

## Instructions for Entity Accounts (LLC, Corporate, LP, Trust)

1. **Entity information** must be indicated on pages 1 through 6 of the New Account Application, as the **Primary Applicant**. Fully complete the following areas for section 2 - Customer Information: Entity name, Tax ID, Birth Date (date of incorporation/establishment), Mailing and Physical Legal Address, Home and Cell Phone numbers, and E-Mail Address. Fully complete section 4 – Customer Profile: Indicate the type of business the entity is involved in under Occupation/Job Title for the Primary Applicant.
2. **Personal information of individual(s)** listed on the account must be indicated on pages 1 through 6 of the New Account Application, as the **Co-Applicant**. All Co-Applicant sections must be fully completed and each co-applicant must have a valid SSN or Tax ID (TIN). If there is more than one individual on the account then each person must complete an **Addendum form**.
3. **Financial Institution References** on page 2 (Customer Affiliations and Disclosures): Indicate the names of the Banks and Brokerages where you have an account under the entity's name.
4. **Customer Investment Objectives and Risk Tolerance and Customer Financial Information** on pages 2 and 3: Fully complete these sections. Financial information for the entity should be indicated under Primary Applicant (pg. 2) and the individual's information under Co-Applicant (pg.3).
5. **Additional Customer Information** on page 3. Fully complete this section.
6. **Account Funding** on page 3: Indicate how you plan to fund the account. Do not send checks with your application when opening a new account. Note that accounts can only be funded once your application has been approved.
7. **Sweep Account Instructions** on page 4: Select a Money Market Sweep program. You may select "Credit Interest" if you wish to decline Sweep Instructions.
8. **Margin/Short Account Agreement and Option Account Agreement** on page 4: Must be fully completed and signed/dated by all Co-Applicants if you wish to apply for margin and/or option trading privileges.
9. **Account Agreement and Special Instructions and Customer Signatures** on pages 5 and 6: These sections must be fully completed and signed/dated in all applicable areas by each Co-Applicant.
10. Fully complete the Corporate Resolution (**for a Corporate account**) application. This must be signed and dated by all authorized Agents (Co-Applicants).
11. Fully complete the Limited Liability Company Account Agreement (**for an LLC account**). This must be signed and dated by all authorized Agents (Co-Applicants).
12. Fully complete the Partnership Agreement (**for an LP account**). This must be signed and dated by all authorized individuals (Co-Applicants).
13. Fully complete the Certification of Trust by Trustee(s) form (**for a Trust account**). This must be signed and dated by all Trustees.
14. Submit documentation from the state verifying the entity (**for Corporate, LLC, and Partnership accounts**). This can include Articles of Incorporation, Certificate Organization/Incorporation or a valid Business License. Do not submit registration applications or filing receipts.
15. Submit a copy of your SS4 confirmation letter from the IRS verifying the Tax ID of the entity (**for Corporate, LLC, and Partnership accounts**). Do not submit the SS4 filing application or an online printout.

**\*\*Do not** send checks with your application when opening a new account. You will receive a welcome email with your account number once the new account is open.

# NEW ACCOUNT APPLICATION

## Account Registration Information

**\*\*this section is for office use only\*\***

Account Number \_\_\_\_\_ Account Short Name \_\_\_\_\_

Office Number \_\_\_\_\_ Financial Professional \_\_\_\_\_

## Account Type

<input type="checkbox"/> <b>Individual Account</b> One person owns the account.	<input type="checkbox"/> <b>Joint Account (choose one)</b>  <input type="checkbox"/> <b>Joint Rights of Survivorship</b> If one owner dies, his/her interest passes to the surviving owners.  <input type="checkbox"/> <b>Joint Tenancy in Common*</b> <b>(50/50 unless otherwise noted, ____%/____% )</b>  <input type="checkbox"/> <b>Joint Community Property</b> Select if residing in AZ, CA, ID, LA, NV, NM, TX, WA, WI, or PR. If one owner dies, his/her interest does not automatically pass to the surviving owner or estate.  <input type="checkbox"/> <b>Joint Tenants by Entirety</b>  <small>*For community property accounts there may be several factors that impact asset movement after an account holder dies. You should consult with an attorney to better understand how community property assets are distributed in the event of death and options that your state law may offer.</small>	<input type="checkbox"/> <b>Custodial Account (Choose one)</b>  <input type="checkbox"/> <b>UTMA – Uniform Transfer to Minors Act</b> <input type="checkbox"/> <b>Guardianship</b>  Established by an adult for the benefits of a minor, cash account only. An account can have only one custodial.  <b>State/Territory UTMA Formed:</b> _____  <b>Date UTMA Terminates:</b> _____
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Please attach a copy of the documentation which establishes individual trading authority on behalf of the account entity. Also, a New Account Application Addendum(s) must be completed, if there are (1) more than two account applicants, (2) additional persons with trading authority, or (3) for foreign entities having additional beneficial owners with an interest of 10% or more.

<input type="checkbox"/> <b>Bank</b>  <input type="checkbox"/> <b>Conservatorship</b>  <input type="checkbox"/> <b>Investment Club</b>  <input type="checkbox"/> <b>Non-Corporate</b>  <input type="checkbox"/> <b>Partnership</b>  <input type="checkbox"/> <b>Pension/PSP</b>  <input type="checkbox"/> <b>Sole Proprietorship</b>	<input type="checkbox"/> <b>Limited Liability Company</b>  <input type="checkbox"/> <b>C Corporate</b>  <input type="checkbox"/> <b>S Corporate</b>  <input type="checkbox"/> <b>Partnership</b>  <input type="checkbox"/> <b>Single Member</b>  <input type="checkbox"/> <b>Corporate</b>  <input type="checkbox"/> <b>C Corporate</b>  <input type="checkbox"/> <b>S Corporate</b>	<input type="checkbox"/> <b>Non-Profit</b>  <input type="checkbox"/> <b>C Corporate</b>  <input type="checkbox"/> <b>S Corporate</b>  <input type="checkbox"/> <b>Foundation</b>  <input type="checkbox"/> <b>Estate</b>  <input type="checkbox"/> <b>Administrator</b>  <input type="checkbox"/> <b>Executor</b>  <input type="checkbox"/> <b>Executrix</b>  <input type="checkbox"/> <b>Personal Representative</b>	<input type="checkbox"/> <b>Trust</b>  <input type="checkbox"/> <b>Irrevocable Trust</b>  <input type="checkbox"/> <b>Revocable Trust</b>  <input type="checkbox"/> <b>Testamentary Trust</b>  <input type="checkbox"/> <b>Trust Under The Will Of</b>  <input type="checkbox"/> <b>Living/Inter-vivos Trust</b>  <input type="checkbox"/> <b>Untrust</b>
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## Applicant Information

### USA PATRIOT ACT Important Information About Opening A New Account

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

Primary Applicant Individual or Business/Trust/Entity/Name/Custodian	Co-Applicant Applicant Individual or Business/Trustee/Entity/Name/Custodian/Power or Attorney/Trade Authorization
Name (First, Middle, Last) or Business/Trust/Entity Name/Custodian	Name (First, Middle, Last) Trustee/Authorized Person/Minor/Power of Attorney/Trade Authorization
Physical Street Address (P.O. Box is not acceptable)	Physical Street Address (P.O. Box is not acceptable)
City, State, Country, & Zip Code	City, State, Country, & Zip Code
Mailing Address (if different from the above: P.O. Box can be used)	Mailing Address (if different from the above: P.O. Box can be used)
City, State, Country, & Zip Code	City, State, Country, & Zip Code
Social Security Number/Tax ID Number	Social Security Number/Tax ID Number
Date of Birth (MM/DD/YYYY)	Date of Birth (MM/DD/YYYY)
Primary Phone Number	Primary Phone Number
Secondary Phone Number	Secondary Phone Number
Email Address	Email Address
Marital Status <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed	Marital Status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed
Number of Dependents	Number of Dependents
Citizenship Status <input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Resident Alien <input type="checkbox"/> Non-Resident Alien (Non-Resident Alien must provide a valid government issued photo ID and a Completed W-BEN)	Citizenship Status <input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Resident Alien <input type="checkbox"/> Non-Resident Alien (Non-Resident Alien must provide a valid government issued photo ID and a Completed W-BEN)
Type of Photo Identification <input type="checkbox"/> Driver's License <input type="checkbox"/> Passport/Visa <input type="checkbox"/> Other	Type of Photo Identification <input type="checkbox"/> Driver's License <input type="checkbox"/> Passport/Visa <input type="checkbox"/> Other
State/Country Issued	State/Country Issued
ID Number	ID Number
Date of Issuance (MM/DD/YYYY)	Date of Issuance (MM/DD/YYYY)
Date of Expiration (MM/DD/YYYY)	Date of Expiration (MM/DD/YYYY)
Employer (if Self-Employed or retired specify type of business)	Employer (if Self-Employed or retired specify type of business)
Occupation/Job Title	Occupation/Job Title
Business Phone Number	Business Phone Number
Employer Street Address	Employer Street Address
City, State, Country, & Zip Code	City, State, Country, & Zip Code

### Trusted Contact Information (Optional)

Name (First, Middle, Last)

Home Street Address

City, State, Country & Zip Code

Primary Phone Number

Secondary Phone Number

Business Phone Number

Email Address

Relationship to primary applicant/co-applicant (Spouse, Partner, Child, Parent, Sibling, Friend, etc.)

### Affiliations

Indicate the affiliation of yourself, your spouse, or any other immediate family members (i.e. parents, siblings, children or in laws) with the following (Please include name and relationship as is applicable)

#### Primary Applicant

<input type="checkbox"/> Yes <input type="checkbox"/> No	A. Employed by or associated with the securities industry or a financial regulatory agency? (If yes, please specify the <b>entity name and address</b> to which duplicate account mailings should be sent, as well as including a letter from employer approving this account.)
<input type="checkbox"/> Yes <input type="checkbox"/> No	B. An officer, director or 10% (or more) shareholder in a publicly owned company? (If yes, please specify <b>company name and trading symbol</b> .)
<input type="checkbox"/> Yes <input type="checkbox"/> No	C. A senior military, governmental or political official in either the U.S. or a foreign jurisdiction? (If yes, identify the <b>name of the official, office held, and country</b> .)
<input type="checkbox"/> Yes <input type="checkbox"/> No	D. Are you an accredited investor as defined in SEC Rule 501 of Regulation D?

#### Co-Applicant

<input type="checkbox"/> Yes <input type="checkbox"/> No	A. Employed by or associated with the securities industry or a financial regulatory agency? (If yes, please specify the <b>entity name and address</b> to which duplicate account mailings should be sent, as well as including a letter from employer approving this account.)
<input type="checkbox"/> Yes <input type="checkbox"/> No	B. An officer, director or 10% (or more) shareholder in a publicly owned company? (If yes, please specify <b>company name and trading symbol</b> .)
<input type="checkbox"/> Yes <input type="checkbox"/> No	C. A senior military, governmental or political official in either the U.S. or a foreign jurisdiction? (If yes, identify the <b>name of the official, office held, and country</b> .)
<input type="checkbox"/> Yes <input type="checkbox"/> No	D. Are you an accredited investor as defined in SEC Rule 501 of Regulation D?

### Investment Objectives and Risk Tolerance

**Primary Investment Objective with your associated Risk Tolerance (check one box only)** Select the categories that best describe your investment objectives (and if joint that of any co applicants) and the risk that you are willing to assume in this account. Different investment products and strategies involve different degrees of risk. The greater the expected returns of a product or strategy, the greater the risk that you could lose some or all your investment. Investments should be chosen based on your objectives, timeframe, and tolerance for market fluctuations.

Investment Objective	Risk Tolerance		
<input type="checkbox"/> Capital Preservation	<input type="checkbox"/> Low		
<input type="checkbox"/> Income	<input type="checkbox"/> Low	<input type="checkbox"/> Moderate	<input type="checkbox"/> High
<input type="checkbox"/> Growth		<input type="checkbox"/> Moderate	<input type="checkbox"/> High
<input type="checkbox"/> Speculation			<input type="checkbox"/> High

Description of Terms

Investment Objective Descriptions

- **Capital Preservation:** The object of capital preservation is to protect your initial investment by choosing investments that minimize the potential of a loss of principal. The long-term risk of this strategy is that returns may not offset inflation.
- **Income:** The primary objective of the income strategy is to provide current income rather than the long-term growth of principal.
- **Growth:** The objective of the growth strategy is to increase the value of your investment over time while recognizing a high likelihood of volatility.
- **Speculation:** A speculative objective assumes a higher risk of loss in anticipation of potentially higher-than-average gains by taking advantage of expected price changes. You recognize and are able to bear the full risk of the loss of some or all principal in such investments.

Risk Tolerance Descriptions

- **Low (Conservative):** I want to preserve my initial principal in this account, with minimal risk, even if that means this account does not generate significant income or returns and may not keep pace with inflation.
- **Moderate:** I am willing to accept some risk to my initial principal and tolerate some volatility to seek higher returns and understand I could lose a portion of the money invested.
- **High (Aggressive):** I am willing to accept high risk to my initial principal, including high volatility, to seek higher returns over time, and understand I could lose all or a substantial amount of the money invested.

Financial Information (Combine information for joint accounts)

The more we know about you and your goals for this account, the better we can serve you. Please answer the following questions about your investment experience and financial situation to help us determine which investment products and strategies are suitable for you.

Investment Experience Include year of experience)	Annual income (From all sources)	Net Worth (Exclusive of residence)	Liquid Net Worth (Cash, Securities, etc.)	Federal Tax Rate
<input type="checkbox"/> Stocks _____	<input type="checkbox"/> Under \$25,000	<input type="checkbox"/> Under \$50,000	<input type="checkbox"/> Under \$50,000	<input type="checkbox"/> 10%
<input type="checkbox"/> Bonds _____	<input type="checkbox"/> \$25,000 - \$49,999	<input type="checkbox"/> \$50,000 - \$99,999	<input type="checkbox"/> \$50,000 - \$99,999	<input type="checkbox"/> 12%
<input type="checkbox"/> Options _____	<input type="checkbox"/> \$50,000 - \$99,999	<input type="checkbox"/> \$100,000 - \$249,999	<input type="checkbox"/> \$100,000 - \$249,999	<input type="checkbox"/> 22%
<input type="checkbox"/> Commoditiies _____	<input type="checkbox"/> \$100,000 - \$249,999	<input type="checkbox"/> \$250,000 - \$499,999	<input type="checkbox"/> \$250,000 - \$499,999	<input type="checkbox"/> 24%
<input type="checkbox"/> Futures _____	<input type="checkbox"/> \$250,000 - \$999,999	<input type="checkbox"/> \$500,000 - \$999,999	<input type="checkbox"/> \$500,000 - \$999,999	<input type="checkbox"/> 32%
<input type="checkbox"/> Mutual Funds _____	<input type="checkbox"/> \$1,000,000 - \$2,999,999	<input type="checkbox"/> \$1,000,000 - \$2,999,999	<input type="checkbox"/> \$1,000,000 - \$2,999,999	<input type="checkbox"/> 35%
<input type="checkbox"/> Annuities _____	<input type="checkbox"/> Over \$3,000,000	<input type="checkbox"/> \$3,000,000 - \$49,999,999	<input type="checkbox"/> Over \$3,000,000	<input type="checkbox"/> 37%
<input type="checkbox"/> Margin Accts _____		<input type="checkbox"/> Over \$50,000,000		
<input type="checkbox"/> Other List _____				

The Investment in this account will be (Optional - Check One)	<b>Annual income</b> includes income from sources such as employment, alimony, social security, investment income, etc.
<input type="checkbox"/> Less than ¼ of my financial portfolio	<b>Net worth</b> is the value of your assets minus your liabilities. For purposes of this application, assets include stocks, bonds, mutual funds, other securities, bank accounts, and other personal property. Do not include your primary residence among your assets. For liabilities, include any outstanding loans, credit card balances, taxes, etc. Do not include your mortgage.
<input type="checkbox"/> Roughly ¼ to ½ of my financial portfolio	
<input type="checkbox"/> Roughly ½ to ¾ of my financial portfolio	
<input type="checkbox"/> More than ¾ of my financial portfolio	<b>Liquid net worth</b> is your net worth minus assets that cannot be converted quickly and easily into cash, such as real estate, business equity, personal property and automobiles, expected inheritances, assets earmarked for other purposes, and investments or accounts subject to substantial penalties if they were sold or if assets were withdrawn from them.

Investment Time Horizon – When is the earliest that you expect to need funds from this account?

<input type="checkbox"/> Under 3 years	<input type="checkbox"/> 3 – 5 years	<input type="checkbox"/> 6 – 10 years	<input type="checkbox"/> 11 - 20 years	<input type="checkbox"/> Over 20 years	<input type="checkbox"/> Unknown
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I plan to use this account for the following (Check all that apply)	What is your source of funds for this account (Check all that apply)
<input type="checkbox"/> Generate income for current or future expenses	<input type="checkbox"/> Income from earnings
<input type="checkbox"/> Partially fund my retirement	<input type="checkbox"/> Investment/Transfer from brokerage account
<input type="checkbox"/> Wholly fund my retirement	<input type="checkbox"/> Gift
<input type="checkbox"/> Steadily accumulate wealth over the long term	<input type="checkbox"/> Sale of business or real estate
<input type="checkbox"/> Preserve wealth and pass it on to my heirs	<input type="checkbox"/> Inheritance
<input type="checkbox"/> Pay for educational expenses	<input type="checkbox"/> Pension/IRA/Retirement Savings
<input type="checkbox"/> Market Speculation	<input type="checkbox"/> Spouse/Parent/Relative
<input type="checkbox"/> Other _____	<input type="checkbox"/> Legal/Insurance Settlement
	<input type="checkbox"/> Lottery/Gaming
	<input type="checkbox"/> Other _____

## Account Funding

Will this account be funded with an ACH or Account Transfer? ☐ Yes ☐ No

- |   |   |
|---|---|
| <input type="checkbox"/> ACH              | <input type="checkbox"/> Enclosed is/are security certificate(s). <i>(Please endorse all certificates on the back exactly as they are registered on the front.)</i> |
| <input type="checkbox"/> Account Transfer | <input type="checkbox"/> Other _____  |

## Sweep Account Instructions

### Sweep instructions available.

- ☐ Sweep to Bank Insured Deposit (FDIC Insured Deposit Account)
- ☐ Credit Interest, Sweep Declined

### Optional Payout Instructions available.

#### Interest Instructions

- ☐ Send Interest via Check, Hold principal in Account.

