered Investment Advisor or Guidance Solutions® Group representative.

In addition to the quarterly reports above, SEC rules also require brokerage firms, upon a client's request, to provide information regarding the identity of the market center to which any client 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 the order. If you wish to receive the foregoing routing information for any order(s), please contact your local Scottrade® team, investment advisor. In exchange for directing client orders to certain market centers for execution, we receive remuneration such as per-share arrangements, liquidity rebates or profit sharing arrangements. 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.

#### **II-G. 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. More information about the risks of Day Trading can be found in the Day Trading Risk Disclosure Statement at [www.scottrade.com](http://www.scottrade.com). By opening your Account, you acknowledge that you have received and read Scottrade's Day Trading Risk Disclosure Statement.

## II-H. *Extended-Hours Trading Risk Disclosure*

The increased risks of extended-hours trading are explained below. If you are not comfortable assuming these risks, you should not place extended-hours orders. To the extent that you enter such orders, you acknowledge you have carefully considered the risks of extended-hours trading and whether it is appropriate for you.

**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 6 a.m. to 9:28 a.m. (ET), Monday through Friday on days when the market is open. After-hours trading is from 4:02 p.m. to 8 p.m. ET, Monday through Friday on days when the market is open. On any day, extended-hours trading may be unavailable, delayed, interrupted, or terminated early without any prior notice. When the regular trading session closes at 1 p.m. ET, after-hours trading will generally be offered from 1:02 p.m. to 5 p.m. ET.

**Limit Orders.** You may only enter day limit orders for pre-market and after-hours trading. If your order is not executed, it will expire at the end of the relative trading session each day. Orders will not carry over to the next trading session. Extended-hours orders may be modified and canceled; 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 extended-hours trading sessions. All executed orders will be processed as a trade for that day subject to two-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. With greater liquidity it is easier for investors to buy or sell securities; therefore, investors are more likely to pay or receive a competitive price. 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 between a security's purchase price and its selling price. Lower liquidity and higher volatility in extended-hours trading may result in wider than normal spreads.

**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.** For certain derivative security products, an updated underlying index value or Intraday Indicative Value ("IIV") may not be calculated or publicly disseminated in extended-hours trading. 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 derivative security products in those sessions may be at a disadvantage compared to market professionals.

## II-I. *Special Risk Factors of International Investing*

Although you take risks when you invest in any stock or security, international investing has some special risks. These special risks include: changes in currency exchange rates; political, economic and social events; potential for illiquid markets; less information; reliance on foreign legal remedies; and different market structures and operations. There are different ways you can invest internationally: through mutual funds, exchange-traded funds ("ETFs"), American Depositary Receipts or Shares ("ADRs" or "ADSs"), U.S.-traded foreign stocks, or direct investments in foreign markets. Learn more about international investing from the SEC brochure entitled "International Investing: Get the Facts" at [www.sec.gov/pdf/ininvest.pdf](http://www.sec.gov/pdf/ininvest.pdf). For mutual funds, you can get the prospectus for a particular mutual fund directly from the mutual fund. For ETFs, you can get additional information for a particular ETF from the ETF or from the exchange where the ETF is traded. Although most foreign stocks trade in the U.S. markets as ADRs, some foreign stocks trade here in the same form as in their local markets. There are different trading markets in the United States, and the information available about an ADR or foreign stock will depend on where it trades.

If you want to buy or sell stock directly on the foreign market, Scottrade may be able to process your order. Foreign trading markets often operate differently from those in the U.S.; for example, there may be different periods for trade clearance and settlement, and reporting may not occur as quickly. Rules providing for the safekeeping of shares held by custodian banks or depositories may not be as well developed in foreign markets, with the risk that your shares may not be protected if the custodian has credit problems or fails. Transaction costs such as currency exchange, fees and taxes can be more expensive for international investing than they are in the U.S.

## II-J. *Warnings Regarding Connected Accounts*

As a service to Brokerage Account clients, Scottrade may provide you with the option to open a Scottrade Bank® Account. You understand if you choose to open Scottrade Bank® Accounts, they 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, fiduciaries or individuals authorized to access your account, that may or may not be included as a joint account holder, fiduciary or authorized individual on your Scottrade® Brokerage Account ("Additional Bank Account Party"). You understand, acknowledge and agree that if you provide information regarding your Scottrade® Brokerage Account to such an Additional Bank Account Party in order for such Additional Bank Account Party to view or transact in your Scottrade Bank® Accounts online, the Additional Bank Account Party will have access to your Scottrade® Brokerage Account and will not be blocked from the functionality offered, including but not limited to transferring funds to a Scottrade Bank® Account for subsequent withdrawal, executing trades, and transferring securities out of the Scottrade® Brokerage Account.

