



## Account Agreement

Member FINRA & SIPC

Revision 01/11

### 1. General Information

This form contains important Information about your Firsttrade Securities Inc. brokerage account which is carried by Penson Financial Services, Inc. (Penson) and contains terms and conditions you agreed to by signing the brokerage account application, margin agreement (if applicable) and option agreement (if applicable). Subsequent to the approval of your Firsttrade Securities Inc. Cash Account, you may elect to establish a Margin Account and/or Option Account. This information applies to all of your accounts with Firsttrade Securities Inc., including cash, margin and option accounts. Upon approval, Firsttrade Securities Inc. will act as your broker for the purpose of transacting buy and/or sell orders for securities as instructed by you. You agree that Firsttrade Securities Inc. has no obligation to advise you on the suitability of any security, transaction or investment strategy that is not recommended by Firsttrade Securities Inc. and you acknowledge that you are responsible for monitoring profits and losses in your account. You agree that Firsttrade Securities Inc. does not provide legal or tax advice or advice regarding specific equities or listed options, including suitability and investment strategies. You agree that you are fully responsible for evaluating your personal financial circumstances and for determining your suitability for any particular security, transaction or investment strategy recommended by Firsttrade Securities Inc.

For our protection against credit risks and other conditions, we may, without prior notice, decline to accept your orders or instructions or we may place restrictions on your account. You acknowledge that any order you place which Firsttrade Securities Inc., in its sole discretion, deems to be disruptive to the securities markets, unusual in size, type or credit risk or which exceeds Firsttrade Securities Inc.'s usual authorized limits may be subject to rejection, cancellation or modification. You acknowledge that market orders cannot always be canceled, because they are subject to immediate execution and the order may be executed before the request for cancellation is received by Firsttrade. All transactions will be subject to the applicable rules, regulations, customs and usages of any exchange or market where executed clearinghouse or selfregulatory organization and to all applicable federal and state laws, rules and regulations.

### 2. Deposit of Equity

We may require full payment or an acceptable deposit prior to the acceptance of any order. In the case of low-priced securities, we require payment in advance for purchases and securities in advance of sales. In the case of options, we require cleared funds in the account prior to the acceptance of any purchases or the delivery of stock certificates in good deliverable form prior to writing covered calls. For our protection, we may restrict your ability to withdraw funds represented by a check or other instrument or to apply such funds in settlement of a transaction.

### 3. Settlement of Transactions

The purchase and sale of securities are settled on "settlement date." Stock transactions are settled on the third business day after the transaction. Option transactions are settled the business day after the transaction. You therefore agree to pay us for all securities purchased by settlement date and to deliver securities sold in good deliverable form by settlement date. Unless you make other arrangements with us, we may use available funds and securities in your brokerage account to settle a transaction. Exchange and federal securities regulations require us to liquidate a transaction or an account in the event of a failure to pay for a transaction or a failure to deliver securities in good deliverable form. You agree to be fully liable for any and all brokerage commissions, fees, margin interest charges and applicable taxes due to Firsttrade Securities Inc. and/or Penson in connection with transactions effected by you in your Firsttrade Securities Inc. brokerage account.

All checks must be made payable to Penson Financial. All securities must be endorsed to Penson Financial upon delivery.

#### **4. Control or Restricted Securities**

Prior to placing an order in connection with any securities subject to Rule 144 or 145(d) under the Securities Act of 1933, you must advise your broker of the status of the securities and you must furnish us with the necessary documents (including legal opinions) to clear legal transfer. You acknowledge that there may be delays involved with the processing of control or restricted securities and that you will not hold Firstrade Securities or Penson liable for any losses caused directly or indirectly by such delays. Firstrade Securities Inc. and/or Penson may require, in our discretion, that control or restricted securities not be sold or transferred until such securities clear legal transfer. Firstrade Securities Inc. and/or Penson reserve the right in their sole discretion to refuse to process the legal transfer of any control or restricted securities or any security which bears a restrictive legend.