#### Money Instructions

- ☐ Send Sales proceeds via check

If you choose the "Credit Interest, Sweep Declined" option, fail to make a selection, or if your account is ineligible to sweep, you authorize HTS to retain the excess cash balance in an interest-bearing SIPC insured credit investment pending (CIP) account held at HTS. HTS may change the products available under the sweep program, however you will receive 30 days' notice before certain specified changes are made. For complete sweep account disclosures please see the Customer Information Brochure. I acknowledge and understand that if I elect or otherwise have excess cash balances swept to the Bank Insured Deposit, that I will review and obtain the Bank Insured Deposit Terms and Conditions, at: <http://www.hilltopsecurities.com/hilltop-securities-inc-disclosures/sweep-account-disclosure/>. If I do not have access to the internet or am otherwise unable to access this document, I may request a printed copy and then it will be mailed to me. My selections under this section and my signature at the end of this application constitute my affirmative written consent regarding my sweep account participation

## Margin/Short Account Agreement

### UTMA along with 401(k)s and 403(b) are not eligible for margin.

By signing below, I acknowledge that I have received a copy of the HTS Margin and Short Account Agreement Section of the Customer Information Brochure as well as the current margin rate and that I have read, understand, and agree to be bound by the terms. Furthermore, I have been made aware of the risks associated with trading securities short or on margin. **I REPRESENT THAT I AM CAPABLE OF EVALUATING, CARRYING AND BEARING THE FINANCIAL RISKS AND HAZARDS OF MARGIN OR SHORT TRADING AS I HAVE REQUESTED.**

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

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

## Option Account Agreement

(Please read, complete and sign below if you wish to trade on options.)

Investment Objective	Prior option trading frequency
<input type="checkbox"/> Income	<input type="checkbox"/> No Trading
<input type="checkbox"/> Speculation	<input type="checkbox"/> Infrequent
	<input type="checkbox"/> Moderate
	<input type="checkbox"/> Active

## Option Strategy Levels Requested

Check the strategy level that you wish to utilize in this account

**NOTE: UTMA is only eligible for levels 1 & 2 (no margin)**

☐ Level 1: Cover Call Writing – Writing calls fully covered by underlying stock or security convertible into underlying stock.

☐ Level 2: Level 1 plus buying calls and/or puts.

**NOTE: UTMA is NOT eligible for levels 3 & 4.**

☐ Level 3: Levels 1 and 2 plus put writing, spreads, and straddles. *(Note: Requires the use of margin)*

☐ Level 4: Levels 1, 2 and 3 plus uncovered call writing. *(Note: Requires the use of margin)*

By signing below, I acknowledge that I have received a copy of the HTS Option Account Agreement Section of the Customer Information Brochure and that I have read, understand, and agree to be bound by the terms. I feel that I have sufficient knowledge to invest in options and I represent that I will maintain extra awareness due to the short life and price volatility of options. **I REPRESENT THAT I AM CAPABLE OF EVALUATING, CARRYING AND BEARING THE FINANCIAL RISKS AND HAZARDS OF THE OPTION STRATEGIES AS I HAVE REQUESTED.**

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

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

## Account Agreement and Special Instructions

(Please read and sign)

You hereby request that your Financial Professional maintain a brokerage account in the name(s) listed on this application. You acknowledge that you have received, read and understood the Hilltop Securities Inc. (HTS/Firm) Cash Account Agreement (Agreement) section of the Customer Information Brochure and that you agree to be bound by the terms and conditions of the Agreement that apply to your brokerage account, as is currently in effect and as may be amended from time to time, and that you will contact your Financial Professional regarding any questions that may relate to your account in a timely manner.

By signing this Application below, you authorize HTS to invest or transfer on an ongoing basis any excess cash balances to another account or institution as per the sweep account option you have selected or, alternatively, to retain any excess cash balances in CIP, except for IRAs or qualified retirement plans, should you either decline a sweep account option, make no sweep selection, or have an ineligible account. You also acknowledge that you have read, understand, and agree to be bound by all terms as contained in the Customer Information Brochure relating to sweep accounts. You agree to notify your Financial Professional in writing should you wish to change your sweep account selection, decline participation in a sweep account option, or elect to participate in a sweep account. You also authorize HTS to transfer your interest in the selected sweep option to another product in the sweep program upon 30 days written notice.

By signing this Application, you confirm your intention to reinvest cash credit balances held by HTS in your name, and you further confirm that this cash credit balance is being maintained in your account solely for the purpose of reinvestment. You acknowledge your understanding that cash balances of up to \$250,000 are protected by the Securities Investor Protection Corporation (SIPC), but that SIPC coverage is not available for funds maintained solely for the purpose of earning interest.

Under rule 14b-1(c) of the Securities Exchange Act, a broker is required to disclose to an issuer the name, address, and securities positions of our customers who are beneficial owners of that issuer's securities unless the customer objects. If you object to the disclosure of such information, please check this box:

☐ Yes, I object to the disclosure of such information.

## Cost Basis Election

We are required to report your cost basis, short term and long-term capital gain/loss information to the Internal Revenue Service (IRS) after the sale of your securities (for transition of specific securities, see your Customer Information Brochure). Hilltop Securities Inc. will use the First In First Out (FIFO) cost basis default accounting method on all lots sold unless you notify us to use an alternate cost basis accounting method, pursuant to instructions in your Customer Information Brochure. Please note that if you wish a specific tax lot to be sold, you will need to notify your Financial Professional in writing on or before the settlement date of the trade as to which lot you wish sold. *(Please refer to your Customer Information Brochure for additional details. For further reference the Internal Revenue Service Cost Basis Regulations can be found on the IRS website at <http://www.irs.gov>.)* Please see below selections to change from Hilltop Securities Inc. default bond reporting options.

☐ Market Discount Election- Hilltop Securities Inc. defers the recognition of Market Discount. Please select this box if you want to Recognize Market Discount as it accrues. If you made an election under section 1278(b) to include market discount in income as it accrues, you must notify Hilltop Securities Inc. of this election in writing in accordance with Regulations section 1.6045-1(n)(5). (Please refer to the IRS Publication 550).

☐ Market Discount Calculation Election- Hilltop Securities Inc. uses the Constant Yield calculation method for accreting Market Discount. Please select this box if you choose the Straight Line (Ratable) Calculation method. (Please refer to the IRS Publication 550).

☐ Bond Premium- Hilltop Securities Inc. amortizes taxable Bond Premium. Please select this box if you do not want to amortize taxable Bond Premium. (Please refer to the IRS Publication 550).

## Tax Withholding Certifications

Please check all boxes that apply

Primary Applicant	Co-Applicant	
<input type="checkbox"/>	<input type="checkbox"/>	<b>Person:</b> under penalties of perjury, I certify that (1) the number shown on this form is my correct taxpayer identification number; (2) I am not subject to backup withholding because; (a) I am exempt from backup withholding; or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the IRS has notified me that I am no longer subject to backup withholding; (3) I am a U.S. Person (including a U.S. resident alien); and (4) the Foreign Account Tax Compliance Act (FATCA) code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct
<input type="checkbox"/>	<input type="checkbox"/>	<b>Certification Instructions:</b> You must check this box if you cannot certify to item (2) above, meaning that you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report interest and dividends on your tax return.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Non-Resident Alien:</b> I certify that I am not a U.S. citizen, U.S. Resident alien, or other U.S. Person for U.S. tax purposes, and I am submitting the applicable Form W-8Ben with this form to certify my foreign status and, if applicable, claim tax treaty benefits.
<input type="checkbox"/>	<input type="checkbox"/>	<b>United States Financial Institution (USFI):</b> By selecting this box you indicate that you are an USFI. You certify that you are exempt from back up withholding and certify that you are FATCA exempt. You also verify that the exempt payee code provided below is correct.  <b>Please note that exempt payee code is required.</b> Please see <a href="http://www.irs.gov/pub/irs-pdf/fw9.pdf">http://www.irs.gov/pub/irs-pdf/fw9.pdf</a> for information on exempt payee codes. _____ <b>Exempt Payee Code</b>

## Legal Documents and Disclosures

Document Name	URL
Important information about our brokerage and investment advisory services	
Customer Information Brochure	<a href="https://www.hilltopsecurities.com/disclosures/customer-information-brochure/">https://www.hilltopsecurities.com/disclosures/customer-information-brochure/</a>
Basic Securities & Brokerage	
Privacy Policy	<a href="https://www.hilltopsecurities.com/disclosures/privacy-policy/">https://www.hilltopsecurities.com/disclosures/privacy-policy/</a>
Hilltop Securities Inc. Sweep Disclosure	<a href="https://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/">https://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/</a>
Margin & Options	
Characteristics and Risk of Standardized Options	<a href="http://www.theocc.com/about/publications/character-risks.jsp">http://www.theocc.com/about/publications/character-risks.jsp</a>
Special Statement for Uncovered Option Writers	
IRS Form	
IRS Form W-9	<a href="https://www.irs.gov/pub/irs-pdf/fw9.pdf">https://www.irs.gov/pub/irs-pdf/fw9.pdf</a>

## Client Agreements, Disclosures, and Terms

**For your convenience, paper copies of the legal documents and disclosures listed above are available. To request paper copies, please contact your Financial Professional for assistance or contact us directly at Hilltop Securities Inc. / 717 N. Harwood Street, Suite 3400 / Dallas, TX 75201 / Phone #: (214) 859-1800. These documents are incorporated into this agreement.**

### **Online Delivery and Acceptance Agreement**

We are required by law, statute or regulation to provide certain documents and disclosures to you "in writing." With your consent, we can provide this information to you by electronic delivery.

By signing below and opening an account with us, you agree to, and acknowledge acceptance of, the legal documents and disclosures listed above in any form or manner of electronic communications permitted under applicable law, including via email or electronic hyperlink. You agree that all documents provided electronically have the same meaning and effect as if we provided paper documents to you. Many of the disclosures and other documents are also available on our website at <https://www.hilltopsecurities.com/disclosures-overview/>.

You further agree that if any law, statute or regulation may require delivery of any other documents or disclosures in written or paper form in the future, you hereby agree to receive such documents electronically to the extent permitted by law.

You may request a paper copy of any communication delivered to you electronically by contacting us in writing. However, you agree that any paper communications from us will not revoke or otherwise invalidate your consent to electronic delivery.

You understand and consent to our use of your email address to contact you and to deliver such documents (including any updates thereto) and other communications. You further agree to promptly notify us of any changes to your email address, mobile phone number, or other electronic address. Your consent to electronic delivery and acceptance will remain effective until and unless it is revoked by you in writing and received by us. For certain types of accounts, such revocation may be required by all owners, trustees, or other authorized persons. Any revocation of your consent will only be effective for the period following your revocation, and you agree that such revocation will not affect the legal effectiveness or validity of any electronic communications provided prior to your revocation.

You further agree that if any law, statute or regulation may require delivery of any other documents or disclosures in written or paper form in the future, you hereby agree to receive such documents electronically to the extent permitted by law.

You may request a paper copy of any communication delivered to you electronically by contacting us in writing. However, you agree that any paper communications from us will not revoke or otherwise invalidate your consent to electronic delivery.

You understand and consent to our use of your email address to contact you and to deliver such documents (including any updates thereto) and other communications. You further agree to promptly notify us of any changes to your email address, mobile phone number, or other electronic address. Your consent to electronic delivery and acceptance will remain effective until and unless it is revoked by you in writing and received by us. For certain types of accounts, such revocation may be required by all owners, trustees, or other authorized persons. Any revocation of your consent will only be effective for the period following your revocation, and you agree that such revocation will not affect the legal effectiveness or validity of any electronic communications provided prior to your revocation.

By signing and dating this form, all applicants authorize the disclosure of their names, security position(s) and contact information, for purposes of receiving official communications concerning municipal securities, if relevant, to (a) an issuer of municipal securities; (b) a trustee for an issue of municipal securities in its capacity as trustee; (c) a state or federal tax authority; or (d) a custody agent for a stripped coupon municipal securities program in its capacity as custody agent. (For additional information, please see MSRB Rules G-8(a)(xi) and G-15(g)(iii)(A).

For Joint Tenants with Rights of Survivorship (JTWROS) accounts, on the death of one party to a joint account, all sums in the account on the date of the death vest in and belong to the surviving party as his or her separate property and estate.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup and FATCA withholding, please refer to the above link for more information.

In consideration of Hilltop Securities Inc. accepting an account for me/us, I/We ("I") acknowledge that I have received, reviewed, and agree to be bound by all documents within the Legal Documents and Disclosure section, above. **I further acknowledge that I have read and understand the pre-dispute arbitration clause contained in the Cash Account Agreement section of the Master Customer Agreement and Information Brochure and agree to resolve any disputes arising out of my account(s) by arbitration.**

I further certify that the foregoing client information is accurate, and I am aware that the information is relied upon by the financial professional in servicing my account, and as such, I agree to promptly notify the Firm in writing of any material changes, including those to the holder's financial situation or investment objectives.

## Customer Signatures

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

\_\_\_\_\_  
Primary Applicant's Printed Name

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

\_\_\_\_\_  
Co-Applicant's Printed Name

## FOR BROKERAGE USE ONLY

Characteristics and Risk of Standardized Option Delivered \_\_\_\_\_

Customer Information Brochure Delivered \_\_\_\_\_

Special Statement for Uncovered Option Writers Delivered \_\_\_\_\_

Privacy Policy Delivered \_\_\_\_\_

In my capacity of Registered Options Principal, I have reviewed the client's financial condition, investment objective(s) and investment experience, and on that basis feel the following level of trading is suitable for the client:

Form CRS Delivered \_\_\_\_\_

Form CRS Delivery Method \_\_\_\_\_

☐ Level 1

☐ Level 2

☐ Level 3

☐ Level 4

Copies of all Written Agreements Delivered \_\_\_\_\_

X \_\_\_\_\_ X \_\_\_\_\_  
Financial Professional's Signature Date

\_\_\_\_\_  
Financial Professional's Printed Name

☐ Financial Professional's Attestation

X \_\_\_\_\_ X \_\_\_\_\_  
Financial Professional's Signature Date

\_\_\_\_\_  
Financial Professional's Printed Name

☐ Financial Professional's Attestation

X \_\_\_\_\_ X \_\_\_\_\_  
Financial Professional's Signature Date

\_\_\_\_\_  
Financial Professional's Printed Name

☐ Financial Professional's Attestation

X \_\_\_\_\_ X \_\_\_\_\_  
Financial Professional's Signature Date

\_\_\_\_\_  
Financial Professional's Printed Name

☐ Financial Professional's Attestation

X \_\_\_\_\_ X \_\_\_\_\_  
Registered Options Principal Signature Date

\_\_\_\_\_  
Registered Options Principal Printed Name

X \_\_\_\_\_ X \_\_\_\_\_  
Principal's Signature Date

\_\_\_\_\_  
Principal's Printed Name

Office # \_\_\_\_\_

Financial Professional \_\_\_\_\_

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



For Office Use Only: Acct.# \_\_\_\_\_ Office: \_\_\_\_\_ Financial Professional: \_\_\_\_\_ Name for Filing: \_\_\_\_\_

**Hilltop Securities Inc. and/or Broker/Dealers for which it clears**  
Hilltop Securities Inc. - Member: NYSE/ FINRA/ SIPC

☐ New Account  
☐ Account Update

## New Account Application Addendum

A New Account Application Addendum(s) must be completed, if there are (1) more than two account applicants, (2) additional persons with trading authority, or (3) for foreign entities having additional beneficial owners with an interest of 10% or more. Please use a separate Addendum for each such person or entity.

### 1. Account Applicant Not Listed on Primary Application

Account Name on Primary New Account Application: \_\_\_\_\_

Individual's Capacity with Account/ Entity (i.e. Trustee, Partner, Officer Title, Director, Shareholder, etc.): \_\_\_\_\_

Percentage of Account/Entity Ownership Interest: \_\_\_\_\_

### 2. Customer Information

Name of Applicant/ Custodian (First, Middle, Last) <u>or</u> Business/ Trust/ Entity Name	Social Security #/ Tax ID #	Date of Birth (Month/Day/Year)			
Physical/ Home Address (P.O. Box is not acceptable)	City	State/ Province	Country	Zip	Years at Residence
Mailing Address (P.O. Box is acceptable if physical address provided above)	City	State/ Province	Country	Zip	
Home Phone Number	Cell Phone Number	Fax Number	Email Address		

### 3. Customer Identification

#### USA PATRIOT Act - Important Information About Opening A New Account

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

☐ Driver's License ☐ Passport/Visa ☐ Other \_\_\_\_\_

Issuer: \_\_\_\_\_ ID Number: \_\_\_\_\_

Date of Issuance (If applicable): \_\_\_\_\_ Date of Expiration (If applicable): \_\_\_\_\_

### 4. Customer Profile

Marital Status: ☐ Single ☐ Married ☐ Divorced ☐ Widowed Number of Dependents: \_\_\_\_\_

Citizenship Status: ☐ U.S. Citizen ☐ Resident Alien ☐ Non-Resident Alien (If a Non-Resident Alien, you must provide a valid government-issued photo ID and a completed W-8BEN)

Country of Citizenship if Non-U.S.: \_\_\_\_\_

Employer (If self-employed or retired, specify type of business.)	Occupation/Job Title	Business Telephone		
Employer's Address	City	State/Province	Country	Zip
Estimated Net Worth: \$ _____	Annual Income: \$ _____			

### 5. Customer Affiliations and Disclosures

Indicate the affiliation of yourself, your spouse, or any other immediate family members (i.e. parents, siblings, children or in-laws) with the following (Please include name and relationship as is applicable):		Self	Family Member
A. Employed by or associated with the securities industry or a financial regulatory agency? (If yes, please specify the entity name and address to which duplicate account mailings should be sent, as well as including a letter from employer approving this account.):	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
B. An officer, director or 10% (or more) shareholder in a publicly-owned company? (If yes, please specify company name and trading symbol.):	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
C. A senior military, governmental or political official in either the U.S. or a foreign jurisdiction? (If yes, identify the name of the official, office held, and country.):	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes

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

X \_\_\_\_\_  
Applicant's Printed Name



**Hilltop Securities Inc. and/or Broker/Dealers for which it clears**  
Hilltop Securities Inc. Member NYSE/FINRA/SIPC

## Corporate Resolution

### 1. Agreement.

I, \_\_\_\_\_, in my official capacity, hereby certify that I am an officer, namely  
**Officer's Printed Name (must also sign below in Section 3)**  
 \_\_\_\_\_, of \_\_\_\_\_, a Corporation duly organized and  
 existing under the laws of the State of \_\_\_\_\_, and that the following resolution was duly and regularly  
 adopted by the Board of Directors of said Corporation at a meeting held the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at  
 which a quorum for the transaction of business was present and acting throughout, the following resolution was duly and  
 regularly adopted, and that such resolution is still in full force and effect, and appears as follows in the minutes of the meeting:

"Resolved that the President, Vice President and the Treasurer of this Corporation, or any one of such officers, he/she and they hereby are fully authorized and empowered to open a brokerage account, transfer, endorse, sell, assign, set over and deliver any and all shares of stock, options, bonds, debentures, notes, evidences of indebtedness or other securities (including short sales) now or hereafter standing in the name of or owned by this Corporation, to purchase stocks, bonds, debentures, notes, evidences of indebtedness and other securities (on margin or otherwise), to pay in cash or by check or draft drawn upon the funds of the Corporation any sums required to be paid in connection with any Account, and to make, execute, and deliver, under the Corporate Seal of this Corporation any and all written instruments necessary or proper to effectuate the authority hereby conferred."