You further understand, acknowledge and agree that anyone whom you authorize to make transactions on your behalf in relation to your Scottrade® Brokerage Account, such as a joint account holder, authorized trader (by executing a Trading Authorization form), or a fiduciary on your Scottrade® Brokerage Account, will also have access to your Scottrade Bank® Account, 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, withdrawals and 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 or Bank Account. You understand and agree that you are solely responsible for reviewing the activity in your Scottrade® Account(s) and to promptly notify Scottrade if you believe that someone has used your login credentials (user ID and password) to access your Account(s) 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 in relation to your Scottrade® Account(s) for the actions and non-actions by you and the actions and non-actions by anyone you authorize to act on your behalf (or anyone to whom you provide your Scottrade® Account information). 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, to maintain the confidentiality of the user ID and password associated with your Scottrade® Brokerage Account, Scottrade Bank® Account or both. You agree not to hold Scottrade liable for any damages of any kind resulting from your decision to disclose your user ID, password, account number and/or account information to any third party that aggregates account information or website content.

## Section III: Online Trading

### III-A. Risks of Online Trading

**There are unique risks for online trading and volatile markets. You need to be aware of these risks so that you can take steps to minimize them. Here are guidelines for getting started, including government and regulatory websites with 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 securities 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.

**Quotes.** Look at the security's quote before you place an order. If your order is a buy, check the ask price (the price at which the security is offered for sale). If your order is a sell, check the bid price (the price a buyer is willing to pay). This is an indication of the price that you will pay or receive for the security. The volume of a security, often provided along with the quote, indicates the number of shares traded from the current day's market opening until the last reported trade. Scottrade's trading website provides real-time quotes to non-professional subscribers. 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 quote, the market may be moving quickly, your order may be behind another order in priority, or there may be other reasons that delay an order's execution.

**Fast Markets.** In quickly-changing ("fast") markets, bid and ask prices change rapidly. For example, securities of companies that have recently made Initial Public Offerings ("IPOs") are particularly prone to price volatility. A large volume of shares being traded in a stock may cause 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 obtain 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 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 will likely receive an execution; however, you are not guaranteed a specific execution price. In order to handle pricing uncertainties, you may want to place a limit order, which lets you specify the price at which you want the order executed. If you are placing an order to buy a stock, you can set a limit to buy only if the stock is at or below a specified price. The advantage of a limit order is that you are protected from paying more than your limit price. The downside is that if the market moves higher, your order will not be executed. Although limit orders guarantee a particular price, they do not guarantee that your order will be executed. Conversely, a market order essentially ensures that your order will be executed, but does not guarantee a particular price. You should always consider whether placing limit orders and buying highly volatile stocks is appropriate for your investment strategy.

**Order Status.** Submitting a trade online is not the same as having that trade executed. When you submit an order, you will receive a reference 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 be reviewed and approved before it is sent to a market center. Scottrade may reject the order for a number of reasons; for example, an order may be rejected 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.** If you cancel an order, verify the cancellation before placing another trade. Orders can only be canceled if they have not been executed. While Scottrade may submit your cancellation request to the market center, this does not mean it was canceled. The cancellation request will show as pending in your online account activity until we receive acknowledgment from the market center that it has been accepted.

**System Availability.** Our websites may occasionally be inaccessible. Scottrade's systems are designed to 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 our telephone order entry system.

**Additional Information.** The SEC and FINRA have additional information available at the websites listed below:

- The Internet and Online Trading: <http://www.sec.gov/investor/online.shtml>
- Online Trading FAQ: <http://www.finra.org/investors/online-trading-faq>
- Investing Online Resource Center: <http://www.investingonline.org/>
- Guidance to Investors Regarding Stock Volatility and Online Trading: <http://www.finra.org/investors/guidance-investors-regarding-stock-volatility-and-line-trading>
- Online Trading in Fast-Moving Markets: <http://www.sec.gov/investor/pubs/online/tips.htm>
- Purchasing on Margin, Risks Involved with Trading in a Margin Account: <http://www.finra.org/investors/purchasing-margin-risks-involved-trading-margin-account>
- Understanding Margin Accounts, Why Brokers Do What They Do: <http://www.finra.org/investors/understanding-margin-accounts-why-brokers-do-what-they-do>

### III-B. Electronic Trading System Risks; Limitation of Liability

**Electronic Trading System Risks.** Electronic or computer-based systems, including Scottrade's, are vulnerable to disruption or failure and may be unavailable occasionally. We do not guarantee that any or all means of electronic access 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 account transactions and activity, which may delay Account access or your ability to effect transactions.

**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, 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 are not liable for 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 those caused intentionally by us for system servicing. You acknowledge that alternative trading arrangements are available through us as listed under "System Availability" but that we do not guarantee that alternative trading arrangements will be available at a particular time and we are not liable for delays in executing 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 during the month in which the action arose.

### III-C. Use of Scottrade's Websites

"Websites" refers to Scottrade's websites (www.scottrade.com, www.scotrader.com, trading.scottrade.com, and additional websites we may register). These Websites provide information and content. "Content" includes Account positions, activities, balances, transaction statuses, statements, confirmations and other Account-related data.

The Content on our Websites is provided as a convenience, but may be inaccurate or outdated and cannot be guaranteed.