#### **5. Receipt of Communications**

Communications will be sent to you at the mailing address specified in the new account application (or at such other address as you may specify in writing). All communications so sent, whether by mail, telegram, messenger, electronic data communications, fax or otherwise, shall be considered delivered to you personally, whether actually received or not. You must inform us within a reasonable amount of time of any change in your name and/or address.

#### **6. Credit Verification**

I authorize Penson Financial or Firstrade Securities Inc. to obtain a consumer report at the time of application to verify my creditworthiness and to obtain a consumer report from time to time for updates, renewals, extensions, and collection activity on any approved account. Upon my written request, Penson Financial will disclose to me whether it obtained a report, and if so, the name and address of the consumer-reporting agency that provided it. In the event that my account is denied, as a result of the consumer report verification, I authorize Penson Financial to provide to Firstrade Securities, Inc. the reason(s) for such denial.

#### **7. Account Protection**

Firstrade Securities Inc. and Penson are members of the Securities Investor Protection Corporation (SIPC). SIPC provides up to \$500,000 of coverage, with a limit of \$250,000 for cash balances. Penson has purchased an additional insurance policy through a group of London Underwriters (with Lloyd's of London Syndicates as the Lead Underwriter) to supplement SIPC protection. This additional insurance policy becomes available to customers in the event that SIPC limits are exhausted and provides protection for securities and cash up to an aggregate of \$600 million. This is provided to pay amounts in addition to those returned in a SIPC liquidation. This additional insurance policy is limited to a combined return to any customer from a Trustee, SIPC and London Underwriters of \$150 million, including cash of up to \$2 million. These protections do not protect against a decline or loss in market value of the securities in your account.

#### **8. Agreement Subject to Approval**

This agreement will be effective only upon our approval. We reserve the right to reject your application.

#### **9. Termination**

Firstrade Securities Inc. reserves the right to terminate your account at any time and for any reason. Upon termination, you will remain liable for any debit balances or deficiencies in your account. You will reimburse Firstrade Securities Inc. and/or Penson for the cost of collection of any debit balance or deficiency in connection with any of your accounts, including reasonable attorney's fees and court costs.

#### **10. Joint Account Holders**

If there is more than one account holder, each account holder is jointly and severally liable for obligations arising under this agreement. Each joint account holder, acting alone and without notice to any other account holder, has the authority to deal with us fully and completely. We will follow the instructions of any joint account holder and we will not be responsible for determining the purpose or propriety of any instruction received from any joint account holder. We reserve the right to require written instructions from all account holders, at our discretion. Any notice sent to one account holder will be deemed to be notice to all account holders.

## **11. Accuracy of Account Information**

You represent and warrant that you have supplied us with accurate information in your new account application and no one except the account holders listed has an interest in the account. You agree to notify Firstrade Securities Inc. in writing if there is a change in the facts set forth in the account information of your new account application, including your name, address and telephone number. In addition, you agree to notify Firstrade Securities Inc. if any of the account holders become employed by a securities firm, securities exchange or an entity controlled by a securities exchange. You also agree to notify us if any of the account holders become a director, officer, 10% shareholder or an "affiliate" as defined by Rule 144 under the Securities Act of 1933.

## **12. Customer's Responsibility Regarding Certain Securities**

Certain securities may grant the securities holder valuable rights that may expire unless the holder takes action. These securities include (but are not limited to) warrants, stock rights, convertible securities, bonds, and securities subject to a tender or exchange offer. You acknowledge that you are responsible for knowing the rights and terms of all securities traded in your account and securities long in your account. We are not obligated to notify you of any upcoming expiration or redemption dates or to take any action on your behalf without specific instructions from you, except as required by law and the rules of regulatory authorities. If we hold securities in your account that are callable in part, you agree to participate in an impartial lottery allocation of the called securities, according to the rules of the New York Stock Exchange.