I/We further certify that the authority thereby conferred is consistent with the charter and/or by-laws of this Corporation and that the following is a true and correct list of the officers of this Corporation as of the present date and record of the officers' signatures:

### 2. Names and Signatures.

Each officer must print and sign their name as well as date their signature.

_____ President's Printed Name	<b>X</b> _____ President's Signature <span style="float: right;">Date</span>
_____ Vice President's Printed Name	<b>X</b> _____ Vice President's Signature <span style="float: right;">Date</span>
_____ Treasurer's Printed Name	<b>X</b> _____ Treasurer's Signature <span style="float: right;">Date</span>

### 3. Certification. (\*\*Must be signed by an Officer who is not signing the stock or stock power\*\*).

In witness whereof, I have hereunto set my hand and the Seal of said Corporation this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Corporate Seal (If no seal, please certify.)

\_\_\_\_\_  
 Officer's Printed Name (officer designated above in **SECTION 1**)

**X** \_\_\_\_\_  
 Officer's Signature (officer designated above in **SECTION 1**)



**Hilltop Securities Inc. and/or Broker/Dealers for which it Clears**  
**Hilltop Securities Inc. - Member: NYSE/ FINRA/ SIPC**

☐ New Account  
☐ Account Update

## Certification Regarding Beneficial Owners of Legal Entity Customers

### I. GENERAL INSTRUCTIONS

#### **What is this form?**

To help the government fight financial crime, Federal regulation requires certain financial institutions to obtain, verify, and record information about the beneficial owners of legal entity customers. Legal entities can be abused to disguise involvement in terrorist financing, money laundering, tax evasion, corruption, fraud, and other financial crimes. Requiring the disclosure of key individuals who own or control a legal entity (i.e., the beneficial owners) helps law enforcement investigate and prosecute these crimes.

#### **Who has to complete this form?**

For the purposes of this form, a legal entity includes a corporation, limited liability company, or other entity that is created by a filing of a public document with a Secretary of State or similar office, a general partnership, and any similar business entity formed in the United States or a foreign country. Legal entity does not include sole proprietorships, unincorporated associations, or natural persons opening accounts on their own behalf.

#### **What information do I have to provide?**

This form requires you to provide the name, address, date of birth and Social Security number (or passport number or other similar information, in the case of foreign persons) for the following individuals (i.e., the **beneficial owners**):

- (i) Each individual, if any, who owns, directly or indirectly, 25 percent or more of the equity interests of the legal entity customer (e.g., each natural person that owns 25 percent or more of the shares of a corporation); **and**
- (ii) An individual with significant responsibility for managing the legal entity customer (e.g., a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, or Treasurer).

The number of individuals that satisfy this definition of “beneficial owner” may vary. Under section (i), depending on the factual circumstances, up to four individuals (but as few as zero if there are no owners that own 25 percent or more of the entity) may need to be identified. Regardless of the number of individuals identified under section (i), you must provide the identifying information of one individual under section (ii). It is possible that in some circumstances the same individual might be identified under both sections (e.g., the President of Acme, Inc. who also holds a 30 percent equity interest). Thus, a completed form will contain the identifying information of at least one individual (under section (ii)), and up to five individuals (i.e., one individual under section (ii) and four 25 percent equity holders under section (i)). The financial institution may also ask to see a copy of a driver’s license or other identifying document for each beneficial owner listed on this form.

## II. CERTIFICATION OF BENEFICIAL OWNER(S)

**Persons opening an account on behalf of a legal entity must provide the following information:**

a. Name and Title of Natural Person Opening Account: \_\_\_\_\_

b. Name and Address of Legal Entity for Which the Account is Being Opened:  
\_\_\_\_\_

c. The following information for **each** individual, if any, who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent or more of the equity interests of the legal entity listed above:

Name	Title	Date of Birth	Address (Residential or Business Street Address)	For U.S. Persons: Social Security Number	For Foreign Persons: Passport Number and Country of Issuance, or other similar identification number <sup>1</sup>

*(If no individual meets this definition, please write "Not Applicable.")*

<sup>1</sup> *In lieu of a passport number, foreign persons may also provide an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.*

d. The following information for one individual with significant responsibility for managing the legal entity listed above, such as:

- An executive officer or senior manager; or
- Any other individual who regularly performs similar functions.  
*(If appropriate, an individual listed under section (c) above may also be listed in this section (d)).*

Name	Title	Date of Birth	Address (Residential or Business Street Address)	For U.S. Persons: Social Security Number	For Foreign Persons: Passport Number and Country of Issuance, or other similar identification number <sup>1</sup>

<sup>1</sup> In lieu of a passport number, foreign persons may also provide an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

I, \_\_\_\_\_ (name of natural person opening account), hereby certify, to the best of my knowledge, that the information provided above is complete and correct.

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

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

# Correspondent Customer Information Brochure

## CUSTOMER AGREEMENT AND INFORMATION BROCHURE

Hilltop Securities Inc. (HTS), a Member Firm of the New York Stock Exchange (NYSE), the Financial Industry Regulatory Authority (FINRA), and the Securities Investor Protection Corporation (SIPC) may perform, as agent, certain execution and clearing functions for your independent brokerage firm. These services are performed under a contract, known as a Fully Disclosed Clearing Agreement (the Clearing Agreement), between HTS and your independent brokerage firm. In the Clearing Agreement, “Financial Professional” or “your Financial Professional” refers to the financial professional with whom you deal or to the introducing brokerage firm employing him/her. In addition, “You,” “you”, “your”, and “Customer” refer to each person who signs the account application, including self-directed customers where applicable. HTS’ role is limited to performing execution, clearing and custodial functions for your Financial Professional. HTS makes no investment recommendations to You, your Financial Professional, or the customers of your brokerage firm assumes no responsibility for any investment recommendations made, or for trades made within your account.

Your Financial Professional is not an employee or agent of HTS, but rather an employee or owner of a brokerage firm using the facilities of HTS to perform certain execution and clearing functions. Neither the financial professional nor the brokerage firm may contractually bind HTS or make any representations to you on HTS’ behalf. HTS is acting only as an agent for your Financial Professional accepts no liability or responsibility for any act or omission of your Financial Professional or your brokerage firm’s employees. HTS has no responsibility to supervise or monitor the activities of introducing financial professionals and the introducing financial professionals are exclusively responsible for ensuring that the transactions within your account comply with all applicable laws and regulations.

You (“You” or “Customer”) should discuss your investment goals thoroughly with your Financial Professional. The more your Financial Professional knows about your circumstances and financial goals, the better prepared your Financial Professional is to help you. **SHOULD YOU HAVE ANY QUESTIONS CONCERNING ANY ASPECT OF THESE AGREEMENTS, YOUR ACCOUNT OR SECURITIES IN GENERAL CONTACT YOUR FINANCIAL PROFESSIONAL IMMEDIATELY.**

The terms and provisions of the Customer Agreement apply to both HTS and your Financial Professional. You understand and agree that any rights that either HTS or your Financial Professional has under the Customer Agreement (collectively, the “Customer Agreement”), may be exercised by either party or may be assigned to the other, including, but not limited to, the right to collect any debit balance or other obligations owing in your account. HTS and your Financial Professional may collect from you or enforce any other rights under the Customer Agreement independently or jointly. **You understand and acknowledge that HTS may modify or change the terms and conditions set forth herein without notice.**

### **ALLOCATION OF RESPONSIBILITIES**

The purpose of this Allocation of Responsibilities is to set forth the division of responsibilities and the duties of HTS and your Financial Professional and/or your independent brokerage firm (“Financial Professional”). However, it is not meant as a complete listing of every possible circumstance, but only as a general disclosure. You have a direct relationship with your Financial Professional and nothing in the clearing and operational services provided by HTS to your Financial Professional alters that relationship.

**With respect to your account being carried on HTS’ books by arrangement with your Financial Professional, HTS is responsible for:**

- Maintaining books and records detailing transactions in your account, and preparing confirmations and statements showing purchases and sales of securities and related activity, including receipt and delivery of securities and monies, and the collection and distribution of dividends.
- Money market fund and Bank Insured Bank Deposit Program sweep activity will be reflected on your monthly or quarterly statements. Individual trade confirmations for sweep transactions and dividend reinvestments will not be provided.
- Providing margin credit, reviewing requests for extension of payment, the filing of various regulatory reports and observance of applicable industry rules and practices in the extension of credit, which includes compliance with Regulation T of the Federal Reserve Board, the regulations of the FINRA and the application of HTS’ own house margin maintenance requirements. HTS or your Financial Professional sets the rates of interest to be charged to your account.
- Safeguarding your funds and securities, while in the possession of HTS, in accordance with Federal Regulations pertaining thereto. HTS is a member of the Securities Investor Protection Corporation (“SIPC”), which provides customers with insurance protection.
- HTS is a member of SIPC, which protects the securities customers of its members up to \$500,000 (including \$250,000 for claims for cash). In addition, HTS has purchased Excess SIPC Insurance which covers the net equity of customers’ accounts up to an aggregate of \$200 million from underwriting syndicates at Lloyd’s of London. This coverage is offered over and above the coverage provided by SIPC. SIPC and Excess SIPC covers accounts of the member firm in the event of a member’s bankruptcy or insolvency. SIPC and Excess SIPC Insurance Coverage do not protect against losses due to market fluctuation or any decline in market value of your securities. An explanatory brochure is available at [www.sipc.org](http://www.sipc.org) or by calling (202) 371-8300.
- Providing you with year-end tax information as required by the Internal Revenue Service. HTS will furnish you with applicable tax documents for the transactions conducted through HTS.
- Disseminating materials concerning proxies, tender offers, and similar shareholder information received by HTS and providing various records for you as required by applicable laws and regulations.
- HTS will accept from your Financial Professional, without any inquiry or investigation by us, orders and instructions regarding your account. More-over, until receipt by HTS of your written instructions to the contrary, HTS may carry out all instructions from your Financial Professional and for your account(s) and hold you responsible for such transactions.
- HTS will not be responsible for any investment recommendation made by your Financial Professional. Furthermore, HTS does not audit, supervise, control or verify information provided by your Financial Professional in connection with your account, except as required for compliance with the USA PATRIOT Act of 2001.

To comply with the USA PATRIOT Act of 2001, HTS or your Financial Professional may conduct a background check and/or utilize an independent third party to verify all information including information used to verify a customer’s I.D.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. If you have an account, you will be asked for your name, address, date of birth and other information that will allow us to identify you. You may also be asked to provide your driver’s license and/or other documents for identification. If you fail to provide the requested information, or your identity cannot be verified, your Financial Professional may not be able to open an account for you. If an account has already been opened, it may be subject to closure.

**Your Financial Professional will be responsible for the following with respect to your account(s):**

- Opening, approving and monitoring your account(s), including obtaining and verifying new account information and providing HTS with such documents as may be necessary from time to time. This includes obtaining information about your financial condition and investment objectives.
- Setting the fees to be charged to your account; therefore, those fees may differ from the fees charged by HTS, the clearing firm.
- Advising HTS of the proper title in which your account should be carried.
- Staffing and maintaining a Compliance Department and the establishment of written procedures for supervising the conduct of your account(s) and enforcing federal, state and industry regulations designed to detect and deter violations of the insider trading laws. Your Financial Professional will be responsible for: (a) assuring that transactions in your account are in compliance with applicable laws and regulations, (b) determining the suitability and legality of transactions in your account, (c) determining the propriety of the trading activity conducted in your account, including the frequency of trading, and (d) determining if your account involves discretionary transactions and properly supervising the exercise of such discretion.
- Advising HTS of any reduced sales charge due to break points when purchasing a mutual fund.
- Prompt transmission to HTS of your designated securities and cash equivalents for your respective account. Prompt communications of instructions to HTS involving your account, such as the transfer and delivery of securities, the disbursement of funds from your account, and your intentions regarding tender or exchange offers involving securities in your account.
- Responding to any inquiries or complaints that you may have concerning your account and promptly informing HTS, in writing, of any complaints or inquiries that pertain to HTS.

You will remain a customer of your Financial Professional and any general questions you may have with respect to your account should be directed to your Financial Professional with whom you opened your account. Your Financial Professional is provided copies of confirmations and statements in order to facilitate answering any questions you may have. HTS carries your account and acts as your custodian for funds and securities deposited with us directly by you, through your Financial Professional, or as a result of transactions we processed on your behalf. All inquiries concerning the positions and balances in your account should be made to your Financial Professional. Should information in addition to that provided by your Financial Professional be necessary, you may contact the HTS Client Services Department at 877-797-6613.

### **WEBSITE ADDRESS**

Hilltop Securities Inc.’s website [www.hilltopsecurities.com](http://www.hilltopsecurities.com) is referenced throughout this Customer Agreement.

### **TAX and LEGAL ADVICE**

**HTS cannot offer or issue tax or legal advice to you or your Financial Professional. Where specific tax or legal advice is necessary or prudent, HTS recommends that you consult with your own tax or legal counsel.**

## **CASH ACCOUNT AGREEMENT**

In consideration for HTS opening and maintaining one or more cash accounts, you agree to be bound by the terms and conditions of the Customer Agreement, which may be amended at HTS' discretion, as follows:

- 1. Applicable Rules and Regulations.** All transactions made for you are subject to the constitution, rules, regulations, customs, usages, rulings and interpretations of the exchange or market, and its clearing house, if any, where the transactions are executed, as well as the mandates of the NYSE, FINRA, the United States Securities and Exchange Commission (SEC), and the Federal Reserve Board. The transactions shall also be subject to all applicable federal and state laws, rules and regulations, and will be construed in accordance with the laws of the State of Texas. It is important that you understand that your property may be transferred to the applicable State if no activity occurs in your account within the time period specified by State law.
- 2. Capacity to Contract, Customer Affiliation.** You represent being of legal age, and not an employee of any exchange, member firm of an exchange or FINRA, bank, insurance company, or trust company, and that HTS will be promptly notified upon such association. You also represent that no one has an interest in this account or your other accounts with HTS, other than those signing the appropriate account documents.
- 3. Binding Upon Customer's Estate.** You hereby agree that the Customer Agreement will be binding upon Customer's heirs, executors, administrators, personal representatives and assigns, and that any successor will be notified of the Customer Agreement's provisions.
- 4. Important Information About Procedures for Opening a New Account.** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.
- 5. Agreement Contains Entire Understanding/Assignment.** The Customer may not assign the rights and obligations in the Customer Agreement without first obtaining the prior written consent of a duly authorized officer of HTS.
- 6. Severability.** If any provision of the Customer Agreement is held to be unenforceable by any law, rule, administrative order or judicial decision, that determination shall not affect the validity of the remaining provisions.
- 7. Waiver and Modification.** Except as specifically permitted in the Customer Agreement, no provision may be waived or amended unless it is agreed to in writing and signed by a duly authorized officer of HTS. You further understand that the failure to exercise any right or obligation granted by the Customer Agreement will not be considered as a waiver of that right or obligation.
- 8. Opening an Account** Before an account can be opened, you must furnish your Financial Professional with certain information, including your name, address, Social Security number or tax identification number, citizenship, age, occupation, bank or other brokerage reference, as well your financial situation (net worth, income, investment experience, investment objective). Your Financial Professional has the responsibility for opening, approving and monitoring your account. Your Financial Professional must obtain and is responsible for new account documentation, knowledge of customer and customer investment objectives, new account approval or rejection, determining the commission charged, review of orders and accounts, supervision of orders and accounts, furnishing of investment advice, handling and supervision of discretionary accounts, and the handling of accounts for employees or officers of member organizations, self-regulatory organizations and other financial institutions. Each account opened is subject to HTS' acceptance and HTS reserves the right to close or restrict an account or reject a transaction at any time. HTS and your Financial Professional reserve the right to conduct background checks on account holders at any time, including obtaining credit reports. If requested, you will sign a separate release authorizing the release of credit information.
- 9. Backup Withholding.** Federal law requires, for U.S. persons, a specified percentage of reportable interest, dividends, and proceeds from the sale of securities be withheld, unless you furnish a correct taxpayer identification number. To avoid this "backup withholding" complete and return the New Account Application, which includes the substitute W-9 Form, certifying that the taxpayer number you are furnishing is correct and that you are not subject to backup withholding. For most individuals, your taxpayer identification number and Social Security number are the same. Foreign persons claiming foreign status must complete the IRS W-8BEN Form (for joint foreign accounts, each owner submits a W-8BEN).
- 10. FATCA Withholding.** Due to the enactment of the Foreign Account Tax Compliance Act (FATCA), if HTS cannot reliably associate a payment with valid documentation from the foreign person(s), HTS must presume the account is domestic, backup withhold and produce a 1099 tax statement for the period of time the foreign account is not properly documented. Foreign Financial Institutions (FFIs) and Non-Financial Foreign Entities (NFFEs) must submit a valid IRS Form W-8BEN-E. If HTS does not receive valid documentation, FFIs and NFFEs are subject to 30% FATCA withholding. In addition, if the account is classified as a United States Financial Institution (USFI) and HTS does not receive a valid IRS Form W-9, HTS is required to treat the USFI as foreign, subject to 30% FATCA withholding and produce a 1042-S tax statement for the period of time the USFI is not properly documented.
- 11. Cash Account.** Your brokerage cash account does not provide for the extension of credit (margin), and you must pay in full for any security that you purchase. Regulation T of the Federal Reserve Board and certain Exchange rules require settlement of the purchase or sale of securities on the settlement date.  
When you buy a security, prompt payment by personal check, wire transfer, cashier's check or money order payable in U.S. funds to the order of HTS must be received into your account. Your Financial Professional can tell you the amount due shortly after any purchase. HTS will prepare and send a confirmation to you as soon as possible after execution of your order. You should not wait for the arrival of the confirmation before paying, since funds must be received by the settlement date. Federal Regulation T requires HTS to liquidate securities for which prompt payment is not received. In that event, you will be responsible for any resulting loss, will not be entitled to any gain, and your account will be restricted for 90 days.  
When you sell your stock it is essential that you deliver the certificate promptly to your account at HTS. The proceeds of a sale cannot be paid to you until HTS' receipt of your stock certificate in good, deliverable form by the settlement date. If HTS does not receive the securities that you sold within a reasonable amount of time after settlement date, your Financial Professional is required to purchase the securities in the open market. Again, you will be responsible for any resulting loss, will not receive any gain, and your account will be restricted for 90 days.  
The proceeds of a sale will be either retained in your account or, if you so request, the funds will be mailed to you. You may also request that sale proceeds, dividends and interest be automatically deposited to your bank account by electronic funds transfer. In general, it is HTS' policy that funds cannot be withdrawn against a deposited check within ten (10) business days of the date of deposit.
- 12. Interest on Cash Balances** All balances in the Cash and Margin account types will be net together. If the netting results in a settled debit, debit interest will be charged. If the netting results in a settled credit, credit interest will be paid. Interest will be paid on those net credit balances that accrue \$1.00 or greater of interest during the month. Please refer to Section 40 "Securities Industry Protection Corporation (SIPC) and Excess SIPC Coverage" for a discussion of your account protection. Please consult your Financial Professional for additional information.
- 13. Compensation to HTS.** HTS may receive compensation for establishing relationships through which investment products are made available which could result in a lower rate of return to the client. This compensation may include non-cash items such as reciprocal arrangements, discounts, rebates or reductions or credits against fees that would otherwise be payable in full by your Financial Professional or HTS.
- 14. Sweep Program.** HTS's Sweep Program is a service provided by HTS to its customers offering you the option of automatically transferring excess cash balances in your securities account to our Bank Insured Deposit program (BID), which is an account at a participating bank whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). A sweep of your excess cash balance allows you to earn interest on the funds while retaining the flexibility to quickly access that cash to purchase securities or withdraw it. To participate in the HTS sweep program, you must select a sweep upon account opening by affirmative written consent. HTS may change the products available under the sweep program. For existing accounts, please notify your Financial Professional if you wish to sweep your cash balances to the BID program. If you decline participation in the sweep program, fail to make a sweep program election by affirmative written consent, or if your account is otherwise ineligible to sweep, excess cash balances must be retained in an interest-bearing SIPC insured credit investment program (CIP) account held at HTS.  
Unlike cash accounts, individual retirement accounts and qualified retirement plan accounts may not retain excess cash balances in CIP. Therefore, these specific types of accounts must affirmatively select the BID program.  
HTS will generally provide any customer participating in its sweep program at least thirty (30) days written notice of (1) changes to the terms and conditions of the sweep program and any products currently available through the sweep program, (2) any changes, additions or deletions of products available through the sweep program, and (3) changing a customer's investment through the sweep program from one product to another. If advance notice of a modification is not practicable due to the circumstances, you will be notified as soon as is reasonably practicable of any change in the sweep program that results in changing the core account investment vehicle for your account.  
The BID program is a program which involves a series of FDIC-insured bank accounts maintained at various participant banks, including PlainsCapital Bank, an affiliate of HTS. A list of all participant banks is available on our website at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/). Additions and changes to the list of participant banks will also be posted on this website. Please consult your Financial Professional, as certain types of accounts may not be eligible to invest in the Bank Insured Deposit. If your account is ineligible, excess cash balances will be retained in an alternate fund or CIP.  
It is important that you understand the unique nature, insurance coverage, and risk associated with each type of account. SIPC coverage does not protect cash balances created and maintained solely for the purpose of earning interest, so funds in CIP accounts must be intended for future reinvestment.  
HTS may temporarily suspend or discontinue the sweep arrangement, or change the timing or frequency of the sweep anytime without advance notice to you. If HTS fails to sweep your uninvested funds in the manner described in the Customer Agreement, HTS's liability is limited to the actual amount of interest you would have earned had the sweep been performed. HTS may automatically sweep funds from your sweep account to your brokerage account anytime without advance notice to you to pay for securities transactions and withdrawal requests, satisfy a debit balance, settle any other obligation you owe HTS, pay your margin loan, provide necessary collateral in your margin account, or for any other permissible purposes. Should you wish to access these funds or information regarding the fund rates, contact your Financial Professional. You can also visit [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/) for

information regarding fund rates. With ongoing changes to the rates of return for the BID program, your personal financial circumstances and market conditions, you should always consider all of your investment options.

HTS anticipates receiving fees, including fees for administrative services, and other financial benefits for providing sweep funds to our sweep program administrator and participant banks, including our affiliate PlainsCapital Bank. HTS anticipates the participant banks will receive a financial benefit from the use of sweep funds, such as net interest income.

The FDIC insures bank deposit accounts such as checking, interest-bearing checking and savings accounts, money market deposit accounts, and certificates of deposit (CDs) if an insured bank or savings association fails. Your bank deposits are generally insured up to \$250,000 per account holder, while your IRA and other qualifying self-directed retirement funds on deposit are separately insured up to \$250,000. The FDIC does not insure the money you invest in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if you purchased those products from an insured bank. Previously existing or other bank accounts you maintain at a participant bank may affect your FDIC insurance coverage. If your funds on deposit at any one bank exceed the applicable FDIC insurance limit of \$250,000 per account holder (\$250,000 for qualifying retirement accounts), the FDIC will not insure your funds in excess of the limit. If you have a deposit with one of the participant banks that is separate from a balance in the BID, please notify your Financial Professional if the combined deposits are in excess of \$250,000, and such excess funds will be placed with another participant bank, if available. HTS is not, itself, an FDIC-insured depository institution. Rather, the FDIC's deposit insurance coverage only protects against the failure of an FDIC-insured depository institution, including the participant banks. In order to qualify for this pass-through deposit insurance, HTS is also required to meet certain requirements.

The current target maximum amount of FDIC Insurance coverage for your deposits in the BID program is up to \$5 million (for an individual account) or up to \$5 million per each individual owner of a joint account (e.g., for a joint account with two individual owners – up to \$10 million) (Maximum Applicable FDIC Deposit Insurance Amount), subject to the total amount on deposit in an account, applicable FDIC rules, and bank availability. Account balances in excess of the Maximum Applicable FDIC Deposit Insurance Amount will be invested in the Dreyfus Government Cash Management Money Market Fund Investor Class (DGVXX). DGVXX, which is only available for account balances in excess of the Maximum Applicable FDIC Deposit Insurance Amount, is registered with the SEC pursuant to the Investment Company Act of 1940 and treated as a security. Please note that DGVXX is not FDIC-insured, not guaranteed by the federal government, and is not a deposit or obligation of any bank or guaranteed by any bank. There can be no assurance that this or any money market fund will be able to maintain a stable net asset value of \$1 per share. See the DGVXX money market fund prospectus for more complete information, including terms, management fees, prevailing rates, and expenses. You can obtain a prospectus by contacting your Financial Professional or via our website at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/). You should consider the fund's investment objectives, risks, and expenses carefully before investing.

For a list of participant banks in the BID program, please go to [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/). Additional information regarding FDIC coverage is available at [www.fdic.gov](http://www.fdic.gov). Please consult your Financial Professional, as certain types of accounts may not be eligible to invest in the BID program. Please refer to the HTS Bank Insured Deposit Program Terms and Conditions document for additional information. A copy of this document may be obtained from your Financial Professional or online at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/).

The HTS Bank Insured Deposit Program Terms and Conditions document contains information and other disclosures regarding our services, fees and other compensation Hilltop Securities, our affiliates, financial advisors and subcontractors reasonably expect to receive in connection with the BID program and related services provided to your plan and/or account. This information is intended to be sufficient to comply with the Department of Labor regulation on reasonable contracts or arrangements under section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Hilltop Securities has a conflict of interest with respect to the BID program, because the banks participating in program (including PlainsCapital) have discretion in determining how much interest to pay on program deposits, and HTS has discretion in determining how much of that bank interest rate is paid to customers in the program and how much of the bank interest rate to retain itself as a Program Fee. The banks (including PlainsCapital) have a financial interest in paying a lower interest rate so that their net interest income is increased, and HTS has a financial incentive to pay a lower rate to customers so that its fees are increased. HTS does not share any fees received in the BID program or any revenue received in connection with the program with its Investment Adviser Representatives (IARs).

Hilltop pays interest based on a "tiered" interest rate system, which will pay different rates of interest based on six different deposit tiers. Generally speaking, higher cash deposit balances will receive higher rates of interest than deposits with lower balances. The amount of interest paid will be determined by the amount of interest paid by the banks participating in the program, minus the amount of fees charged by us, as broker-dealer or custodian, in accordance with the following tiers:

Tier	Deposit Level
Tier 1	\$0 to \$49,999.99
Tier 2	\$50,000 to \$249,999.99
Tier 3	\$250,000 to \$499,999.99
Tier 4	\$500,000 to \$999,999.99
Tier 5	\$1,000,000 to \$2,999,999.99
Tier 6	\$3,000,000 or more

The applicable interest rate tier will be determined based on the amount of cash available in your brokerage account on a per account basis. Cash available in one brokerage account will not be aggregated to include cash which may be contained in other brokerage accounts you hold with us for purposes of qualifying for a higher interest rate tier. In other words, the amount of cash available in each specific brokerage account can only be used to qualify for one individual interest rate tier under the BID program.

Interest on funds in a bank deposit account is accrued daily, compounded monthly, and credited to your account monthly. Interest begins to accrue on the date of deposit in the BID up to, but not including, the date of withdrawal. The daily balance method is used to calculate the interest on these accounts. The daily rate is 1/365 (or 1/366 in a leap year) of the interest rate. Account rates are set in accordance with other bank products and may be changed at any time. The rate of return paid on BID program funds may vary from the rates of return available to account holders making deposits with the participant bank directly, through other types of accounts at your brokerage, or with other depository institutions in comparable accounts.

The BID program may be more profitable to HTS and its affiliates than other potential sweep options. You should compare the terms, rates of return, required minimum amounts, charges and other features with other accounts and alternative investments.

- 15. Joint Accounts** Joint account customers agree, that the signatories, jointly and severally, have the authority on behalf of the account to do all acts and have all rights, responsibilities and obligations that an individual account holder may have. Joint account customers, jointly and severally, agree that each joint account customer will have authority on behalf of the account to buy, sell and otherwise deal in securities; to receive on behalf of the joint account demands, notices, confirmations, reports, statements of account, and communications of every kind; and to deal with the financial professional on behalf of the joint account as fully and completely as if the Customer alone were interested in the account. This may all be done without notice to others interested in the account. Your Financial Professional is authorized to follow the instructions of any of the account holders in every respect concerning the joint account. In the event of deliveries of securities or payments to any of the joint account parties, your Financial Professional will be under no duty or obligation to inquire into those deliveries or payments. Joint authority will remain in force until your Financial Professional receives written notice of revocation. Your Financial Professional, however, is authorized, at the account holders' discretion, to require joint account action by the joint tenants with respect to any matter concerning the joint account. If the Joint Tenants with Right of Survivorship box has been marked, on the death of any account holder, the deceased party's ownership of the account passes to the surviving account holders.

The liability with respect to said account shall be joint and several. All property shall be subject to a lien in the financial professional's favor for the discharge of the obligations owed the financial professional. It is understood that the lien be in addition to and not in substitution of the rights and remedies the financial professional would otherwise have.

It is further agreed that the estate of any of the account holders who have died will be liable, and each survivor will continue to be liable, jointly and severally, to the financial professional for any net debit balance resulting from transactions initiated prior to the receipt by the financial professional of the written notice of the death, incurred in the liquidation of the account, or the adjustment of the interests of the respective parties.

- 16. Custodial Accounts.** It is agreed that all accounts opened under the Uniform Gift to Minors Act (UGMA), the Uniform Transfers to Minors Act (UTMA), or similar state statutes will be properly created and that all property so transferred will be done in compliance with such applicable statutes. There will be good faith reliance upon the instructions given, representations made and actions taken by a transferor or custodian. Further, the custodian represents and warrants that the assets in the account belong to the minor and that all such assets, whether or not transferred out of the UGMA or UTMA account, will only be used for the benefit of the minor.

- 17. Employee Stock Option Plans.** With HTS' and your Financial Professional's consent, you may exercise employee stock options or execute other employee stock plans through them. In such instances, by your signing the New Account Application, you represent to the issuer of such securities that HTS may make payments from your account for the cost of the securities. You understand that once those instructions have been accepted by HTS, they are not revocable or amendable by you, and that you agree to hold HTS and your Financial Professional free and harmless from any liability, cost or expenses associated with the market fluctuation of the stock price of the subject security. You understand that prior to acceptance of your instructions, HTS must verify that the issuer will promptly deliver a readily marketable security in negotiable form, and that you must designate the account into which the securities are to be deposited.

- 18. New Issues** In connection with certain public offerings of securities, after a registration statement has been filed, you may be permitted to enter a conditional offer expressing your offer to purchase securities “when and if issued.” You understand that a conditional offer is an offer to purchase public offering securities which (i) cannot be accepted until such time (the “Time of Effectiveness”) as the public offering securities have been effectively registered, but (ii) may be accepted, in whole or in part, immediately upon such Time of Effectiveness without any further action or consent on your part. You will be entitled to cancel any conditional offer at any time prior to the time that the Time of Effectiveness has occurred and your offer accepted. Each conditional offer or subscription will be authorized by you and accepted with the understanding that an actual purchase is intended and that it is your obligation to pay for the purchase upon our demand. HTS and your Financial Professional’s processing of any conditional offer or subscription will be subject to certain rules and regulations, which are subject to change at any time without notice. You understand that entering a conditional offer or a subscription in no way entitles you to purchase any securities, and that HTS and your Financial Professional reserves discretion to reject any offer for any reason, to allocate securities on any basis, or to change methods for allocating securities at any time and without notice. You also understand that HTS and your Financial Professional may require that your account contain available funds equal to or greater than the purchase price reflected by your offer. Any offer inadvertently accepted without sufficient funds in your account will be subject, at HTS’ discretion, to cancellation or liquidation. You are responsible for your offers, including any purchases which exceed available funds. If funds are not available in the account and an offer is accepted, your payment must be immediately submitted to HTS. If payment is not received, or as market conditions warrant, at HTS’ discretion, your account may be liquidated without prior notice. In the event your account is liquidated, you will be liable for resulting losses and all associated costs incurred by HTS.
- 19. Callable Securities.** HTS, in accordance with FINRA Rule 4340 (Callable Securities), has a lottery process in place which will allocate among its customers, on a fair and impartial basis, the securities to be redeemed or selected as called in the event of a partial redemption or call. You may access the firm’s allocation procedures on the firm’s website at [www.hilltopsecurities.com](http://www.hilltopsecurities.com). HTS will provide hard copies of the allocation procedures upon request.
- 20. Restricted Securities.** You agree to advise HTS and your Financial Professional as to the status of any securities that fall under Rule 144, 145, 148, and 701 of the Securities Act of 1933, as amended, and to timely deliver the appropriate paperwork to ensure clear legal transfer and good delivery of such securities.
- 21. Foreign Income Tax Withholding.** When dividends and interest are paid on foreign securities, foreign tax is generally withheld from the payment by the paying agent at a tax rate known as the statutory, or maximum, rate and paid to the foreign taxing authority. In many cases investors are resident for tax purposes in countries that have tax treaties with the security’s country of issuance. For specific types of investors, these treaties often allow for a favorable rate of withholding, less than the statutory rate. If you invest in foreign securities and are eligible for a favorable rate of withholding on dividends and interest, a residency certification is usually required. Most countries require IRS Form 6166 for US residents. To request a Form 6166, a taxpayer or an authorized representative must submit Form 8802 to the IRS. If your account is eligible for the favorable tax rate, and HTS secures the distribution at the favorable rate at source, the payment will be paid to your account less fees assessed by the depository.
- 22. Customer’s Responsibility Regarding Certain Securities.** Certain securities may grant the customer valuable rights that may expire unless you take action. These securities include, but are not limited to, warrants, stock purchase rights, convertible securities, bonds and securities subject to a tender or exchange offer. You are responsible for knowing the rights and terms of all securities in your account. HTS and your Financial Professional are not obligated to notify you of any upcoming expiration or redemption dates, or to take any other action on your behalf, without specific instructions from you, except as required by law and applicable rules of regulatory authorities. Similarly, you are responsible for knowing about reorganizations related to securities that you hold, including but not limited to stock splits and reverse stock splits. HTS and your Financial Professional are not obligated to notify you of any such reorganizations. If, due to a reorganization, you sell more shares of a security than you own, if you become uncovered on an options position, or if you become otherwise exposed to risk requiring HTS or your Financial Professional to take market action in your account, HTS and your Financial Professional will not be responsible for any losses you incur. Overselling in a cash or margin account may be an impermissible short sale and may result in your account being restricted.
- 23. Delivery of Securities.** Without abrogating any of HTS’ or your Financial Professional’s rights under any other portion of the Customer Agreement, and subject to any indebtedness of the Customer to the financial professional, the Customer is entitled, upon appropriate demand, to receive physical delivery of fully paid, transferable securities in the Customer’s account. If transferable physical securities are deposited in an account within ten (10) business days prior to a transfer, such shares will not be released by HTS until the ten-day period has lapsed. In addition, transferable securities purchased and paid for by check will not be released for transfer until ten (10) business days subsequent to the deposit of the check.
- 24. Agency and Principal Transactions.** Many stocks and bonds are not traded on a securities exchange but in what is known as the over-the-counter market (OTC). When you buy or sell a security in this market, your Financial Professional may act as an agent or as a principal. The confirmation, which you receive, will designate the capacity in which your Financial Professional acted. When your Financial Professional acts as a principal, HTS is selling securities to you that it either owns or expects to buy shortly, or is buying securities from you for its own account. When your Financial Professional acts in an agency capacity for you in purchasing or selling securities in the OTC market, your Financial Professional is dealing on your behalf with another Financial Professional/Dealer, which could be HTS, or a customer of HTS. In such a case, the commission will be reflected on your confirmation. Orders that exceed specified criteria may undergo additional review by your Financial Professional and/or HTS.
- 25. Transactions and Settlements.** All customer orders for the purchase or sale of securities and other property will be executed with the understanding that an actual purchase or sale is intended and that it is the Customer’s intention and obligation to deliver securities or the necessary funds by settlement date. If the Customer fails to deliver to the Financial Professional any securities and other property sold at the Customer’s direction, the financial professional is authorized to borrow the securities and other property necessary to enable the financial professional to make delivery. The Customer agrees to be responsible for any cost or loss the financial professional may incur, or the cost of obtaining the securities and other property which the financial professional is unable to borrow. The financial professional is the Customer’s agent to complete all such transactions and is authorized to make advances and expend monies as required. Please be advised that certain orders, at HTS’ or your Financial Professional’s discretion, may be subject to manual review and entry, which may cause delays in the processing of your orders. You should be aware that with respect to any order, you would receive the price at which your order was actually executed in the marketplace, which may be different from the price at which the security or option is trading when your order is entered. HTS is not liable for any such price differences or delays in the processing of your orders. You also understand that security price quotes provided to you may only be valid for a limited quantity. Orders for large share or principal value amounts may execute in multiple lots and at different prices than previously quoted. HTS reserves the right at its sole discretion to refuse any order or to enact certain requirements for the acceptance of any order without advance notice. You understand that HTS may not be held liable for acting upon false oral instructions or forged documents.
- 26. Stop on Quote Orders** HTS accepts orders defined as Market, Limit, Stop and Stop Limit. In addition, we offer “stop on quote” and “stop limit on quote” order types. A stop on quote order to buy (or sell) becomes a market order to buy (or sell) when the NBBO ask (bid) is at or above (below) the stop price, and a stop limit on quote order to buy (or sell) becomes a limit order to buy (or sell) at the limit price when the NBBO ask (bid) is at or above (below) the stop price.
- 27. Execution of Orders/Erroneous Reports.** Your Financial Professional can execute your orders to buy or sell securities, or forward them to HTS for execution. Stock and option exchanges have rules governing erroneous reports of executions. The price at which an order is executed will be binding, notwithstanding that an erroneous report may have been rendered or no report was received from the exchange. Also, a report will not be binding if an order was not actually executed but was reported in error.
- 28. Cancellation Requests; Late and Corrected Reports.** When you place a request to cancel an order, the cancellation of that order is not guaranteed. Your order will only be canceled if your request is received in the marketplace and matched before your order is executed. During market hours, it is rarely possible to cancel your market order. Do not assume that any order has been executed or cancelled until you have received confirmation from HTS or your Financial Professional. Please be advised that HTS and your Financial Professional may, from time to time, receive late reports from exchanges and market makers reporting the status of transactions. Accordingly, you may be subject to late reports related to orders that were previously unreported to you or reported to you as being expired, cancelled, or executed. Further, any reporting or posting errors, including errors in execution prices, will be corrected to reflect what actually occurred in the marketplace.
- 29. Dividend Reinvestment Program (DRIP Program).** With this feature, all dividends paid by eligible securities that you designate for reinvestment are automatically reinvested in additional shares of the same security. (For purposes of the Dividend Reinvestment Program, “dividends” means cash dividends and capital gain distributions, late ex-dividend payments, optional dividend distributions and special dividend payments, but not cash-in-lieu payments.) To be eligible for this program, a security must be held, in the account, in street name by HTS or at a securities depository on its behalf. Open orders for securities are not eligible for dividends. In designating any eligible security for reinvestment, you authorize us to purchase shares of that security for your account. Participation in the DRIP Program may be terminated at any time by giving notice to HTS. The termination will take effect with the next eligible cash distribution provided the notice to terminate was received prior to the record date of the distribution. All eligible cash distributions will be reinvested on all eligible securities that have been enrolled in the DRIP Program without commission charges provided the securities were held on the record date and the dividend payable date. All rights accruing to partial shares of an eligible security that are subject to the DRIP Program will be sold in the event of a rights offering. Proceeds from the sale will be used to purchase additional shares of the eligible security. In the event of a transfer, liquidation, or request to issue a certificate, the partial shares will be liquidated at prevailing market prices without a commission charge. Shares purchased through the DRIP Program will generally be placed in your account as of the dividend payable date. Note, however, that the stock price at which your reinvestment occurs is not necessarily the same as the price that is in effect on the dividend payable date. This is because HTS may buy the shares of domestic companies two (2) business days or less before the dividend payable date, at the market price(s) in effect at the time, in order to help ensure that HTS has shares on hand to place in your account on the dividend payable date. Other factors may require the purchase of the shares on a different business day, which may be before, on, or after the dividend payable date, e.g., dividends of foreign companies. Also, shares of securities that have an unusual ex-dividend date are purchased on the ex-dividend date and placed in our account on the first business day following the dividend payable date. Therefore, you may