You agree at all times to rely upon your transaction confirmations and Account statements as the official records of your Account. "Information" is financial or investment information provided by third parties to us, including market data, news, research, analysis, commentary or tools.

The Information on our Websites is provided by sources believed to be reliable, but cannot be guaranteed. The Information provided on our Websites is not customized for your Account, and you understand that this information is not a recommendation to you about the suitability of a purchase or sale of any security. We may, without notice to you, change, revise, modify, add, upgrade, remove or discontinue any part of the Content or Information on our Websites. Our Websites may include hyperlinks to third-party websites. We are not responsible for the information or content on third-party websites. By opening your Account, you acknowledge you have received, read and agree to the Scottrade Website Terms and Conditions found on our Websites.

### III-D. 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 it in any form. We may terminate your access to this information at any time in our sole and absolute discretion and 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; that no accuracy or completeness of the information is guaranteed; that we do not guarantee there will not be interruptions in its availability; and 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 to the following:



- "Data Disseminators" (the New York Stock Exchange, NASDAQ, the Options Price Reporting Authority, their processors and constituents including the Chicago Board Options Exchange, New York Stock Exchange Market, National Stock Exchange, BATS Exchange, Inc., NYSE Arca, Philadelphia Stock Exchange, S&P, Thomson Reuters, IDC, Bloomberg, etc.) that make "Market Data" (e.g., last sale prices, offers or any other information provided) available, own the proprietary rights to all Market Data they supply;
- Neither we nor any Data Disseminator guarantees the timeliness, sequence, accuracy or completeness of any Market Data;
- The Data Disseminators and/or Scottrade shall not be liable to you or any other person for any losses or damages arising from inaccuracies, errors, omissions, delays, interruptions or non-performance, whether or not they are 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;
- No Data Disseminator nor Scottrade may be held liable for any discontinuance in the provision of Market Data or change in the manner of distribution for any reason;
- Market Data is made available for your own personal use and you are prohibited from furnishing it to any other person or entity;
- Data Disseminators or Scottrade may terminate your receipt of Market Data at any time;
- 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 the Agreement contemplates. You shall pay the reasonable attorneys' fees that any Data Disseminator may incur in so enforcing this Agreement.

Without limiting the provisions above, you agree that you will: (i) not use any software tools, procedures, instructions (other than to access websites through standard browsers), automatic devices or automated/manual processes to monitor or access data or content provided through our websites; (ii) not use any device, hardware or software to bypass our security; (iii) not disrupt or attempt to disrupt the performance of any Scottrade® website, 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; (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 by you of any provision in this section 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 (i) specifically enforce such provision and (ii) restrain and enjoin breaches and threatened breaches by you.

#### **III-E. 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 ("Our Software") to communicate with our system solely as provided herein. Title to Our Software remains the sole property of Scottrade, including without limitation, all applicable rights to patents, copyrights and trademarks. You will secure and protect Our Software in a manner consistent with the maintenance of Scottrade's ownership and rights therein and will not sell, exchange, or otherwise transfer Our Software to others. We are entitled to obtain immediate injunctive relief against threatened breaches of the foregoing undertakings. You will 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 will become subject to this Agreement. You agree that we have no liability for and you will hold us harmless from your use of Our Software.

## **Section IV: Margin Agreement**

**In consideration of Scottrade opening a Margin Account for you, you agree to the foregoing and following provisions.**

#### **IV-A. 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 at our discretion regardless of the amount of collateral delivered to us, and we may change such minimum and maximum amounts.

#### **IV-B. Requirements to Maintain Sufficient Margin**

Your Margin transactions are subject at all times to the initial margin and maintenance margin requirements ("Margin Requirements") established by us and the FINRA, the Federal Reserve Board or the applicable exchange. You shall monitor your Margin Account to ensure that it contains sufficient equity at all times 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 ("House Requirements") 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 in order to continuously meet the Margin Requirements.

The general formulas provided for calculating Margin Requirements are only illustrative and may not accurately reflect the actual Requirements in effect at a particular time for your Margin Account. You acknowledge that we are not obligated to: (i) request additional securities or other property for margin purposes in the event the Account falls below minimum margin requirements; (ii) notify you of any such deficiency; or (iii) allow you time to deposit additional securities or other property. You agree to promptly satisfy all margin calls. With regard to initial margin, Regulation T of the Federal Reserve Board and FINRA Rule 4210 require that all margin accounts meet a \$2,000 minimum equity requirement (\$25,000 is required if you are a "Pattern Day Trader" per FINRA Rule 4210); margin accounts must also meet an initial 50 percent requirement of the amount purchased or sold short. With regard to maintenance requirements, we typically issue a "Margin Call" (a request for the immediate deposit of additional collateral) if the equity in your Margin Account drops below 30 percent of the market value (50 percent for non-U.S. residents who have an International Account). 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 requirements. We reserve the right to calculate the foregoing on an intra-day basis.