## **13. Liens and Liquidations**

All securities and other property held in any of your Firstrade Securities Inc. accounts (which are carried by Penson), including accounts in which you have an interest, shall be subject to a general lien for discharge of all your indebtedness and other obligations to us. Such securities and other property shall be held by us as security for payment of any liability or indebtedness you may incur in any account with us. We reserve the right to transfer securities and other properties from any of your other accounts with us, whenever we determine such a transfer appropriate for our protection and we reserve the right to determine at our discretion which securities and other property are to be sold and/or purchased in enforcement of our lien.

Circumstances that may require the liquidation of an account include, but are not limited to: the failure of a customer to pay for securities purchased or the failure to deliver securities in good form; the filing of a petition of bankruptcy by or against a customer; the appointment of a receiver by or against a customer; an attachment levied against any account of the customer or any account in which the customer has an interest; or the customer's death. You are responsible for costs, commissions and losses arising from any actions we take to liquidate or close transactions in your account due to your failure to pay for transactions and/or to deliver securities in good form.

## **14. Losses Due to Extraordinary Events**

Firstrade Securities Inc. and Penson will not be liable for losses caused directly or indirectly by government restriction, exchange or market rulings, wars, strikes or any other conditions beyond their control.

## **15. Market Data**

Stock price quotations and other market data we may provide you with are obtained from independent pricing services we believe are reliable. However, we cannot guarantee the accuracy of such data and we will not be held liable for any losses incurred by your use of it.

## **16. Order Flow Payment and Order Execution Routing Disclosure Statement**

This disclosure statement is being provided to all clients of Firstrade Securities Inc., as required by Rule 11A of the Securities and Exchange Commission. "Order Flow" refers to the process by which your securities transactions are executed. Order Flow Payment Information: Firstrade Securities Inc. and Penson (which provides securities clearing and execution services for Firstrade Securities Inc.) may receive remuneration in the form of payments for directing securities transactions to designated exchanges, market makers, dealers or market centers for execution. Such remuneration may take the form of rebates, monetary compensation or a reduction in exchange specialist fees based on volume and is considered to be compensation to Firstrade Securities Inc. and Penson. The source and amount of any remuneration or compensation received by Firstrade Securities Inc. and Penson in connection with a specific transaction will be disclosed upon written request.

Order Execution Routing Information: Absent specific instructions from customers, Penson Financial routes most orders in over-the-counter ("OTC") securities to designated OTC market makers or third-market dealers based on an alphabetical selection process performed by a computerized system. Selected exchange-traded securities may be routed to affiliated specialists, regional exchanges or designated third- market dealers. All orders are routed to an exchange, market maker, dealer or market center that matches or improves upon the displayed national best bid or offer for the particular security at the time the order is processed. Price improvement opportunities or execution at prices superior to the displayed national best bid or offer, are available for certain transactions in NASDAQ and listed securities from certain of the OTC marketmakers and third-market dealers to which orders are routed.

## **17. Governing Laws**

This agreement will be governed by the laws of the State of New York.

## **18. Entire Agreement and Severability**

This agreement contains the entire understanding between us concerning the subject matter of this agreement. If any provision of this agreement is held to be invalid, void or unenforceable by reason of any law, rule, administrative order or judicial decision, that determination shall not affect the validity of the remaining provisions of this agreement.

## **19. Customer's Estate**

You agree that this agreement and all the terms and conditions contained within will be binding upon your heirs, executors, administrators and/or personal representatives.

## **20. Assignments**

You acknowledge that this agreement shall inure to the benefit of Firsttrade Securities Inc. and/or Penson and their successors and assigns. Firsttrade Securities Inc. and/or Penson may assign their rights and duties under this agreement to any of their subsidiaries or affiliates without notice to you or to any other entity upon prior written notice to you.

## **21. Miscellaneous Fees**

Your account may be charged certain fees related to the type of activity in the account. Examples of activities which generate fees include, but are not limited to; Mailgram Notices (margin call, sell-out & buy-in), Bounced Checks, Wiring of Funds, Outgoing Account Transfers, Issuance of Stock Certificates, Legal Transfers, Option Assignment, Paper Account Statements and Confirmations, Duplicate Copies of Account Statements, Confirmations and Checks.