end up receiving more or fewer shares than if your dividend had been reinvested on the dividend payable date itself, particularly if there are significant changes in the market price of a security just before its dividend payable date. If sufficient shares are unavailable in the market to satisfy all customers' requirements for dividend reinvestment for a security, the dividend will not be reinvested.

Automatic reinvestments often involve purchase of fractional shares. Partial shares pay prorated dividends and can be sold if you sell your entire share position, and will be liquidated automatically in transfers and certain other situations, but otherwise typically cannot be sold. Dividend payments will be made based on those fractional shares. Proxy materials and voting rights will be proportionate to the partial interest, except in certain types of company reorganizations. In the event of a mandatory reorganization, partial interest will be handled according to the terms of the reorganization. In cases of voluntary reorganization, HTS will act on an account holder's instructions with respect only to whole shares.

Although for dividend reinvestments your regular account statement takes the place of a trade confirmation, you can generally obtain status information the day after the reinvestment date by contacting your Financial Professional.

If you transfer or reregister your account within HTS (for example, by changing from a Traditional IRA to a Roth IRA), you need to re-designate any securities whose dividends you want reinvested.

When feasible, HTS will participate in a program offered by the Depository Trust Company (DTC) that offers a share price discount. Note that the availability of any given security through this program may change without notice. Also note that DTC program transactions sometimes take longer to process: although the transactions are effective as of the dividend payable date, they may not be posted to your account until 10-15 days after the payable date. If you sell your dividend-generating shares before the posting date, the dividend will not be reinvested. If instructions are not received prior to the date there is no guarantee that cash will be reinvested for that pay date. Dividend reinvestment does not ensure a profit on your investments and does not protect against loss in declining markets.

- 30. Fully-Paid Lending Program.** HTS offers to its customers a Fully-Paid Lending Program ("FPL Program") which may allow you to earn income in exchange for lending eligible equity securities to HTS, which are then loaned to other investors and market participants (hereinafter referred to as "Loaned Securities" or "Loaned Security.") Customers who chose to participate in the FPL Program must meet certain eligibility and suitability requirements and are required to enter into a separate FPL Program Application and Agreement which fully describes the terms and conditions, as well as any risks associated with your participation in the FPL Program. HTS may borrow any security in your account custodied at HTS at any time, however there is no guarantee that your securities will be loaned out, which is dependent upon market demand and other factors.

HTS will earn revenue from loaning your securities to other investors and market participants. A portion of that revenue will then be shared with you. In addition, HTS may share a portion of the revenue it earns with your Financial Professional. As a result, we have an incentive to recommend that you participate in the FPL Program. Income on your Loaned Securities is calculated daily based on a stated rate and the Loaned Security's closing market value each business day. Share prices and rates may fluctuate based on market conditions, which will affect the income generated by your Loaned Security. Market conditions, limited supply in the lendable market, demand driven by borrow and short-selling activity, or hedging interest can all impact lending rates. Income will accrue daily and be credited to your account on the second business day following the end of the previous month.

Securities lent out as part of the FPL Program will no longer be eligible for coverage by the Securities Investor Protection Corporation ("SIPC"). However, as collateral, HTS will deposit into an account it has established with Reich & Tang Deposit Solutions, LLC, funds equal to the current market value of your Loaned Securities and not less than 102% of the market value of the Loaned Securities. The cash collateral for your Loaned Securities is insured by the Federal Deposit Insurance Corporation ("FDIC") up to the maximum limits (currently up to \$250,000 per account per person per depository institution). HTS will earn interest income based on the total balance of the cash collateral for your Loaned Securities, however any interest income earned will be retained by HTS and not shared with you.

You acknowledge that when you lend fully paid securities to HTS, ownership of those securities will be transferred to HTS. As such, subject to the FPL Program Agreement, HTS will have all incidents of ownership with respect to the Loaned Securities, including the right to vote and the right to transfer the Loaned Securities to others. You waive the right to vote, provide consents, or take similar action with respect to the Loaned Securities if the record date or deadline for such vote, consent, or other action falls during the term of the Loan. However, you maintain exclusive ownership of any positions which are loaned to Hilltop Securities, and you can sell any position that is on loan at any time.

You understand that any dividends and other distributions paid on Loaned Securities will be paid to HTS. However, HTS will pass on to you any cash dividends and distributions to the full extent you would have been entitled had you not lent such securities to HTS. HTS will deposit such cash dividends and distributions into your account on the same day as HTS receives the cash payment. Such payments constitute a "payment in lieu of a dividend" or a "substitute payment," which may not be eligible for more favorable dividend tax treatment as may have been applied to the receipt of a dividend. You agree that HTS is not required to compensate you for any differential tax treatment between dividends and payments in lieu of dividends. Any non-cash distributions made in respect to a Loaned Security will be deemed added to the loan as of the date of distribution, and HTS will provide you with additional collateral if necessary, in accordance with the FPL Program Agreement.

Upon borrowing a security, HTS will provide you with a written confirmation of the securities borrowed. You will also receive a monthly statement showing all of your current outstanding Loaned Securities from your account that HTS has borrowed, an aggregate amount of Loaned Securities income your account has earned during the month by security and an aggregate income amount of all Loaned Securities income.

Please refer to the FPL Program Application and Agreement as well as the HTS Fully Paid Lending FAQs for additional information and important risk disclosures. Copies of these documents may be obtained from your Financial Professional or online at <https://www.hilltopsecurities.com/disclosures/fully-paid-lending/>.

- 31. Losses Due To Extraordinary Events.** HTS is not responsible, and you agree not to hold HTS liable, for losses caused directly or indirectly by conditions beyond our control, including, but not limited to: war, natural disasters, government restrictions, exchange or market rulings, strikes, interruptions of communications or data processing services, news or analysts' reports, trading volumes, market volatility or disruptions in orderly trading.

- 32. Order Flow Disclosure.** Payment for Order Flow is compensation paid to a brokerage firm by another Financial Professional/Dealer in return for directing some customer orders for execution. Such remuneration is considered compensation to the brokerage firm, and the source and amount in connection with your transaction will be disclosed upon request. This compensation may include non-cash items such as reciprocal arrangements, discounts, rebates or reductions or credits against fees that would otherwise be payable in full by your Financial Professional. Order Routing Statistics required under SEC rules are available on the Internet at [www.hilltopsecurities.com](http://www.hilltopsecurities.com).

- 33. Confirmations.** The confirmation contains the complete terms of the trade. While HTS makes every effort to transmit reports of transactions accurately, errors do occasionally occur, especially during periods of heavy volume. If a transaction is not entirely in accordance with your understanding and directions, you must report the error to your Financial Professional in writing or by electronic mail within two (2) days after your receipt of the confirmation. HTS cannot be held responsible for the price as reported to you if your order was executed at another price. Furthermore, HTS cannot be held responsible for reports of transactions that have not, in fact, occurred. As soon as the error is discovered, the correct information will be reported to you as expeditiously as possible.

It is your responsibility to review upon receipt, all confirmations of transactions. If notification is not received within the specified time, you may not later claim the transaction(s) to be incorrect or unauthorized. HTS reserves the right to determine the validity of your objection. HTS may elect at any time to cease sending confirmations for transactions effected pursuant to a periodic plan or an investment company plan. Periodic plan and investment company plan transactions will be provided in Customer account statements.

- 34. S&P Disclaimer.** S&P data or information, including S&P ratings, (the "S&P Content") is provided only for your personal, individual use and not for any use or for the benefit of any other individual or organization; and redistribution of the S&P Content is prohibited without S&P's consent.

- 35. Worthless and Non-Transferable Securities.** Any securities positions for which (i) we are unable to find a market to conduct a liquidation of the security; (ii) we are unable to find an independent transfer agent employed by the issuer to conduct a stock transfer or (iii) costs involved in the sale of the security are greater than the proceeds generated from the sale, may be given a "worthless" status, at which time a Negative Response Letter will be mailed to you at the last known address on file with HTS with specific instructions set forth therein regarding the worthless securities.

- 36. Access Equals Delivery.** HTS has adopted the "Access Equals Delivery" (AED) model that permits securities issuers and their intermediaries to satisfy their prospectus delivery requirements for certain products by making their prospectus available online on the Internet. To obtain electronic copies of notices, offering documents, and other information for available products please visit the websites listed in the Terms and Conditions section of your Trade Confirmation. Printed copies of the final prospectus related to your transactions are also available upon request.

- 37. Cost Basis Effective January 1, 2011,** as a result of the Energy Improvement and Extension Act of 2008, we report your cost basis, short term and long term capital gain/loss information to the Internal Revenue Service (IRS) after the sale of your securities. HTS will use the First In First Out (FIFO) cost basis default accounting method on all lots sold unless you notify your Financial Professional in writing to use an alternate cost basis accounting method. The current Cost Basis regulations phase in changes to Form 1099 B reporting requirements by security category as follows:

- Effective January 1, 2011 shares of stock in a Corporation inclusive of REITs (Real Estate Investment Trusts), Closed End Funds, American Depository Receipts (ADRs) and Exchange Traded Funds (ETFs).
- Effective January 1, 2012 stock in Open End Funds, Regulated Investment Companies (RICs), and Dividend Reinvestment Plans (DRPs) which are eligible for the alternate average basis accounting method.
- Effective January 1, 2014 less complex debt instruments, options, commodity derivatives or any other financial security identified by the Treasury.
- Effective January 1, 2016 more complex debt instruments.

The IRS requires separate 1099 B Forms to be issued to you if you have sold both “covered” and “noncovered” securities. “Covered” securities are defined as stock acquired for cash after January 1, 2011 which is reportable under the new cost basis rules for the tax year 2011, Open End Funds, DRPs and RICs acquired for cash after January 1, 2012 which is reportable under the new cost basis rules for the tax year 2012, and bonds, options, commodity derivatives or any other financial security identified by the Treasury not covered in the current Cost Basis Regulations for the tax year 2012. “Noncovered” securities are securities acquired for cash prior to the effective date applicable to that security type, and are not subject to cost basis reporting.

In addition to reporting your basis amount for “covered” securities we are required to report whether the transaction results in short term or long term characterization. Short sales are reported in the tax year the short position is closed. We are also required to incorporate wash sale rules in basis calculation for identical securities with the same CUSIP number held in the same account, as well as take into account corporate actions for cost basis reporting effective January 1, 2011.

Effective January 1, 2012 we are required to identify all corporations as either a S Corporation or a C Corporation. In addition, we are required to report 1099 B cost basis information for S Corporations for “covered” securities. Sales proceeds, or amounts reported on the 1099 B for S Corporations are subject to backup withholding if we do not have Form W-9. All corporate accounts are considered as S Corporations until we receive a new W-9, which has a new identification feature for C Corporations and S Corporations, effective January 1, 2012.

Please note that if you own securities which are subject to the 2011 1099 B cost basis reporting rules and you do not want your 1099 B long or short term gain/loss reported using FIFO for a specific security, you must notify your Financial Professional on or before settlement date of the sale of the security as to which tax lot you wish sold.

Please be advised if you currently have standing instructions for the accounting method used for “noncovered” securities, HTS needs new, separate additional standing instructions for the accounting method for your “covered” securities acquired in 2011.

As of 2012, mutual funds and securities subject to a dividend reinvestment program may use cost basis averaging as the accounting method. If we are currently averaging the basis of any of these securities acquired before 2012, we plan to make a single-account election pursuant to the IRS regulations and treat those securities as “covered” securities even though acquired before 2012, unless you instruct us in writing to do otherwise, that is, to use another method of basis calculation for those securities acquired in 2012 or later. If you do not elect otherwise, then upon our making the single-account election, any newly acquired securities will be averaged with the older existing securities, as long as acquired in the same account with the same CUSIP number. Unless you contact your Financial Professional and wish to change this single-account election, it may only be done prospectively. If by 2012, we are not currently averaging any of your mutual funds or stock subject to a dividend reinvestment plan, and your accounting preference is not FIFO, we will require your request for an alternate accounting method to be in writing. You may make the average basis election at any time, effective for sales or other dispositions of stock after you notify your Financial Professional. The election must identify each account you have with us and each stock in that account to which the election applies. The election may specify that it applies to all accounts with us including accounts you subsequently establish with us.

The IRS Cost Basis Regulations can be found on the IRS website with these links:

[http://www.irs.gov/irb/2010-47\\_IRB/pt04.html](http://www.irs.gov/irb/2010-47_IRB/pt04.html)

<http://edocket.access.gpo.gov/2010/pdf/2010-25504.pdf>

[http://www.irs.gov/irb/2013-20\\_IRB/ar07.html](http://www.irs.gov/irb/2013-20_IRB/ar07.html)

In addition to the Accounting Method election options, the following elections are available to you:

Currently, Hilltop Securities Inc. defers the Market Discount of fixed income market discount accretion. You may choose to recognize Market Discount over the period you own the bond and include it in your income currently as interest income. If you do not make this choice, the following rules generally apply.

- o When you dispose of a bond, you must treat any gain as ordinary interest income, up to the amount of the accrued market discount.
- o You must treat any partial payment of principal on the bond as ordinary interest income, up to the amount of the accrued market discount.
- o If you borrow money to buy or carry a bond, your deduction for interest paid on the debt is limited.

• Hilltop Securities Inc. defaults to the Constant Yield method for the accretion of Market Discount calculation. You may however choose the Straight Line method for the accretion of the Market Discount calculation. Please refer to the IRS Publication 550.

• You may choose to amortize a taxable bond premium (generally done over the life of the bond). A portion of the premium reduces the amount of interest included in your income. Hilltop Securities Inc. by default amortizes taxable bond premium. Please refer to the IRS Publication 550.

#### **Cost Basis Methods**

It is your responsibility to choose the cost basis method appropriate to your tax situation. Failure to select the proper cost basis method may cause you to pay more tax than necessary. HTS does not provide tax advice and encourages you to consult with your tax professional regarding this decision.

#### **Default Cost Basis Methods**

We apply the IRS default method for fixed income securities unless you inform us of a preferred method.