#### **IV-C. Margin Calls**

Margin calls may be issued in writing, via telephone, electronically, or by other means of communication. In some situations, such as during volatile market conditions, we may not immediately issue a margin call when your Account equity falls below 30 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 Margin 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 your Margin 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/written representations by Scottrade that indicate a different dollar amount/liquidation time or suggest 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 in our sole and absolute discretion to close out any positions for any account that represents a negative liquidation value.

#### **IV-D. Interest Charges on Debit Balances**

You agree to pay interest on all debit balances in your Margin Account. Interest on your average daily net debit balance will be determined by us and may be changed at any time in our sole and absolute discretion. Interest rates are influenced by market conditions, loan demand, broker call rate and/or prime rate. Additional discounts may apply. Interest is accrued daily, posted or compounded monthly, and calculated on a 360-day year. 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 any time and without advance notice. Free credit balances in your Margin Account will be used to reduce your margin debit balance before interest is calculated. You understand that the interest charge made to your Margin Account 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 [www.scottrade.com](http://www.scottrade.com).

#### **IV-E. Short Sales**

You agree to advise us prior to entering a sell order if it is a "Short Sale" (the sale of a security you do not own). You agree that all Short Sale transactions will be executed in a Margin Account. You understand that to facilitate a Short Sale, we must borrow the securities you sell short. We may charge you a fee in connection with your Short Sale as set forth in the then-current Commissions and Fees schedule. 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. If Scottrade is unable to borrow or re-borrow a security you have sold short, or for any other reason we deem prudent, we may cover your position (by buying the stock at the current market price) at our discretion and without notice to you; 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, with interest 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 market conditions change, we are unable to borrow the securities, the lender recalls the securities, or the provisions covered by the closeout requirements of SEC Regulation SHO become applicable, we may attempt to re-borrow the securities, but you understand that we may need to cover the short position in your Margin 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, short rebate expense 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 is 135 percent of the market value of the short position on securities priced at or above \$14.30 per share. On securities priced between \$5 and \$14.30, 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.

#### **IV-F. Loan of Securities; Pledge of Securities, Options and their Property**

**Loan of Securities.** We are authorized to lend ourselves (as principal or otherwise) or others any securities held in your Margin Account and 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 posted collateral) to which you shall not be entitled. Such loans may limit, in whole or in part, your ability to exercise voting rights of the securities lent.

**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 Margin Account may, from time to time and 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 Margin 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.

#### **IV-G. Risks of Margin Trading and Margin Disclosure Statement**

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. Before trading stocks in a Margin Account, you should carefully review Section IV of the Scottrade Brokerage Account Agreement and the margin information in Scottrade's Agreements and Disclosures Center at [www.scottrade.com](http://www.scottrade.com). Please contact your local Scottrade® team or independent investment advisor (if your Account is a SAS Account) with any questions or concerns you may have.

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 Margin Account decline in value, so does the value of the collateral supporting your loan and, as a result, Scottrade can take action, such as issuing a margin call and/or selling securities or other assets in any of your Scottrade® Brokerage 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:

- **You can lose more funds than you deposit in a 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 any of your Scottrade® Brokerage Accounts.
- **Scottrade can force the sale of securities or other assets in your Account(s).** If the equity in your Margin Account falls below the maintenance Margin Requirements for Scottrade's higher House Requirements, Scottrade can sell the securities or other assets in any of your Scottrade® Brokerage Accounts to cover the margin deficiency. You will be responsible for any shortfall in your Margin Account after the 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 unless the firm has contacted them first. This is not the case. Although Scottrade usually attempts to notify customers of margin calls, it is not required to do so. Even if Scottrade has contacted a customer and provided a specific date by which the customer can meet a margin call, it is not required to do so. 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 your margin loan, Scottrade has the right to decide which security to sell in order to protect its interests.
- **Scottrade may increase or decrease its House Requirements at any time and is not required to provide you with advance notice.** These changes in policy can take effect immediately and may result in the issuance of a 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.

### **Section V: Securities**

#### **V-A. Responsibilities 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 and symbol changes, dividends, option symbols and deliverables, and any available insurance coverage, including the limitations on such coverage. While not obligated to do so, Scottrade may notify you of upcoming expiration or redemption dates, or take 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 and redemption dates, and the circumstances under which rights associated with your securities may be called, canceled 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, as they may 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.

#### **V-B. Allocation Procedure for Partial Calls**

In the event of a Partial Call of corporate or municipal bonds, or preferred stock held in bulk segregation, the securities to be called will automatically be selected on a random basis, as is customary in the securities industry. The probability that your securities will be selected is proportional to the amount of your holdings relative to the total holdings. A detailed description of the random selection procedure is available upon request.

#### **V-C. 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 rules 144 or 145(d) of the Securities Act of 1933. You are also solely responsible for complying with any blackout periods or trading policies enforced by your employer. Scottrade reserves the right to deny any request to cancel or bust a transaction as a result of your violation of any such policy. You agree to pay for any loss Scottrade may incur in closing out any such intentional or unintentional trades. 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.