Visit our website at [www.firsttrade.com](http://www.firsttrade.com) for more information related to fees. Fees are subject to change without notice.

## **22. Margin Accounts**

**SERVICES PROVIDED:** We agree to act as your broker to purchase or sell securities, on margin as directed by you. In addition, Penson agrees to extend credit to you in accordance with their margin account rules. You will, at all times, be liable for the payment, upon demand, of any debit balance or other charges.

**MAINTENANCE OF MARGIN:** You will, at all times, maintain such securities and other property in your account as margin collateral as required by Firsttrade Securities Inc., Penson and/or applicable exchange and federal regulations. A margin call may be issued if your account equity falls below such requirements. Firsttrade Securities Inc. and/or Penson retain sole discretion to determine whether additional collateral will be required.

You acknowledge that Firsttrade Securities Inc. and/or Penson are not obligated to request additional margin in the event your account falls below minimum margin requirements. Market conditions or other circumstances may not allow Firsttrade Securities Inc. and/or Penson to give you notice when your account equity becomes deficient or to allow you time in which to deposit additional equity. Firsttrade Securities Inc. and/or Penson, therefore, reserves the right in their sole discretion to sell securities and other property held in your account(s) as collateral, to cancel open orders, to buy securities and other property which may be short in your account, to close open option positions and to take any other action Firsttrade Securities Inc. and/or Penson deem necessary for their protection, all without prior notice, advertisement or demand to

**PLEDGE OF SECURITIES AND OTHER PROPERTY.** All securities and other property now or hereafter held, carried or maintained by Penson in or for any account in which you have an interest may be pledged, repledged, hypothecated or rehypothecated by Penson from time to time without notice, either separately or in common with other securities and

property for any amount due in your accounts or for any greater amount and Penson may do so without retaining in their possession or under their control for delivery a like amount of similar securities or other property. You also authorize Penson to lend to themselves or others any securities or other property held by Penson on margin for your account or any accounts under your control.

**INTEREST CHARGES ON DEBIT BALANCES:** Your account will be charged interest monthly on the average daily net debit balance in all of your accounts, in accordance with Penson's margin rules, at the prevailing rate as determined by Penson. The interest charged will appear on your monthly statement and will indicate the rate and the period covered. The rate may change from time to time without prior notice, due to fluctuations in interest rates or other causes.

Interest charges are based on a 360-day interest year. Interest is computed from the 16th day of the preceding month to the 15th day of the current month, except in January and December. In January, interest is computed from the 1st day of the month to the 15th. In December, interest is computed from the 16th day of the month to the 31st. In calculating margin interest, free credit balances in all accounts will be offset against any debit in the margin account and interest will be charged on the net debit balance, if any.

**SHORT SALES:** You agree that any "short" sale shall be designated as such to us at the time you place such an order and you hereby authorize us to mark such order "short." You acknowledge that a short sale is the sale of a security you do not own and that to facilitate a short sale Penson must borrow stock to cover the delivery to the purchaser(s). If the stock is recalled by the lender(s) of the securities, Penson will attempt to reborrow the securities, but Penson may be forced to cover your short position on the open market at the then current market price. You will be liable for any debit balance remaining after a short position has been closed out.

You agree to meet the appropriate margin requirements for your short account as required by Penson and/or applicable exchange or federal regulations. The credit balance generated by short sales in your account is not a free credit balance. If the market value of your short account is greater than the short account credit balance, interest will be charged on the appreciation in value of the short positions. If the market value of your short account is less than the short account credit balance, interest on any debit in the account will be reduced in relation to the decline in value. Each Friday's closing price is used to determine the increase or decrease in the short account and your account is thus marked to the market weekly.

**AGREEMENT SUBJECT TO APPROVAL:** This margin agreement will be effective only upon Firsttrade Securities Inc. and/or Penson approval. Firsttrade Securities Inc. and/or Penson reserve the right to reject your margin agreement.