**We do not issue tax advice as you are responsible for accurately reconciling and reporting the sales of your securities impacted by the new cost basis regulations. If you have additional questions, please seek the advice of your CPA or tax professional.**

**38. Account Statements.** You should carefully examine your account statement as soon as you receive it. If you feel that there is an error on the statement, you must notify HTS immediately in writing, but in no event later than 10 days after the date the statement is first made available to you (e.g., eDelivery, Momentum Client or other means provided by Your Financial Professional), on which the error first appeared. If you fail to receive your statement within a reasonable time after it usually appears, contact HTS promptly. Failure to comply with this notification requirement may bar you from claiming on any error involving your account(s).

In addition, you must notify HTS about any unauthorized activity within ten (10) days after the date the statement is first made available to you (e.g., eDelivery, Momentum Client or other means provided by Your Financial Professional), on which the unauthorized activity first appeared. If you do not alert HTS to the first unauthorized transaction in a series of related unauthorized transactions within such notification period, you may be barred from making a claim for any further activity in an ongoing series of unauthorized transactions.

**39. Notices and Other Communications.** Notices including, but not limited to, initial and maintenance calls, delivered to the Customer's address of record or to the email address provided will be deemed to have been personally delivered to the Customer, whether actually received or not. Any notices requiring immediate verbal delivery left for you on your answering machine, or otherwise, will be deemed to have been delivered to you, whether you actually received it or not.

**40. Monitoring and Recording Telephone Conversations and Email.** HTS reserves the right to monitor and record any or all telephone conversations and electronic communications between you and HTS and any of HTS' employees or agents.

**41. Safeguarding Your Securities.** Your assets that remain in HTS' custody are insured against loss from fire, theft and forgery under mandated insurance programs and protected against business failure under the federally backed SIPC.

**42. Securities Industry Protection Corporation (SIPC) and Excess SIPC Coverage.** HTS is a member of SIPC, which protects the securities customers of its members up to \$500,000 (including \$250,000 for claims for cash). In addition, HTS has purchased Excess SIPC Insurance which covers the net equity of customers' accounts up to an aggregate of \$200 million from underwriting syndicates at Lloyd's of London. This coverage is offered over and above the coverage provided by SIPC. SIPC and Excess SIPC covers accounts of the member firm in the event of a member's bankruptcy or insolvency. SIPC and Excess SIPC Insurance Coverage do not protect against losses due to market fluctuation or any decline in market value of your securities. An explanatory brochure is available at [www.sipc.org](http://www.sipc.org) or by calling (202) 371-8300.

**43. Fees and Charges.** You understand that HTS and your Financial Professional may charge commissions and other fees for execution or any other service furnished to you, and you agree to pay such commissions and fees, including all associated collection costs. You acknowledge and agree that such commission rates and fees are determined and set by HTS or your Financial Professional and are subject to change at any time. You agree to pay any applicable fees charged by an electronic communications network (ECN), as well as, all applicable federal, state, local and foreign fees and taxes. A schedule of HTS' fees is attached as Schedule A.

**44. Satisfaction of Indebtedness.** Your securities and other property, in any account in which you have an interest, will be subject to a lien for the discharge of any and all indebtedness or any other obligations. All securities and other property of yours will be held by HTS or your Financial Professional as security for the payment of any such obligations or indebtedness in any account that you may have an interest, subject to applicable law. HTS or your Financial Professional may, at any time and without prior notice to you, use and/or transfer any or all securities and other property in any account(s) in which the Customer has an interest.

Further, you agree to satisfy, upon demand, any indebtedness, and to pay any debit balance remaining when the account is closed. Customer account(s) may not be closed without HTS first receiving all securities and other property for which the account is short, and all funds due for all securities and other property in which the account(s) are long. You further agree to reimburse HTS for any and all expenses.

**45. Indemnification and Limitation of Liability.** You agree to indemnify and hold harmless HTS, and its officers, directors, employees, agents, financial professionals, and representatives (Indemnified Parties), the company through which your independent brokerage firm clears from any and all claims, losses, liabilities, costs, damages, and expenses, including reasonable attorney's fees, that may be brought, made, or assessed against any Indemnified Parties caused by, arising out of, or resulting from (i) your failure or refusal to follow any directions or instructions from the Indemnified Parties regarding your Accounts, or (ii) the use in any manner by you of the services provided by HTS pursuant hereto, except where such results from the

gross negligence or willful misconduct of the Indemnified Parties. In no event shall the Indemnified Parties be liable to you, or anyone claiming by, under, or through you, or on your behalf, for any indirect, incidental, consequential, or special damages arising from this Customer Agreement.

#### 46. Arbitration Agreement and Disclosures.

The Customer Agreement contains a pre-dispute arbitration agreement clause. By signing an arbitration agreement the parties agree as follows:

- 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.
- ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING. A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
- THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.
- 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.
- THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.
- 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.
- THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THE CUSTOMER AGREEMENT.

THE CUSTOMER AGREES, AND, BY CARRYING AN ACCOUNT FOR THE CUSTOMER, THE FINANCIAL PROFESSIONAL AGREES, THAT ALL CONTROVERSIES THAT MAY ARISE AMONG THE CUSTOMER, THE FINANCIAL PROFESSIONAL, AND HTS CONCERNING ANY TRANSACTION OR THE CONSTRUCTION, PERFORMANCE, OR BREACH OF THIS OR ANY OTHER AGREEMENT AMONG THE CUSTOMER, THE FINANCIAL PROFESSIONAL AND HTS PERTAINING TO SECURITIES AND OTHER PROPERTY, WHETHER ENTERED INTO PRIOR, ON, OR SUBSEQUENT TO THE DATE HEREOF, SHALL BE DETERMINED BY ARBITRATION. ANY ARBITRATION UNDER THIS AGREEMENT SHALL BE CONDUCTED PURSUANT TO THE FEDERAL ARBITRATION ACT BEFORE FINRA OR THE MUNICIPAL SECURITIES RULEMAKING BOARD AND IN ACCORDANCE WITH THE RULES THEN PREVAILING AT THE SELECTED ORGANIZATION. THE CUSTOMER MAY ELECT IN THE FIRST INSTANCE WHETHER ARBITRATION SHALL BE BY FINRA OR THE NYSE, BUT IF THE CUSTOMER FAILS TO MAKE SUCH ELECTION, BY REGISTERED LETTER OR BY OVERNIGHT COURIER ADDRESSED TO THE FINANCIAL PROFESSIONAL AT THE FINANCIAL PROFESSIONAL'S MAIN OFFICE, BEFORE THE EXPIRATION OF TEN (10) DAYS AFTER RECEIPT OF A WRITTEN REQUEST FROM THE FINANCIAL PROFESSIONAL TO MAKE SUCH ELECTION, THEN THE FINANCIAL PROFESSIONAL MAY MAKE SUCH ELECTION. THE AWARD OF THE ARBITRATORS, OR OF THE MAJORITY OF THEM, SHALL BE FINAL, AND JUDGMENT UPON THE AWARD RENDERED MAY BE ENTERED IN ANY COURT, STATE OR FEDERAL, HAVING JURISDICTION. FURTHER, 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 (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 THE CUSTOMER AGREEMENT EXCEPT TO THE EXTENT STATED HEREIN.

#### MARGIN DISCLOSURE STATEMENT

This statement is being furnished to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading securities in a margin account, you should carefully review the Margin Agreement provided by your brokerage firm (the Firm). Consult your Financial Professional regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from HTS. If you choose to borrow funds, a margin account will be opened and interest will be charged on amounts borrowed by you from HTS. The securities purchased are collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, HTS or your Financial Professional can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with HTS, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- **Interest on Account Balances.** All balances in the Cash and Margin account types will be net together. If the netting results in a settled debit, debit interest will be charged. If netting results in a settled credit, credit interest will be paid. Interest will be charged on those net debit balances that accrue \$1.00 or greater of interest during the month. Please consult your Financial Professional for additional information.
- **You can lose more funds than you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to HTS to avoid the forced sale of those securities or other securities or assets in your account(s).
- **The Firm or HTS can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the maintenance margin requirements or HTS' higher "house" requirements, HTS or your Financial Professional can sell the securities or other assets in any of your accounts held at HTS to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- **Your securities or other assets may be sold without contacting you.** Some investors mistakenly believe that HTS or your Financial Professional must contact the customer for a margin call to be valid, and that HTS or your Financial Professional cannot liquidate securities or other assets in customer accounts to meet the call unless HTS or your Financial Professional have contacted customers first. This is not the case. Most firms will attempt to notify customers of margin calls, but firms are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect their financial interests, including immediately selling the securities without notice to the customer.
- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, HTS or your Financial Professional has the right to decide which security to sell in order to protect HTS' interests.
- **"House" maintenance margin requirements may be increased at any time without advance written notice.** These changes in HTS' policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause HTS or your Financial Professional to liquidate or sell securities in your account(s).
- **You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.
- **Please see Schedule A below for additional information regarding HTS' standard margin rates.**

#### MARGIN & SHORT ACCOUNT AGREEMENT

In consideration for HTS and your Financial Professional opening or maintaining one or more margin accounts on your behalf, you confirm and agree to the following:

1. The terms and provisions of the Customer Agreement apply to accounts of HTS and the Financial Professional/Dealers for which it clears. This provision of the Customer Agreement shall be considered supplementary to the Cash Account Agreement that you have signed. Except as specifically amended by the Customer Agreement, all the terms and conditions set forth in the Cash Account Agreement shall remain effective with respect to your margin account.
2. One of the services provided, is to permit you to maintain a margin account and borrow money on marginable securities using credit extended by HTS. Not all securities are marginable. If you do not know whether the security you plan to purchase is marginable, please consult with your Financial Professional before you make the purchase.
3. A margin account involves HTS extending credit to you based on the marginable securities in your account as collateral. Margin is the amount you pay when you use HTS' credit to purchase a security. At the time that you open a margin account, you must furnish your Financial Professional with the information required for all other accounts, as well as a signed Margin Agreement which contains loan terms and provisions, enabling HTS to pledge or lend securities carried for your account.
4. Margin requirements are twofold. First, there is an initial margin requirement at the time of purchase; and second, there is a minimum margin equity that must be maintained in your account. In most cases, the minimum amount due initially is established by the Federal Reserve Board in accordance with Regulation T. This requirement is expressed as a percentage of the purchase price and it may change from time to time. For example, if the margin requirement is 50%, and you purchase a stock costing \$5,000.00 plus commission, you are only required to deposit 50% of that amount. Under Regulation T, your margin must be deposited into the account by settlement date. The balance due on the purchase will be loaned to you by HTS, and your account will be debited. You are required to pay interest on the amount advanced as you would on any other loan.
5. HTS holds the securities you buy as collateral (unless loaned out as described below) for your debt. Although HTS retains your securities as collateral, you receive credit for all dividends or interest, and you may direct your Financial Professional to sell your stock so long as your account is in good order.
- 6 In addition to the initial margin requirements of the Federal Reserve Board, the NYSE requires a customer opening a margin account to have minimum initial equity of \$2,000 in the account. For example, if your initial purchase of stock costs \$2,400, you will have to deposit \$2,000 rather than \$1,200 which would be required by the Federal Reserve Board (assuming the Regulation T requirement is 50%).
7. The NYSE also sets minimum maintenance requirements. Under present Exchange rules, the margin that must be maintained in an account is 25% of the market value of all securities "long" in the account. The HTS minimum maintenance requirement is 30%. For other securities, such as bonds, there may be a somewhat higher or lower requirement, depending on the security. In

- accordance with the terms of the Margin Agreement, HTS can increase the margin maintenance requirement at any time, i.e., in cases where there is a lack of diversification in an account's collateral or a preponderance of low priced or infrequently traded securities. If the equity in your account falls below 30% due to a decline in the market value of your securities, it will be necessary for you to deposit additional marginable securities or make cash payment to reduce your indebtedness.
8. If your equity falls below the minimum maintenance requirement established by HTS, you will usually receive a margin call notice informing you of the additional collateral required to bring your account above the minimum level. Further, if HTS considers it necessary, HTS may require you to immediately deposit cash or collateral into your account prior to any applicable settlement date in order to assure due performance of your open contractual commitments. HTS does not have to grant a customer an extension on a margin call. If you fail to meet a margin call, HTS has the right to force the sale of any or all securities and other property in your account; buy any or all securities and other property which may be short in your account; cancel any or all open orders; and/or close any or all outstanding contracts to meet any obligations to HTS. This is at the discretion of HTS and may be done without further notice to or contact with you. HTS reserves the right to select the securities to be sold.
- In addition, market conditions may make it difficult for HTS to send you a margin call. The volatility of the market may require HTS to take immediate action without demand for additional collateral, or prior notice of sale or purchase, or other notice or advertisement, to protect HTS' interests. HTS can unilaterally force the sale of securities in a customer's account at any time without being required to contact the customer. It should be noted that prior notices in the form of a margin call should not be construed as a waiver of HTS' right to take immediate action in your account to protect HTS' interests at some future date, without making a margin call.
9. It is important that you understand the nature of the debit balance in your account and how it is computed. A debit balance represents money that HTS has loaned to you. As previously noted, when you purchase securities on margin, you must pay the amount of money required by Regulation T and the balance of the purchase price is loaned to you by HTS. It is this loan portion which creates the debit balance and upon which interest is charged. Each additional purchase made on margin adds to your debit balance, and any other charge that is assessed against your account (including interest charges) increases your debit balance. It is very important to understand that unlike in a cash account, you can lose more funds than deposited in your account if the value of your investments declines.
- All securities which HTS may at any time be holding for you or which may be in HTS' possession are subject to a general lien for the discharge of your indebtedness and other obligations to HTS. This lien is equal to the amount of money that you owe HTS or your Financial Professional.
10. You authorize HTS to lend any securities or other property held by HTS in your margin account and to carry such property in HTS' customer loans. Such property may be pledged, repledged or hypothecated by HTS without notice to you, for equal or greater amounts due to HTS. HTS shall have no obligation to retain a like amount of similar securities or property.
  11. HTS may loan out (to itself or others) the securities that collateralize your margin debit. If it does, securities are first loaned to HTS prior to lending to others. You may not receive, with respect to securities that are lent, certain benefits that normally accrue to a securities owner, such as the ability to exercise voting rights, or to receive interest, dividends, or other distributions. The individual or entity to which the securities are lent will accrue these benefits except for cases in which the securities are loaned to and held by HTS and not loaned to another party. If HTS holds the lent securities, you will continue to accrue these benefits. Although you may receive substitute payments in lieu of distributions, these payments may not receive the same tax treatment as actual interest, dividends, or other distributions, and you may therefore incur additional tax liability for substitute payments. HTS may allocate substitute payments by lottery or in any other manner permitted by law, rule, or regulation. Currently, these substitute payments are allocated according to the number of shares an account holds, with the larger accounts receiving payment first. Please note that any substitute payments HTS makes are voluntary and may be discontinued at any time. However, at this point in time, substitute payments have never been discontinued.
  12. A short sale is a transaction in which you sell a security that you do not own. HTS borrows the security on your behalf for delivery to the purchaser. Prior approval is required on all short sales. There may be certain costs associated with the securities that HTS borrows on your behalf, and you agree to pay such costs, including all associated collection costs. You acknowledge and agree that such costs are determined by the party from which HTS borrows the security, HTS or your Financial Professional and are subject to change at any time. The credit generated by any short sale does not reduce your debit balance for the purpose of computing interest until the short position is covered, either by delivery of the security or by purchasing it. Always bear in mind that your short credit may be reduced substantially, or possibly lost altogether, when you cover your short credit may be reduced substantially, or possibly lost altogether, when you cover your short position by purchasing the security. There are special margin requirements on a short sale. NYSE rules presently require for maintenance margin on short sales: (i) \$2.50 per share or 100% of the current market value, whichever is greater, of each stock short in the account selling at less than \$5 per share, or, (ii) \$5 per share; or 30% of the current market value, whichever is greater, of each stock short in the account selling at \$5 per share or above.
  13. If the security that you sold short appreciates in market price over the selling price, interest will be charged on the appreciation in value. If the security that you sold short depreciates in market price, interest on any debit balance in your account is reduced in relation to the depreciation in value. The daily closing price is used to determine any appreciation or depreciation of the security sold short. This practice is known as "marking-to-the-market".
- The annual rate of interest which HTS charges on your debit balance is determined by HTS' cost of borrowing money and other factors. Your rate of interest may be changed without notice. Please see Schedule A below for additional information regarding HTS' standard margin rates.
14. Interest on margin accounts will be charged on the settled margin balance in your account. The annual rate of interest which will be charged on your settled margin balance may vary from the HTS Base Rate, depending on the amount of the settled debit balance in your account. Each day this interest is accumulated into a monthly total. The normal interest period ends on the last business day of the monthly statement cycle. Interest is computed by multiplying the daily debit balance by the daily interest rate (1/360 of the annual interest rate) times the number of days in the interest period. If during any interest period there is a change in interest rates, applicable to your account, separate computations will be made for each interval in which there is a change in the rate during the interest period. When the rate changes during an interest period, a blended rate will be calculated based on the number of days each interest rate is in effect during that period.
  15. I acknowledge that I have read, understand, and agree to be bound by the pre-dispute Arbitration Clause contained herein.