#### **V-D. Bulletin Board and Pink Sheet Trading**

Due to the volatile nature of Bulletin Board and Pink Sheet stocks, Scottrade's policy is not to accept market, stop-on-quote or stop-on-quote limit orders for these securities; only limit orders may be entered. Bulletin Board issues trade Over-the-Counter, but differently than NASDAQ stocks. These stocks do not meet NASDAQ criteria for capitalization or trading activity to be listed as NASDAQ issues. In addition, there are fewer market makers and the quotations are not absolute; they are indications. You may also notice the size and the bid and ask are usually less than those for other equities. For these reasons, there is less liquidity in these types of stocks. Market makers are not held to time and sales (they are not held to the quotes you see); trades are executed on a best-efforts basis. We understand that it is frustrating to receive an execution that does not relate to the price you see on time and sales; however, this is a function of market conditions, and not something Scottrade has the ability to change. Please keep in mind that there is a high level of inherent risk in trading Bulletin Board and Pink Sheet stocks.

#### **V-E. Initial Public Offering Policy**

Orders for **newly-issued securities** may be placed online after the IPO begins trading on the secondary market (after the first trade on the primary exchange). Cleared funds must be in the account prior to placing an order. If trading on margin, be aware that many IPOs experience price volatility and will therefore have a 50 percent maintenance requirement for at least 30 days. Normal rules regarding concentrated position maintenance requirements apply (per Section IV-C of this Agreement).

#### **V-F. Option Position Limit**

The total number of option contracts associated with one equity or index may not exceed 5000 contracts collectively for any account(s) maintained at Scottrade; this applies to accounts acting alone or in concert. This position limit is subject to change without prior notice. More information about this and other options policies can be found in the Scottrade® Options Agreement at [www.scottrade.com](http://www.scottrade.com).

#### **V-G. Mutual Fund Investing; Mutual Fund Breakpoint Discounts Disclosure; No-Transaction-Fee Mutual Fund Program**

**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's prospectus, which describes the risks associated with the investment.

**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. Scottrade's Mutual Fund Breakpoint Discounts Disclosure is available online at [www.scottrade.com](http://www.scottrade.com). This Disclosure provides general background information about these charges and discounts; however, sales charges, expenses, management fees and breakpoint discounts vary for every mutual fund. By opening your account, you acknowledge that you have received and read Scottrade's Mutual Fund Breakpoint Discounts Disclosure. Additional information about mutual fund breakpoints is available from FINRA at [www.finra.org](http://www.finra.org).

**No-Transaction-Fee Mutual Fund Program.** Scottrade's No-Transaction-Fee Mutual Fund Program ("NTF 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 the broker-assisted fee set forth in our Commissions and Fees schedule. We may receive compensation directly from participating fund companies or third parties in payment for the fund distribution services 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. You acknowledge that we may modify or discontinue the NTF Program at any time without prior notice to you. By entering into a mutual fund transaction through us, you acknowledge that you have received and read the fund's 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 Commissions and Fees schedule.

#### **V-H. Worthless or Non-Transferable Securities**

Scottrade reserves the right to remove from your Account any security that is deemed to be worthless or to have been cancelled or otherwise invalidated. In determining that such a security is worthless or has been cancelled or invalidated, you agree that Scottrade has derived information on such securities from third parties and that Scottrade is not responsible for the accuracy or reliability of any information regarding such securities. Scottrade will notify you if it has removed a worthless, cancelled or otherwise invalidated security from your Account. Unless you provide Scottrade with evidence of the validity of the security within sixty (60) calendar days of the notice of removal, you agree to waive any claim to any future distribution from the security and agree to indemnify and hold Scottrade harmless from any claims, liability, or damages resulting from the removal of such security. If you provide Scottrade with evidence of the validity of the security from an independent third party within sixty (60) calendar days of receiving the notice of removal, Scottrade will reinstate your position.

## **Section VI: Client Information and Communication**

#### **VI-A. Privacy Statement; Security and Confidentiality**

**Privacy Statement.** By opening your Account, you acknowledge you have received, read and agree to the Scottrade Privacy Statement, which can be found online at [www.scottrade.com](http://www.scottrade.com) and describes how we collect and protect your personal information in the course of providing you with financial services.

**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-actions 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, its affiliates and their respective officers, directors, employees, agents and affiliates harmless if any other person utilizing your user ID, Account number, 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 via email or in writing of any loss, theft or unauthorized use of your user ID, Account number, password, or any other confidential information. You agree not to hold Scottrade liable for any damages of any kind resulting from your decision to disclose your user ID, password, account number and/or account information to any third party that aggregates account information or website content.

#### **VI-B. Notices; Email and Electronic Communications; Consent to Electronic Delivery**

**Notices To You:** Scottrade will send all notices and other communications relating to your Account to the email address or, where applicable, the home or mailing address that you either specified on your Brokerage Account Application, or subsequently updated online or via physical form. Scottrade may also post notices and other communications to a server that you may view when you log in to 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 electronic, home or mailing address is considered delivered to you personally, whether you receive it or not. You agree to inform us promptly of any changes in your electronic, home or mailing address.