## 23. Arbitration

You acknowledge that you have read and understood the following facts about arbitration procedures:

- Arbitration is final and binding on the parties.
- The parties are waiving their right to seek remedies in court, including the right to a jury trial.
- Pre-arbitration discovery is generally more limited than and different from court proceedings.
- The arbitrator's award is not required to include factual findings or legal reasonings and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.
- The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry. 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 and who is a member of a putative class who has not opted on ( of the class with respect to any claims encompassed by the putative class action until:
  - (i) the class action 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 this agreement except to the extent stated herein.

You agree that any controversy between you and Firsttrade Securities Inc., Penson Financial and/or any of their officers, directors, employees, agents or affiliates relating to the account agreement, your account and the transactions therein or in anyway arising out of your relationship with Firsttrade Securities Inc. and/or Penson, will be settled by arbitration in accordance with the rules then in effect of the Financial Industry Regulatory Authority (FINRA), as governed by the laws of the State of New York, which must be commenced by a written notice of intention to arbitrate. Judgment upon arbitration award may be rendered in any court of competent jurisdiction.

## 24. Statements and Confirmations

**STATEMENTS:** All transactions, including the purchase and sale of securities, dividends, interest payments and redemptions for securities held in your account, will appear on your monthly account statement. Purchase and sale transactions will be posted on your statement as of the transaction settlement date. Securities held in your account will be listed on your statement. All "good for 90 days" orders in effect as of the closing day of the statement will appear on your statement. You are responsible for changing or canceling any open orders in your account. Statements may be provided in an electronic format if you choose the electronic delivery method.

**CONFIRMATIONS:** Confirmations will be sent out for all purchase and sale transactions on the next business day following the trade. Confirmations may be provided in an electronic format if you choose the electronic delivery method.

## 25. Customer Identification

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 for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

## FIRSTRADE SECURITIES INC. ELECTRONIC SERVICES AGREEMENT

Please read this Electronic Services Agreement before using any of the electronic services made available by Firstrade Securities Inc. In order to use these services, you must agree to be bound by the following terms and conditions.

**1. INTRODUCTION:** You acknowledge that this agreement between you and Firstrade Securities Inc. states the terms and conditions regarding your use of any Electronic Service offered by Firstrade Securities Inc. and other authorized thirdparty service providers, including the use of such services to enter transactions in your Firstrade Securities Inc. brokerage account. **Your use of Firstrade Securities Inc.'s Electronic Services will indicate your acceptance of the following terms and conditions. The terms and conditions set forth herein supplement the terms and conditions contained in the Firstrade Securities Inc. Account Agreement and Information Guide furnished to you and by using Firstrade Securities Inc.'s Electronic Services you confirm your agreement to comply with the terms and conditions set forth therein.**

**2. PROVISION OF SERVICES:** You acknowledge that for the purpose of this agreement Firstrade Securities Inc.'s Electronic Services will be defined as any electronic or interactive product or service offered by Firstrade Securities Inc. which allows Firstrade Securities Inc. clients to: communicate with Firstrade Securities Inc. or an authorized third-party service provider; to obtain information or quotations from Firstrade Securities Inc. or an authorized third-party service provider; or enter into brokerage transactions with Firstrade Securities Inc. includes electronic data communications transmitted by you to Firstrade Securities Inc. through the use of personal, home or business computers connected by a modem or other device to an authorized telecommunications network designated by Firstrade Securities Inc. You acknowledge that this agreement also governs your use of automated touch-tone telephone services through which you can obtain account information and quotations and to enter brokerage transactions. Firstrade Securities Inc.'s Electronic Services include, but are not limited to, "Market Touch" and the services of any third-party information providers offered in conjunction with Firstrade Securities Inc.'s electronic brokerage services. You acknowledge that Firstrade Securities Inc. may modify or discontinue the Electronic Services offered pursuant to this agreement without prior notice to you.