#### **OPTION ACCOUNT AGREEMENT**

In connection with any transactions in Put and Call options (including combinations of the two) that HTS and/or your Financial Professional may handle, purchase, sell, and/or endorse for your account, you confirm and agree to the following:

1. The terms and provisions of the Customer Agreement apply to accounts of HTS and the Financial Professional/Dealers for which it clears. This provision of the Customer Agreement shall be considered supplementary to the Cash and Margin Agreement(s) (if applicable) that you have signed. Except as specifically amended by the Customer Agreement, all the terms and conditions set forth in the Cash Account Agreement and the Margin & Short Account Agreement shall remain effective with respect to your option account.
2. By signing the Option Agreement, you acknowledge your understanding of the risks involved in dealing in options. Where the term "option" is used, this includes all standardized Put and Call options issued by the Options Clearing Corporation.
3. You acknowledge receipt of the current Options Clearing Corporation Disclosure Document and the Special Statement for Uncovered Option Writers, if applicable, and confirm that all your option transactions are subject to the rules and regulations of the Options Clearing Corporation, the appropriate option exchange, FINRA, and any additional terms and conditions which may be imposed.
4. You agree that acting alone or in concert with others, you will not exceed the position and exercise limits imposed by the Options Clearing Corporation or other regulatory bodies. You further understand that it may be necessary to report your position in a class of options having the same underlying security to the proper regulatory authority, indicating your name, address, and Social Security number.
5. You acknowledge that you have furnished your Financial Professional with your financial information and investment objectives. Should your financial situation or investment objectives change, you will notify your Financial Professional immediately. HTS or your Financial Professional reserve the right to deny, revoke or discontinue option privileges on any account.
6. You acknowledge that HTS or your Financial Professional have the right to determine whether an order is acceptable, as well as, the position limits that HTS or your Financial Professional are prepared to undertake for your account.
7. You acknowledge that both the purchase and sale (writing) of Put and Call options involve a high degree of risk and are not suitable for all investors. You are aware that you should not purchase an option unless you are able to sustain a total loss of the premium (cost of option) and the costs associated with purchasing the option. Further, you are aware that you should not sell (write) an option unless you own the underlying security or are in a position to assume the substantial risks inherent in writing "naked" options. You agree not to hold the financial professional liable for any loss incurred due to the purchase or sale of such securities.
8. You are aware that when you purchase an option, you must pay the full premium and that an option purchase cannot be margined. In addition, there are special margin requirements governing the sale of options with which you will become familiar before commencing an option program. Complete details on the margin requirements for options are available through your Financial Professional.
9. As additional consideration for the opening sale of Call option(s) for your accounts, you agree that you will not sell, during the life of such option(s), the underlying collateralizing securities until such option(s) are closed, exercised, expire, or you have been approved for and have met the collateral requirements established by the financial professional for carrying Uncovered Call options. You also agree that the financial professional, in the financial professional's sole discretion, may refuse any orders to sell such underlying securities which the financial professional receives from you or by means of a "give-up" basis through another financial professional unless, prior to such sale, you have met the collateral requirements established by the financial

- professional for carrying Uncovered Call options. The financial professional has the right, at the financial professional's sole discretion, to permit you to apply the proceeds of such sale to collateral requirements.
10. Since option contracts are traded for a specified period of time and have no value upon expiration, you agree to advise your Financial Professional if you wish to enter offsetting transactions by closing out your position or exercising the option prior to the expiration date. Failure to do this may result in the option expiring worthless, even though it might have a monetary value on the expiration date. You understand that you bear full responsibility for taking action to exercise or sell valuable options. In the absence of you notifying the financial professional to exercise a valuable options contract by 3:00 PM, CST, on the last business day prior to expiration date of the options contract, you agree that the financial professional may exercise the options contract on your behalf. This is in no way to be construed as an obligation on HTS' part to sell or exercise such options on your behalf.
  11. You acknowledge that you are aware that all short American-style option positions are subject to assignment at any time and that European-style option contracts are only exercisable on the option's date of expiration. Since an American-style option provides an investor a greater degree of flexibility than a European-style option, the premium an American-style option is at least equal to or higher than the premium for a European-style option which otherwise has all the same features.
  12. When HTS receives an exercise notice from the Options Clearing Corporation, HTS assigns the notice to a customer who is a writer of an identical option contract. Exercise assignment notices for option contracts are allocated among customer short positions pursuant to a procedure that randomly selects from among all customer short option positions that are subject to exercise. All short options positions are liable for assignment at any time. A more detailed description of HTS' random allocation procedure is available upon request.
  13. If an exercise notice is assigned to your account, you must deliver the underlying security to HTS in the case of a Call, and deposit funds or securities with HTS in the case of a Put, sufficient to properly margin the security promptly.
  14. I acknowledge that I have read, understand, and agree to be bound by the pre-dispute Arbitration Clause contained herein.

#### **INVESTMENT OBJECTIVES**

To ensure that you, the Customer, and HTS have a mutual understanding of the meaning of the investment objective terminology utilized on the New Account Application, the terms and corresponding definitions are contained therein. Please discuss any necessary clarifications of those terms with your Financial Professional.

#### **MUTUAL FUND BREAKPOINT DISCOUNT DISCLOSURE STATEMENT**

When investing in mutual funds it is important to understand sales charges, expenses, and management fees, as well as breakpoint discounts. For general information about these fees and discounts, please refer to the Mutual Fund Breakpoint Disclosure Statement located at [www.hilltopsecurities.com](http://www.hilltopsecurities.com). To request a copy of this disclosure by mail or fax, please contact your Financial Professional.

#### **MUNICIPAL CLIENT EDUCATION AND PROTECTION**

HTS is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board. Additional information regarding these organizations may be found at [www.sec.gov](http://www.sec.gov) and [www.msrb.org](http://www.msrb.org). A municipal investor brochure is posted on the website of the Municipal Securities Rulemaking Board that describes the protections that may be provided by the Municipal Securities Rulemaking Board rules and how to file a complaint with an appropriate regulatory authority. Registration with the organizations does not imply any endorsement or approval has been granted to HTS.

#### **SCHEDULE A: COMMISSIONS AND OTHER FEES**

Your Financial Professional will set the commissions or miscellaneous fees, if any, to be charged to you on security transactions reflected on your confirmation. You should consult your Financial Professional for details of his commission charges. Commission and fees are subject to change without notice. Please contact your Financial Professional with any questions. Additional fees may apply.

**Interest:** HTS reserves the right to charge interest on: (i) payments to you before the settlement date on securities; (ii) payments to you for securities sold where good delivery of securities has not been made; and (iii) on debit balances where payment has not been received from you on or before the settlement date on securities purchased.

**The fee schedule below lists the fees that your Financial Professional may be charged by Hilltop Securities Inc. Your Financial Professional may have different fees and charges, and your Financial Professional should disclose those to you in writing.**

<b>MONEY MARKET</b>	
Vision Check - Reorders	\$15
Vision Check - Rush Orders	\$22.50
Vision Check - Stop Payment	\$25
Vision Check - Returned Check	\$25
Vision Check - Photocopy of canceled check	\$10
Vision Check Writing Termination	\$25
Visa Platinum Debit Card - Annual Fee	\$50
<b>ACCOUNT TRANSFER/DELIVERIES BETWEEN BROKER DEALERS OR OTHER AGENTS/MUTUAL FUND COMPANIES</b>	
Account Transfer Fee (ACAT)	\$100
Account Transfer Fee (Non-ACAT)	\$150
Delivery of Book Entry Securities (Per Issue)	\$25
Receipt/Delivery of Foreign Securities	\$100
<b>GENERAL</b>	
Wire Transfer - US Bank	\$20
Wire Transfer - Foreign Bank	\$50
Prepay Fee	\$20
Cleared Check Copy	\$20
Stop Payment	\$25
Returned Deposit Item	\$35
Returned Outgoing Wire Transfer Fee	\$25
Accommodation Fee	\$25
<b>DELIVERIES - MINIMUM FEES</b>	
Regular Next Day	\$25
Priority Next Day	\$30
Saturday Delivery	\$40
Foreign Address	\$60
USPS Priority Mail	\$6
<b>CERTIFICATES, DRS, DWAC, W/T &amp; PROCESSING</b>	
Low-Priced/Large Quantity Review/Processing Fee	\$300*
Legal Transfer Fee	\$50*
Non-Equity Physical Processing Fee	\$150*

Non-DTCC Eligible Receipt/Delivery	\$100*
RVP/DVP Fee	\$50*
Certificate Handling Fee	\$50
DRS Deposit/Withdrawal	\$50*
DWAC Deposit/Withdrawal	\$75*
Exercising Employee Stock Options	\$50*
Canadian Deposit	\$150*
Foreign Deposit	\$250*
Canadian Settlement	\$50*
Foreign Settlement	\$100*
Transfer Agent Fee	Pass through fees*
DTCC Deposit	\$12
DTCC Legal Deposit	\$50
DTCC Withdrawal by Transfer	\$500
DTCC/TA Reject	\$125
DTCC DRS Reject	\$75
DTCC New York Window Settlement	\$50*
DTCC Envelope Settlement Service	\$35
<b>OTHER FEES</b>	
Customer Research or Document Reproduction Fee	\$25 per hour
Annual Safekeeping Fee	\$50 per position
Bond Fees (Purchase or Sale)	\$5 for T-Bills and \$15 for T- Notes, T-Bonds and other Government Instruments
Redemption / Termination	\$25
Corporate Action Deposits	\$90
Corporate Action Physical Certificates	\$6*
Foreign Tax Elections	\$50
Mandatory Corporate Action	\$10 per event
Mutual Fund Positions Networking Fee	\$50
Mutual Fund Transaction Fee	Service fees may be charged
Option Reporting Fee	\$0.04 per contract
Private Placement /Limited Partnership Annual Safekeeping fee	\$100
Private Placement /Limited Partnership Re-registration of any kind	\$75
Private Placement /Limited Partnership Transfer in Purchase and Sale	\$75
Voluntary Corporate Action Instruction	\$50 per instruction
<b>IRA</b>	
Annual Fee	\$45
Account Termination	\$50
<b>OTHER RETIREMENT ACCOUNTS</b>	
Qualified Plans	\$250 Primary Annual
<b>DOCUMENT DELIVERY FEE</b>	
	\$75
*Pass through fees may include, but are not limited to, charges from DTCC, transfer agents, third party custodians and foreign exchanges.	
The HTS Margin Base Rate is:	10.24+

#### **HILLTOP SECURITIES INC. BUSINESS CONTINUITY PLANNING DISCLOSURE**

Hilltop Securities Inc., (“HTS”), provides services using computer systems and financial relationships. The events of September 11, 2001 emphasized the importance of the capital markets to our economy. As a result, we have been working to improve our responses to various situations that have the potential to impact our ability to serve you. This disclosure document is designed to provide you with information on how we have approached and/or plan to approach various situations that we may encounter.

#### **Overview of Hilltop Securities Inc.**

Hilltop Securities Inc., a Member Firm of the New York Stock Exchange, is a full-service brokerage firm providing customers with execution services on all major exchanges and access to all major markets. In addition, HTS performs, as agent, certain execution and clearing functions for independent brokerage firms. These functions are provided primarily in Dallas, Texas with various financial professional, trading, stock-loan and investment banking offices located in other locations in the United States.

HTS uses various mission critical systems to provide these services to our customers. These systems are housed at one of our data centers, one of our offices, or at a third party service provider, exchange or utility.

Our business continuity planning (“BCP”) first insures the safety and security of our employees. The events of 9/11 emphasized the unique skill sets of personnel who work in our industry and the need to put their safety first so that after an interruption they are available to continue serving our customers. In addition to protecting our personnel, our BCP and daily operations are focused on preserving our critical firm and customer data through regular backups which are moved offsite either via media and/or real time and near real time electronic copies of our data at remote locations. In 1996 we added a second data center in one of the suburbs of Dallas which houses our backup hardware/software, real time data copies and back office recovery space. We have constructed high bandwidth networks between our two data centers allowing us to utilize the resources of both centers during normal production, as well as facilitating the real time movement of data from the primary data servers to the backup data servers. Finally, our industry is heavily interconnected with data connections ranging from dial-up modem communication, dedicated private lines, frame relay technology and, in many cases, the Internet through encrypted sessions. Where mission critical systems are involved, we have installed, where possible, redundant connections to the exchanges, utilities and counterparties involved.

#### **Business Continuity Planning Response Scenarios**

The details of our BCP are proprietary and contain information which is confidential and in many cases potentially harmful to HTS and our customers if publicly available. The following series of event scenarios are presented to disclose to you our planned approach for dealing with a variety of hypothetical Significant Business Disruptions (“SBD’s”), but based on the number of variables present in each situation, HTS can’t guarantee we will follow these plans.

Scenario: An event occurs that, like 9/11, causes the complete shutdown of securities trading, clearance/ settlement or other banking services nationwide. (Impact: Nationwide) HTS plans to continue business during this type of event and will await the reopening of the affected institutions. Unless a securities industry holiday is declared, we plan to be open each business day until full functionality is restored. The recovery time in this scenario will be dependent on the timing specified by the impacted organizations. We plan to be ready to open when they reopen.

Scenario: A specific exchange is unable to trade. (Impact: Nationwide) HTS plans to continue business during this type of event and will route its order flow away from that exchange to alternative exchanges for the securities that exchange trades. Our recovery time objective for this scenario is less than one hour.

Scenario: One of our major telecommunications vendors loses a key central office or service offering. (Impact: Nationwide and/or firm only) HTS plans to continue business during this type of event and will use alternative dialing plans (e.g. placing/receiving local calls through a long distance vendor different from the failed vendor), backup lines from a different vendor for mission critical data applications (e.g. use the Sprint backup connection to an exchange when AT&T is down). Our planned recovery time objective is less than four hours.

Scenario: The power grid (ERCOT) that serves the majority of our Texas locations is down. (Impact: Regional) HTS plans to continue business during this type of event and will utilize the backup generators that are located at both the primary data center location and the backup data center location to power our operations during the outage. Where necessary, we will relocate personnel among our facilities to compensate for any workspace outages. Our planned recovery time objective for power to our data centers from the backup generators is less than fifteen minutes. If we are required to activate our business resumption space for operations recovery, the planned recovery time objective is four hours for mission critical functions.

Scenario: Our headquarters location is closed. (Impact: Single building, city wide, business district) HTS plans to continue business during this type of event and will transfer its mission critical activities to the backup data center and our other offices and affiliate offices. Assuming no access to and no power to the building, the planned recovery time objective for mission critical activities is four hours. Our planned recovery times for business resumption may be negatively impacted by the unavailability of external resources and other circumstances beyond our control. In the event of a significant business disruption, Hilltop Securities Inc. will supply additional information at 866-SWS-5BCP (866-797-5227).

Scenario: Your Financial Professional/Dealer firm which clears through Hilltop Securities Inc. experiences a significant business disruption and cannot be contacted. HTS has set up operational procedures to assist the clients of Financial Professional/Dealers for which we clear. For more information please go to [www.hilltopsecurities.com](http://www.hilltopsecurities.com).

#### **Updates to this disclosure**

As we continue to test our plans and as conditions in our firm and the industry change, we will continuously revise the plans as considered necessary. Whenever we update this disclosure document we will promptly place a copy of it on our website. You may request a hard copy of this disclosure in its current revision be sent to you at any time by mail.

**Hilltop Securities Inc.**  
717 N. Harwood Street, Suite 3400  
Dallas, TX 75201  
Member NYSE, FINRA, SIPC

## **ACH TRANSFERS: Funds Availability, Withholding, and Recovery of Reversed ACH Transfers**

By initiating an ACH transfer to fund your account, you acknowledge and agree that Regal Securities, Inc. may, at its sole discretion, withhold the availability of such funds for **up to 60 calendar days** from the date of deposit. This withholding period is necessary to mitigate the risk of ACH reversals, insufficient funds, fraud, or other unauthorized transactions.

During this period, you may be restricted from withdrawing or transferring these funds out of your account. If an ACH reversal occurs within this timeframe, Regal Securities reserves the right to:

- Debit your account for the full amount of the reversed transfer.
- Initiate collection efforts to recover the funds, including but not limited to liquidating securities, restricting account activity, and engaging third-party collection agencies.
- Impose an ACH Reversal/Recall/Return fee of \$35 and an additional administrative fee of \$100 to cover costs associated with processing and recovering the reversed transaction.

## **Liability for Trading Losses & Debt Repayment**

You acknowledge and agree that you remain fully responsible for any and all trading losses, margin calls, or other liabilities incurred in your account, regardless of whether an ACH transfer used to fund the account is later reversed. An ACH reversal does not absolve you of any financial obligations arising from trading activities or losses, and you expressly agree to promptly cover any negative balances or outstanding debts in your account upon demand.

Failure to satisfy outstanding debts in a timely manner may result in:

- The liquidation of securities or other assets in your account without prior notice.
- Interest charges on unpaid balances at the maximum rate permitted under applicable law, accruing from the date of reversal until full repayment is received.
- Legal action to recover outstanding amounts, including attorney fees, court costs, and collection agency fees.

## **NOTICE: ACH FRAUD IS A FEDERAL OFFENSE**

The Automated Clearing House (ACH) network, governed by Nacha (National Automated Clearing House Association), facilitates electronic financial transactions, including direct deposits, bill payments, and fund transfers.

You acknowledge that any unauthorized use of the ACH network- including fraudulent transactions, misrepresentation, or attempts to bypass Nacha's operating rules- may constitute a federal crime. Individuals or entities engaging in ACH fraud can face severe civil and criminal penalties, including substantial fines, restitution, and imprisonment under federal law.

Violations may be prosecuted under federal statutes, including:

- 18 U.S.C. § 1343 (Wire Fraud) – Punishable by fines and up to 20 years in prison.
- 18 U.S.C. § 1344 (Bank Fraud) – Punishable by fines and up to 30 years in prison.
- 18 U.S.C. § 1029 (Fraud in Connection with Access Devices) – Punishable by fines and up to 10 years in prison.

By initiating ACH transactions, you certify that all information provided is accurate and authorized. Any misuse of the ACH system may be reported to regulatory authorities and law enforcement for investigation and prosecution.

## **Alternative Funding, Severability and Important Disclaimer**

To avoid potential delays, restrictions, and associated fees, we strongly recommend funding your account via wire transfer, which provides immediate availability of funds and avoids the risks outlined above associated with ACH transfers.

If any provision of this policy is found to be unlawful, invalid, or unenforceable under applicable law, that provision shall be deemed severed from the policy, and such determination shall not affect the validity and enforceability of the remaining provisions, which shall remain in full force and effect.

By funding your account via ACH, you agree to comply with these provisions and waive any claims against Regal Securities related to delays in fund availability, fees incurred, or actions taken pursuant to this policy.