**To Us:** All notices communications to Scottrade shall be in writing and mailed to: Scottrade, Inc., 700 Maryville Centre Drive, St. Louis, MO 63141-5814.

**Electronic Communications.** All email sent to and from us is subject to monitoring, review by, or disclosure to someone other than the intended recipient. You acknowledge that there may be delays in email being received by the 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 or 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 or to request the transmittal of funds or assets, and further agree that Scottrade is not liable for any actions taken or not taken 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.

**Consent to Electronic Delivery - Account Information and Records.** Online accounts typically receive account information and records electronically. This includes trade confirmations, account statements, proxies, shareholder information, and other documents, both regulatory and non-regulatory, also including documents or records which we are legally obligated to provide. Your consent to receive electronic disclosures, communications and documents includes, but is not limited to any notice, record or other type of information that is provided to you in connection with your Accounts, Account-related services or your Account Agreement, such as this Consent, fee and transaction information, notices, account statements, tax information, and other account-related information. This Consent to Electronic Delivery applies to statements of reportable information relating to potentially taxable events, including Forms 1098, 5498 and 1099 ("Tax Statements"). Per IRS regulations, Form 1042S is not eligible for electronic delivery. By consenting, you are agreeing to the electronic delivery of Tax Statements and the suppression of mailed paper copies. If you do not consent, paper copies of Tax Statements can be mailed to you. You can access your Tax Statements through our secure website, which will retain copies of these documents for a minimum of one year. We will attempt to notify you by email when a new Tax Statement is available for your account. If this email is returned as undeliverable and we do not receive your updated and verified email address within 30 days, or otherwise cannot reach you at the email address provided, we may discontinue electronic delivery and mail paper Tax Statements.

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. We will provide you with online notification or send you an email regarding the availability of the documents on our website. 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. Some documents, such as trade confirmations and account statements, are archived online to access at your convenience. 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, view and retain documents presented in HTML or PDF format, and hereby confirm your consent to receipt of information electronically, in a manner that reasonably demonstrates your ability to access, view and retain information in the form which Scottrade uses to provide it, and your intent to further demonstrate your consent in an electronic format immediately. 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.

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 may be charged fees for delivery of these paper documents. 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. These physical documents will be mailed to the home or mailing address provided by you.

**Hardware and Software Requirements.** You represent and affirm that you are able to access the Internet and operate (i) an Internet browser application to allow you to view online content; (ii) an electronic document read application such as Adobe Acrobat Reader or equivalent, which can be downloaded free of charge at [www.adobe.com](http://www.adobe.com); and the ability to receive HTML files; (iii) a computer with sufficient space to store electronic information related to your account, or a printer to create paper copies of these documents for retention; (iv) a valid email account with an Internet service provider and email software; (v) a personal computer with sufficient storage capacity on its hard drive or other data storage unit; (vi) an operating system and telecommunications connections to the Internet capable of receiving, accessing, displaying, and either printing or storing electronic records.

This Consent will remain in effect until revoked or modified by Scottrade, or revoked by you. In its sole and absolute discretion, Scottrade may discontinue electronic delivery and mail paper account records and Tax Statements. You may withdraw consent at any time via the MyAccount tab in your online Account, or by submitting a written request to your local branch office or independent investment advisor (if your Account is a SAS Account). Scottrade may take up to five business days to process your request. Once consent is withdrawn, paper delivery will only apply to account records and Tax Statements issued after your request is processed. To receive paper copies of account records and Tax Statements without withdrawing from electronic delivery, contact your local branch office or independent investment advisor (if your Account is a SAS Account); a nominal processing charge may apply. You can update your email address at any time from the My Account tab of your online account.

The foregoing electronic delivery Disclosure and Consent ("Consent") applies to all disclosures, communications and documents relating to those products, services and accounts ("Account(s)") offered by Scottrade, and supplements all other agreements you have with us.

You understand that Scottrade is an online broker-dealer firm. By acknowledging receipt of this disclosure through Scottrade, you are agreeing and consenting that our normal communication method will include providing disclosures, communications and documents to you in electronic form.

The words "we," "us," and "our" refer to Scottrade, and the words "you" and "your" mean you, the individual(s) or entity identified as the owners on the Account(s). "Disclosures, communications and documents" mean any account agreements, rate and fee schedules, monthly billing or account statements, tax statements, disclosures, notices, responses to claims, transaction history, privacy statements and all other information related to the Account(s), including but not limited to information or disclosures that are legally required to be provided to you.

**Withdrawing Your Consent.** You can withdraw your consent to receive electronic disclosures, communications and documents by calling us toll-free at 800.619.7283. However, because we are an online business, our systems are designed to accommodate electronic delivery of disclosures, communications and documents. Revocation of consent for such Account(s) may result in Account termination and you may not be able to access your Account(s). If you withdraw your consent, it will become effective only after a reasonable period of time has passed to allow us to process such requests.

**Your Responsibilities.** It is your responsibility to provide us with accurate and complete email address, contact, and other information related to your Account(s), and to maintain and update promptly any changes in this information. You can update information (such as your email address) by logging in to your Account through [www.scottrade.com](http://www.scottrade.com).