**3. COMMISSIONS, FEES AND CHARGES:** You agree to be fully liable for any and all brokerage commissions, fees, margin interest charges and payments due to Firstrade Securities Inc. and/or Penson Financial in connection with trades effected by you in your Firstrade Securities Inc. brokerage account(s) through Firstrade Securities Inc.'s Electronic Services. Such brokerage commissions, fees, margin interest charges and payments will be paid directly to Firstrade Securities Inc. in accordance with the terms and conditions specified in the Firstrade Securities Inc. Account Agreement and Information Guide. You agree that Firstrade Securities Inc. may require a deposit before you can begin trading using Firstrade Securities Inc.'s Electronic Services (deposited funds can be used toward payment of your first transaction). You agree to pay all fees and charges associated with your use of any of Firstrade Securities Inc.'s Electronic Services, including, without limitation those of any third-party information providers offered through Firstrade Securities Inc.

**4. PASSWORDS AND SECURITY:** You acknowledge that you will be the only authorized user of Firstrade Securities Inc.'s Electronic Services for your account(s). You will be fully responsible for the confidentiality and use of your user name(s) and password (s) and you agree that you will be fully and solely responsible for all activities, including brokerage transactions, which arise from the use of your user name (s) or password(s) (except as provided for in paragraph 5 below). You also agree that you will be fully and solely responsible for all activities, including brokerage transactions, which arise from your authorization to link your brokerage account(s) to any other Firstrade Securities Inc. account(s). You

acknowledge that we may tape record conversations with you, whether in person or by telephone, for purposes of verification and you consent to such recording.

**5. NOTIFICATION OF UNAUTHORIZED USE:** You agree that as a condition of being approved to use Firstrade Securities Inc.'s Electronic Services you will immediately notify Firstrade Securities Inc. if:

- a. You have placed an order using Firstrade Securities Inc.'s Electronic Services and you do not receive an order number;
- b. You have placed an order using Firstrade Securities Inc.'s Electronic Services and you do not receive an accurate written or electronic confirmation of the order, its execution or cancellation within five business days;
- c. You have received confirmation of an order or orders which you did not place or any similar conflicting report; or
- d. You become aware of any unauthorized use of your user name(s), password(s), or any product or service related to your brokerage account(s).

If you fail to notify Firstrade Securities Inc. immediately upon the occurrence of any of the above events, you agree that Firstrade Securities Inc. will not have any responsibility or liability to you or any other person whose claim may arise through you for any claims with the handling, mishandling or loss of any order. Any liability of Firstrade Securities Inc. arising out of any action or omission by Firstrade Securities Inc. with respect to the handling, mishandling or loss of any order shall be limited to an amount equal to the loss incurred due to the action or omission during the five business days after the date on which you first became obligated to give Firstrade Securities Inc. notice with respect to such transaction (s) pursuant to this Section. You agree that Firstrade Securities Inc. and/or any of its officers, directors, employees, agents or affiliates will not have any other liability to you or any other person whose claims may arise through you for any consequential, incidental, special or indirect damages, even if Firstrade Securities Inc. has been advised of the possibility of such damages. Firstrade Securities Inc. shall not be responsible for or deemed to be in default under this agreement due to any delay or failure in performance resulting directly or indirectly from any cause beyond Firstrade Securities Inc.'s reasonable control.

**6. INDEMNIFICATION:** You agree that your use of Firstrade Securities Inc.'s Electronic Services to effect securities transactions will be limited in all respects to the terms and conditions of this agreement and any other agreement between you and Firstrade Securities Inc. Firstrade Securities Inc. will have no liability to you with respect to any transaction or attempted transaction by you which is not in accordance with the terms and conditions specified herein or in such other agreement and you will indemnify Firstrade Securities Inc. from any claim of a third party related to any such transaction or related transaction.