## BROKERAGE FEES

### ACH/Checks/Wires

ACH Recall/Reversal/Return	\$35.00
Wire Transfer	\$35.00
Recalled Wire	\$50.00
Returned Wire	\$50.00
Returned Check	\$40.00

### Retirement Accounts

#### Simple IRAs

Simple IRA 5304 Annual Fee	\$45.00
Simple IRA 5305 Annual Fee	\$100.00
Simple IRA Setup Fee	\$100.00
Simple IRA Termination Fee	\$50.00

#### Traditional, Roth, Rollover, SEP IRAs & Coverdell ESAs

IRA Annual Fee	\$15.00
IRA Setup Fee	No charge
IRA Termination Fee	\$50.00

#### Profit Sharing Plans

Profit Sharing Plans	\$100
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### Miscellaneous Fees

#### Exchange Fees

OCC Fees	\$0.025 Per Contract
Options Regulatory Fee (ORF)	\$0.01535 Per Contract

<b>Trading Activity Fees (TAF)</b>	
Stocks & ETF's	\$0.000166 per share (max. \$8.30 per trade)
Options	\$0.00279 Per Contract
Covered Debt Securities	\$0.00105 Per Bond (Max. \$1.05 Per Trade)
<b>SEC Transaction Fee</b>	Varies
Cancel and Re-bill	\$20.00
CAT Fee Options	\$.0035 Per Contract
CAT Fee Equities Off Exchange	\$.000046 Per Share
CAT Fee Equities On Exchange	\$.000035 Per Share
CAT Fee OTC Equities	\$.000046 Per 100 Shares
Certificate Held in Safe Keeping at HTS/Firm	\$100.00 Per Year
Certificate Processing/Deposit Fee (NYSE, NASDAQ, Pink Sheets, and Bulletin Board Stocks)	\$75.00 Per Cusip, Per Deposit, Plus Applicable Fees
Copy of Past Confirmation	\$5.00
Copy of Past Statement	\$5.00
DTC Non-Transferable Fee	\$15.00 Per Month
DTC Non-Transferable Securities Held	\$150.00 Annually
DRIP	No Charge
DRS Statement Withdrawal	\$30.00
<i>A DRS statement is sent only when a security is returned to the transfer agent to hold in book entry form.</i>	
DWAC and DRS Process Fee	\$75.00 Plus Transfer Agent Fees
Holding and Reporting Fee	\$50.00 Annually
<b>Index Option Exchange Fees</b>	Varies
Non-ACAT Eligible Securities – Full	\$75.00
Non-ACAT Eligible Securities – Partial	\$35.00
Non-DTCC Eligible Securities	\$100.00 Plus Pass Thru Fees
<b>NSCC Illiquid Securities Fee</b>	Varies
<b>NSCC VAR Charges</b>	Varies
Physical Certificate Held at DTC Delivery Fee	\$100.00

Physical Certificate Held at Hilltop Securities, LLC in Street Name or Client Name	\$150.00 Per Year
Professional Data Fees	\$125.00 Per Month
Reg T Extension	\$20.00
Reorganization – Mandatory	\$20.00
Reorganization – Voluntary	\$50.00
Right or Warrant Exercise – Voluntary	\$50.00
Right or Warrant Exercise – Mandatory	No Charge
SEC Transaction Fee	Varies
Short Stock Hard to Borrow Fee	Varies
<b>Statements &amp; Confirms</b>	
<i>Electronic Statements</i>	Free
<i>Electronic Confirms</i>	Free
<i>Paper Statements</i>	Free
<i>Paper Confirms</i>	\$1.00 Per Trade
<b>Tenders</b>	
<i>Voluntary Per Position</i>	\$50.00
<i>Mandatory</i>	No Fee
Transfer and Ship Request	\$550.00
Transfer Out – Full	\$60.00
Transfer Out – Partial	\$50.00

**Important Note:** Modifying a partially executed order, also known as a cancel/replace, is considered a new order and will incur a separate commission if the modified order is executed.

[1] Applicable fees include wire fees, rejection fees, and shipping fees, redeposit fees, transfer agent fees, DWAC fees, and agent fees.

[2] A DRS statement is sent only when a security is returned to the transfer agent to hold in book entry form.

Fees & Commissions effective as of 1/1/2024. All fees subject to change without notice.

## Margin Rates & Requirements

The Base Rate is set by comparing various commercial interest rates, such as brokers call, internal and external cost factors and other competitive factors. The Base Rate is subject to change without notice.

AS OF 12/23/2024 THE CURRENT BASE RATE IS 9.45%		
Less than \$25,000	Base Rate	9.45%
\$25,000-\$49,999	Base Rate -0.50%	8.95%
\$50,000-\$99,999	Base Rate -1%	8.45%
\$100,000-\$249,999	Base Rate -2%	7.45%
\$250,000+	Base Rate -3%	6.45%



## Regal Securities, Inc. Customer Relationship Summary (Form CRS) | Jan. 2025

Regal Securities, Inc. ("Regal Securities") is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker-dealer and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Brokerage and investment advisory services and fees differ and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing.

### WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE TO ME?

We offer two categories of brokerage services to retail investors, including buying and selling of securities:

- (1) **Full-Service:** Full-service brokerage solutions *and securities recommendations* through licensed financial professionals ("Full-Service"). We provide advice on a full suite of products, including stocks, ETFs, mutual funds, bonds, options, annuities, closed-end funds, alternative products, and insurance. You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a "discretionary" account), or we may give you advice and you decide what you want to buy and sell (a "non-discretionary" account). We do not provide monitoring of your portfolio; however, your financial professional may periodically review your account for purposes of making a buy, sell or hold recommendation. We do not impose account minimums, although our financial professionals may choose to do so, and certain investments may have minimum requirements as detailed in the prospectus or offering documents of your investments.
- (2) **Discount Services:** Self-directed trading services through several divisions in which *we do not provide securities recommendations* and are solely the executing broker ("Discount"). We offer stocks, ETFs, options, bonds and mutual funds. All trades are at your sole discretion. You are not assigned an associated person for advice and oversight, nor do we monitor your account. There is no minimum to open an account.

For additional information on our services, please visit [www.regalsecurities.com/regal-disclosures/](https://www.regalsecurities.com/regal-disclosures/).

#### *Conversation Starters. Ask your financial professional-*

Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?

How will you choose investments to recommend to me?

What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

### WHAT FEES WILL I PAY?

You will pay transaction-based fees for purchases or sales you decide to execute in your account, based on the brokerage services model (Full-Service or Discount), product selection, and size of transaction. You generally will be charged more when there are more transactions in your account; therefore, an incentive exists for the firm or your financial professional to encourage you to trade more frequently.

You will also pay fees for services provided to your account, such as custodian fees, account maintenance fees, margin interest, cash management fees, and other transactional and product-level fees.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For additional information on our fees, see your account statements, trade confirmations, investment documents, and visit [www.regalsecurities.com/regal-disclosures/](https://www.regalsecurities.com/regal-disclosures/).

**Conversation Starter.** Ask your financial professional-

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

## **WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

(1) **Full-Service:** When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts, because they can affect the recommendations we provide you. Here are some examples to help you understand what this means: we earn a portion of the commissions charged to you. If you keep cash or money market funds in your account, we earn additional interest. If you trade on margin, we earn a portion of the margin interest charged to you. Third-party payments may be based on sale of investment products, thus incentivizing us to recommend that you buy and sell investments. Our recommendation of a third party is in part driven by revenue sharing arrangements creating a conflict of interest. We are affiliated with Regal Advisory Services, an SEC-registered investment adviser. Our financial professionals may recommend that you establish a separate advisory account with our affiliate for your other investment assets. Please consult with your financial professional and carefully review this Form CRS and the public disclosure site at [Investor.gov/CRS](https://www.investor.gov/crs).

(2) **Discount Services:** We do not provide recommendations. The way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the services we provide you. Here are some examples to help you understand what this means: if you trade on margin, we earn a portion of the margin interest charged to you. If you keep cash or money market funds in your account, we earn additional interest. We receive payment for order flow for certain trades.

**For additional information, please and see your account statements, trade confirmations, investment documents, and visit [www.regalsecurities.com/regal-disclosures/](https://www.regalsecurities.com/regal-disclosures/).**

**Conversation Starter.** Ask your financial professional-

How might your conflicts of interest affect me, and how will you address them?

## **HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

Our financial professionals that make recommendations are compensated based on a percentage of revenue generated from the sales of products and services to clients. Some financial professionals may receive a higher percentage of compensation depending on their production level. There are also financial professionals that receive a salary and are not paid on revenues, primarily in Discount Services. We do not receive non-cash compensation.

## **DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes, certain of our financial professionals have disciplinary records, which can be found by accessing [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research our firm and our financial professionals.

**Conversation Starter.** Ask your financial professional-

As a financial professional, do you have any disciplinary history? For what type of conduct?

You can find additional information about our brokerage services at [Investor.gov](https://www.investor.gov) and [www.regalsecurities.com/regal-disclosures/](https://www.regalsecurities.com/regal-disclosures/). You may also contact our firm to speak to a financial professional or support staff and request up-to-date information and a copy of the Relationship Summary. For *Full-Service* brokerage services, please call 877-488-6534, option 3. For *Discount* brokerage services, please call 1-800-287-1362.

**Conversation Starters.** Ask your financial professional-

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?



## Additional Disclosure

This document is intended as a supplement to Regal Securities, Inc.'s ("Regal Securities") Form CRS to provide further information for the self-directed trading, or Discount brokerage services we provide as the executing broker. You acknowledge that you have received the Form CRS and we recommend that you carefully review the document.

We offer two categories of brokerage services to retail investors, including buying and selling of securities, for Discount and Full-Service brokerage.

- (1) For Discount, we *do not provide securities recommendations*. We offer self-directed trading services through several divisions in which we do not provide securities recommendations and are solely the executing broker ("Discount"). We offer stocks, ETFs, options, bonds and mutual funds. *All trades are at your sole discretion and are on an unsolicited basis*. Unsolicited means recommendations are not provided under these divisions. You are not assigned an associated person for advice and oversight, nor do we monitor your account. It is your responsibility to regularly review your account statements and trade confirmations. There is no minimum to open an account. Your securities trades are entered by you through our online trading platform, mobile app, or through a financial professional on our trade desk that will enter your order for you. Our clearing firm for Discount services is Hilltop Securities ("Hilltop").
- (2) For Full-Service, we *provide securities recommendations* through licensed financial professionals ("Full-Service"). We provide advice on a full array of products, including stocks, ETFs, mutual funds, bonds, options, annuities, closed-end funds, alternative products and insurance. You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a "discretionary" account), or we may give you advice and you decide what you want to buy and sell (a "non-discretionary" account). We do not provide monitoring of your portfolio, and it is your responsibility to regularly review your account statements and trade confirmations. We do not impose account minimums, although our financial professionals may choose to do so, and certain investments may have minimum requirements as detailed in the prospectus or offering documents of your investments. Our clearing firms for Full-Service are RBC Capital Markets and Hilltop.

If you are a Discount customer, and desire to open a Full-Service account to receive securities recommendations from a licensed financial professional, please call us at 877-488-6534, Option 3, to learn more about our Full-Service brokerage services.

Our brokerage services, both Discount and Full-Service, do not provide ongoing monitoring of your portfolio. If you have a diverse portfolio and prefer to have your financial professional provide recommendations and continuous monitoring, you should consider establishing an investment advisor relationship with our affiliated registered investment advisory firm, Regal Advisory Services, Inc. ("Regal Advisory") under a separate investment advisory agreement. If you are interested in learning more about advisory services provided by Regal Advisory, please call us at 877-488-6537, Option 3.

### Further Information About Discount Services:

For our Discount services, we offer brokerage services to retail clients, as well as to a variety of corporate/legal entities including trusts, individual retirement accounts (IRA's), partnerships, and small companies. Through our clearing firm for our Discount services, Hilltop, we assist you with the new account opening process, transmitting your signed paperwork to Hilltop and related money movement activity (i.e., requesting checks drawn on your account, transmitting wires and establishing ACH privileges).

The firm approves and offers only certain account types, products, and securities. There may be additional account types, products, and securities that are not offered by the firm, which may benefit you and your portfolio. In addition, those that we do offer, may be available at a lower cost through another firm.

For our brokerage services, you pay us a commission each time there is a trade in your account. As such, the more securities transactions in your account, the total commissions increase. You will pay fees and costs whether you make or lose money on your investments. Please make sure you understand the fees and costs you are paying in your brokerage account, as these can reduce the amount of money you make on your investments over time.

When we act as your broker, we must act in your best interest and not put our interests ahead of yours. At the same time, the way we earn money may create some conflicts of interests. For instance, in addition to commission costs, there are separate charges for establishing and maintaining IRA accounts. Also, there are postage and handling fees, standard SEC fees, transfer tax fees and similar fees on a per transaction basis. At Hilltop, you may be charged an annual inactivity fee should your account be dormant for some period of time. More information on costs and fees can be found on our website, new account opening documents, monthly statements and trade confirmations.

If you carry a margin balance, you will be charged margin interest on the outstanding balance. Your clearing firm and Regal are paid a portion of the margin interest that we collect from you. If you trade on margin, please understand that margin trading allows you to borrow funds and use leverage, to own more securities than if you paid for the securities in whole upfront. If you keep cash or money market funds in your account, we earn additional interest on those balances. In addition, we receive a portion of various miscellaneous fees, including but not limited to postage and handling, account transfer, wire transfer, annual IRA and annual inactivity fees. We also receive payment for order flow for certain option trades. If your account is held at Hilltop, we may receive additional payment for order flow for certain orders.

*There are additional disclosure materials available to you that supplement this document. When you establish an account with us, the clearing firm requires you to sign new account documentation which includes disclosures regarding the operation of the account and the legal obligations you and the clearing firm have with respect to the opening and maintenance of your account. There are additional disclosures and obligations you have in your account documentation if you open a margin account, including a Margin Agreement. In addition, there are product specific written disclosures when you purchase certain types of investments, such as new issues, mutual funds, ETFs, leveraged and inverse ETFs, options, etc. These disclosures are typically provided in a prospectus or offering documentation and contain important information about the investment, including its risks, conflicts of interest, legal structure, liquidity/illiquidity features, exit strategies, use of proceeds, tax features, alignment of interests, and management of the investment vehicle. If you auto-trade through us, you are encouraged to carefully review the documentation you sign when you set up your auto-trading account and regularly review and monitor your trades, as they are all unsolicited and self-directed by you and we are solely the executing broker. You are encouraged to carefully read and understand this material and consult us with any questions you have.*

*Options trading involves risk and is not suitable for all investors. Options trading privileges are subject to our review and approval. Please review the [Characteristics and Risks of Standardized Options](#) brochure and [the Supplement](#) before you begin trading options or auto-trade.*

Our registered representatives and employees who service Discount accounts and do not make securities recommendations are salaried and not paid a commission. As a for-profit business, our firm is economically incentivized to transact a higher number of transactions.

In the event you have issues to be addressed, you may contact Regal's Compliance Department at [compliance@regalsecurities.com](mailto:compliance@regalsecurities.com) or call 877-488-6534, Option 5.

## **ADDITIONAL INFORMATION**

You can find additional information about our brokerage services at [www.investor.gov](http://www.investor.gov). You may also contact our firm to speak to a financial professional or support staff and request up-to-date information and a copy of the Customer Relationship Summary at 1-800-287-1362.

## Special Statement for Uncovered Option Writers

### If Account Approved for Other Option Transactions

There are special risks associated with uncovered option writing that expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

1. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.
2. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.
3. Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.
4. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.
5. If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.
6. The writer of an American-style option is subject to being assigned an exercise at any time after he has written the option until the option expires. By contrast, the writer of an European-style option is subject to exercise assignment only during the exercise period.

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

## Hilltop Securities Inc. Privacy Policy

At Hilltop Securities Inc. (HTS), we are committed to protecting your privacy and the confidentiality of your personal and financial information. The measures we take to keep your personal information private and secure are outlined below.

HTS has multiple affiliates, including Momentum Independent Network Inc., Hilltop Securities Insurance Agency Inc., Hilltop Securities Asset Management, LLC, PrimeLending, Inc. and Plains Capital Bank. These companies, along with HTS Inc., are wholly owned subsidiaries of Hilltop Holdings Inc., a financial holding company whose stock is listed on the New York Stock Exchange under the ticker symbol HTH. Since the affiliates are all part of one corporate family, they work with one another and may work together to service your financial needs. The sharing of your information among our affiliates enables us to serve you more efficiently and makes it more convenient for you to do business with us. We are permitted by law to share information with our affiliates about your account history and your experiences with us. All of our affiliates follow similar privacy policies.

### How We Protect Confidentiality

HTS uses procedural, physical and electronic system safeguards to store and secure information about you in compliance with federal standards. Our systems protect your information from unauthorized access, alteration, and destruction. Access is permitted only to those individuals within our organization who need the information to perform their job responsibilities.

When we enter into agreements with other companies to provide services to us or to make products and services available to you, we include a confidentiality clause. Under such an agreement, these companies may receive information about you, but they may only use it for the intended purpose - to benefit you.

### Persons Covered by the Privacy Policy

The HTS' Privacy Policy applies to anyone who is a current or former HTS brokerage or investment advisory client or who registers with one of our services or promotional offers. We provide you with a copy of this policy when you open an account, and we send you annual notifications

thereafter. If we change our policy regarding the sharing of information, we will notify you in advance and give you the opportunity to "opt out" of such disclosure.

### How We Obtain Information About You

In the normal course of business, we collect, retain and use information about you to serve your financial needs, administer your account(s) and inform you of products and services that may be of interest. This data, known as non-public personal information, may be collected from several sources, including: applications and other forms you file with us (e.g., name, assets, income), records of transactions with us, our affiliates, non-affiliated third parties and others (e.g., credit report). Because we strive to provide you with the best possible service, the accuracy and completeness of your personal information is important to us. We ask that you review your information regularly to ensure that it is correct. Please contact your financial professional or HTS directly if you need to correct or update your personal information.

### Sharing Information-With Whom and Why

HTS does not sell your personal information to anyone. We restrict the types of information we share and the types of entities with whom we share it. The primary reason for sharing information about you is to increase your convenience in transacting business with us and to give you more financial service choices.

We do not disclose your personal information to non-affiliated third parties, unless one of the following exceptions applies: (1) We disclose personal information to service providers that assist us in processing your transactions or servicing your account(s). An example would be the company that prints and mails your account statement. (2) We disclose or report personal information in limited circumstances when we believe in good faith that disclosure is required or permitted under law. For example, we would provide information in cooperation with securities regulators or law enforcement authorities, to resolve consumer disputes, or to perform credit evaluations and authenticate checks.

### Internet Security

We do not retrieve account or personal information from visitors who browse the public areas of our website.

Clients who have the ability to access their accounts online are required to log on to our secure websites with their user name and individually selected password. Your password is known solely to you and should never be shared with anyone. Each time you access your account, please log off when you are finished. This will prevent someone else from accessing your account if you leave your computer unattended.

HTS employees use information about you to respond to your needs and to provide you with information about specific products in which you may have an interest. We instruct our employees to use strict standards of care in handling the personal, confidential information of customers and remind them on a regular basis of their obligations with regard to the confidentiality of customer information.

### Option to Opt Out and Change Notices

If for any reason at any time in the future, we find it necessary to disclose any of your personal information in a way that is inconsistent with this policy, we will give you advance notice of the proposed change and the opportunity to opt out of such disclosure. For your reference, this Privacy Policy has been posted at [www.hilltopsecurities.com](http://www.hilltopsecurities.com). If you have questions or concerns, please contact us via email at [info@hilltopsecurities.com](mailto:info@hilltopsecurities.com).

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