**How to Obtain Paper Copies.** Should the need for a paper copy of a document arise, you may request that we mail you a paper copy of any disclosure, communication or document by calling us toll free at 800.619.7283. We may charge you a reasonable fee for paper copies you receive. We recommend that you print and keep for your files each electronic disclosure, communication and document we provide.

By acknowledging this disclosure, you are affirmatively representing and reasonably demonstrating that you can access information in electronic format in the same manner which Scottrade uses to provide you with this information, and confirming that: (1) your system meets the requirements set forth above; (2) you agree to receive disclosures, communications and documents electronically; and (3) you are able to access and print or store information presented at our website, and represent your intent to do so immediately. If there are any inconsistencies between this Consent and such other agreements, the terms of this Consent shall control as applied to your consent to receive electronic disclosures, communications and documents. You further agree that Scottrade may rely on the representations you have confirmed and acknowledged regarding your consent to electronic delivery of information.

#### **VI-C. Consent to Monitoring and Recording**

We may, in our sole and absolute discretion, monitor or 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 such instructions for us.

#### **VI-D. 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 a written notice from you that you object to us providing this information.

#### **VI-E. Cost Basis Disclosure**

Scottrade is required to supply the Internal Revenue Service ("IRS") 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"). To change your default method, you must select a different method of accessing your Account online or by contacting your local Scottrade® team or independent investment advisor (if your Account is a SAS Account). 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 IRS 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: (i) Scottrade providing the required annual statement to the IRS, or (ii) any differences in the basis reported by Scottrade and your actual adjusted cost basis.

#### **VI-F. Large Trader Reporting**

To comply with the SEC's Large Trader ID rule 13h-1, traders who meet the SEC's definition of a Large Trader must obtain a Large Trader Identification ("LTID") number and report it to all broker/dealers with whom they place trades for National Market System securities. You agree to provide Scottrade with the LTID number assigned to you by the SEC, along with the accounts to which this LTID may apply, and to update Scottrade should your LTID status change or your LTID need to be added to or removed from any account. You understand that Scottrade may disclose your trading activity to regulatory agencies to comply with lawful requests or assign your LTID to any accounts over which we determine, in our sole discretion, you exercise authority.

#### **VI-G. Fixed Income Elections**

Per IRS regulations, Scottrade is required to report cost basis on select debit instruments purchased on or after January 1, 2013. Scottrade will report this information in accordance with the default methods prescribed by the IRS unless instructed otherwise by the client. To change from the default reporting methods prescribed by the IRS the client must complete the Fixed Income Elections form found at [www.scottrade.com](http://www.scottrade.com) in the Forms Center.

## Section VII: Default and Remedies

### VII-A. Complaints

You may direct complaints to your local Scottrade® team, Scottrade's National Service Center at support@scottrade.com, or by calling 800.619.7283. Written complaints may be sent to Scottrade, Inc., Attn: Investigation & Resolution, P.O. Box 31759, St. Louis, MO 63131.

### VII-B. Arbitration Disclosures; Agreement to Arbitrate Controversies; Class Actions

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

1. 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.
2. Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
3. The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
4. 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.
5. The panel of arbitrators may include a minority of arbitrators who were or are affiliated with the securities industry.
6. 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.
7. The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

**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, and you or, if applicable, your shareholders, officers, directors, employees, associates or agents, 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 U.S. 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.

**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: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

### VII-C. Security for Indebtedness; Right of Setoff

**Security for Indebtedness.** All securities, options, credit balances, Bank Deposit Program balances, assets and other property, which we or our affiliates may maintain in or for your Account or other accounts held with our affiliates 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 the extent allowed by applicable law, to a lien in our favor for the discharge of all Obligations (as defined in section VII-D). You hereby grant us a continuing, perfected, first-priority security interest and right of setoff 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 or other account held with our affiliates, 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 or other account held with our affiliates, to satisfy your Obligations, or when we otherwise deem it necessary for our protection. You may not pledge the Collateral to secure any other debt. Nothing herein shall be deemed to grant a lien, security interest or other interest in any account(s) or assets held in any account(s) that gives rise to a non-exempt prohibited transaction under Section 4975(c)(1)(B) of the Internal Revenue Code of 1986, as amended.

If we believe there is inadequate security for your Obligations, or upon any event which in our opinion jeopardizes your Account or other account held with our affiliates, we shall have the right to: (i) cancel any outstanding orders for the purchase or sale of securities, options, assets or other property; (ii) buy-in any securities, options, assets or other property of which your Account may be short; (iii) 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; or (iv) close or cancel any type of transaction in your Account. 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.

**Right of Setoff.** We may (without prior notice and when permitted by law) set off the funds in any and all accounts with us and/or with our affiliates against any due and payable debt you owe us now or in the future, by any of you having the right of withdrawal, to the extent of such persons' or legal entity's right to withdraw. This right of setoff does not apply to this Account if prohibited by law. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

### VII-D. Payment of Obligations Upon Demand; Events of Default; Remedies

**Payment of Obligations Upon Demand.** You will be liable to Scottrade for the payment for all trades, debit balances, margin calls or other obligation owing in your Account or your accounts with our affiliates ("Obligations"). 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 and third-party checks are generally not accepted) or securities submitted to your local Scottrade® team or independent investment advisor (if your Account is a SAS Account) 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 or your accounts with our affiliates may be charged interest in accordance with our then-current interest rate schedule for debit balances.

**Events of Default.** The following shall constitute an "Event of Default":

- You fail to make payment as and when required pursuant to this Agreement.
- You fail to provide margin or to perform any other Obligations as and when we require.
- 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.
- You state that you will not perform any of the Obligations under this Agreement.
- You default in the performance of any Obligation to us under any agreement now or hereafter entered into.
- You default in the payment of any indebtedness to us or any of our affiliates for borrowed money, or any guaranty of such indebtedness, upon the maturity (including any accelerated maturity) thereof.
- 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 or 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 or any jurisdiction regarding reorganization, liquidation, dissolution, insolvency or relief of debtors; or apply for a protective decree under the Securities Investor Protection Act of 1970.
- 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.

**Remedies.** Upon the occurrence of any Event of Default, we may, in our sole and absolute discretion and without notice to you: (i) cancel or otherwise liquidate your Account or your accounts with our affiliates or any position or transaction therein; (ii) set off any Obligation owed by us to you against any Obligation or Collateral of yours; (iii) satisfy any Obligation of yours to us from any Collateral; (iv) sell any securities, instruments or other property in your Account or your accounts with our affiliates; and (v) purchase any securities, instruments or other property in which you have a short position. All transactions pursuant to this Section may, in each case and in our sole and absolute discretion, be effected in public or private purchases or sales in which we may be the purchaser or seller as we may deem appropriate, and at such prices as we may deem satisfactory. 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. 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.

## Section VIII: Regulatory and Other Disclosures

### VIII-A. 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 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.

### VIII-B. FINRA Public Disclosure Program; MSRB Customer and Municipal Advisory Client Education and Protection

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.

As an MSRB-registered broker dealer, Scottrade is required to disclose that we are registered with the Municipal Securities Rulemaking Board ("MSRB") and the SEC, and the availability of investor and municipal advisory client brochures, which describe the protections available under the MSRB rules and information on how to file a complaint with and appropriate regulatory authority. To access these brochures, go to the MSRB website at [www.msrb.org](http://www.msrb.org).

### VIII-C. Losses Due to Extraordinary Events - Limitation of Liability; Business Continuity Disclosure

**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, 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.

**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 Scottrade® team or independent investment advisor (if your Account is a SAS Account). Our plan will be reviewed, updated and tested periodically.

### VIII-D Assignment and Escheatment

In order to avoid an unintended transfer of assets in your account, you may be required to demonstrate activity in the account or contact with Scottrade. If your account becomes inactive, state law requires us to deliver the assets as unclaimed property to the state of your last known address. If your last known address is military or foreign, assets will be delivered to the state of Arizona, the state in which Scottrade is incorporated. Once remitted to state authorities, the assets will be held for safekeeping with the state and are no longer in custody of Scottrade. You will then need to contact the respective state agency to reclaim your property. You agree that the assets in your account may be transferred or surrendered to the appropriate state authority if no activity occurs in your account within the time period specified by law.

### VIII-E. Applicable Rules and Regulations; Governing Law and Assignment

**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.

**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 without prior notice to you.

### VIII-F. Modification; Headings

**Modification.** Scottrade may amend, change, revise, add or modify this Agreement at any time. The current version of the Agreement will be posted on [www.scottrade.com](http://www.scottrade.com), and you understand that your continued Account activity or the act of not closing your Account after such modification constitutes your acceptance to be bound by all modifications 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.

**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.

### VIII-G. Entire Agreement and Severability; Waiver

**Entire Agreement and Severability.** This Agreement and any attachments hereto 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 not 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; (i) you agree to perform all of your obligations in respect of each such transaction; (ii) we shall be entitled to set off claims and apply property held by us against obligations owing to us or affiliates; and (iii) 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.

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

### VIII-H. 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 have a right to terminate this Account or any other account (including multiple owner accounts) for any reason and at any time in our sole and absolute discretion. We may liquidate any and all holdings within the Account, send to the address of record any security in certificate form, and/or send to the address of record any available cash balance in the form of a check made payable as the Account is registered, minus any fees or other obligations owed to Scottrade. Should Scottrade take any such action, you agree to hold Scottrade, its parent, subsidiaries, affiliates, and their respective representatives, divisions, agents, employees, brokers, directors, officers, assigns, successors, and attorneys from any and all claims, demands, sums of money, actions, rights, causes of action, obligations and liabilities of any kind or nature which arise out of, relate to, or are in connection with the Account. The terms and conditions of this Agreement will survive termination of your account and will continue to apply to any remaining disputes or other matters arising from our relationship.