**7. ACCOUNT RESTRICTIONS:** You agree that Firstrade Securities Inc. reserves the right in its sole discretion to reject, cancel or modify any order which you have placed through Firstrade Securities Inc.'s Electronic Services for any reason and without prior notice to you, including orders for which you have received an order number. You acknowledge that any order you place which Firstrade Securities Inc., in its sole discretion, deems to be disruptive to the securities markets, unusual in size, ripe or credit risk or which exceeds Firstrade Securities Inc.'s usual authorized limits may be subject to rejection, cancellation or modification. You acknowledge that market orders cannot always be canceled and the order may be executed before the request for cancellation is received by Firstrade Securities Inc. You acknowledge that your orders may not be reviewed for accurateness and/or suitability by Firstrade Securities Inc. prior to their submission to a market center and you agree that you are fully responsible for determining the suitability of your orders and your investment decisions. You acknowledge that Firstrade Securities Inc. may, in its sole discretion, place trading restrictions on your account(s).

**8. SUSPENSION OR TERMINATION OF SERVICES:** You agree that Firstrade Securities Inc. reserves the right in its sole discretion to suspend or terminate your access to any or all of Firstrade Securities Inc.'s Electronic Services for any reason and without prior notice to you. You agree not to hold Firstrade Securities Inc. responsible or liable for any disruptions in service due to: telephone network, computer network or other system problems beyond the control of Firstrade Securities Inc.: system maintenance or system upgrades; or any other event or circumstance beyond the control of Firstrade Securities Inc.

**9. PROVISION OF MARKET DATA AND THIRD-PARTY INFORMATION:** You agree that the market data, news and other information provided to you through Firstrade Securities Inc.'s Electronic Services (directly or indirectly through an authorized third-party information provider) are for your personal use only and that you will not retransmit or republish these data in any form. You acknowledge that the data provided to you are obtained from sources believed to be reliable, are provided solely on a best efforts basis for your convenience and that no guarantees are made by Firstrade Securities Inc. or any information provider as to their accuracy, completeness, timeliness or correct sequencing. You acknowledge

that while access to investment recommendations, advice, opinions and judgments is available through Firstrade Securities Inc.'s Electronic Services, none are developed or endorsed by Firstrade Securities Inc. You agree not to hold Firstrade Securities Inc. for its information or its information providers liable for any investment decision you may make based on your reliance on or use of such data or any liability which may arise due to delays or interruptions in the delivery of such data for any reason.

**10. AGREEMENT AMENDMENTS:** You agree that Firstrade Securities Inc. may change the terms and conditions of this agreement, in whole or in part, upon notice to you; no provision of this agreement may be amended in any other manner. You agree to use Firstrade Securities Inc.'s Electronic Services and any additional services offered through Firstrade Securities Inc. in the future only in accordance with the terms and conditions specified in this agreement as amended from time to time by Firstrade Securities Inc. and that any amendments to the terms and conditions will be deemed effective upon dissemination by Firstrade Securities Inc. Use of Firstrade Securities Inc.'s Electronic Services after receipt of such amendments will be deemed to be acceptance of such amendments.

**11. ENTIRE AGREEMENT:** This agreement, together with your account agreement(s) and any user license agreement(s) to which you may be a party (including the Firstrade Securities Inc. Account Agreement and Information Guide), contains the entire agreement between you and Firstrade Securities Inc. with respect to the subject matter contained in this agreement and supersedes all prior communications, whether oral, written or electronic. If any provision of this agreement is held to be invalid, void or unenforceable by reason of any law, rule, administrative order or judicial decision, that determination shall not affect the validity of the remaining provisions of this agreement. This agreement will be governed by the laws of the State of New York.

## **DAY-TRADING RISK DISCLOSURE**

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

### **1. Day trading can be extremely risky.**

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

### **2. Be cautious of claims of large profits from day trading.**

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

### **3. Day trading requires knowledge of securities markets.**

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

### **4. Day trading requires knowledge of a firm's operations.**

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

### **5. Day trading will generate substantial commissions, even if the per trade cost is low.**

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

### **6. Day trading on margin or short selling may result in losses beyond your initial investment.**

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

### **7. Potential Registration Requirements**

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

## MARGIN RISK DISCLOSURE

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

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities in your account, in order to maintain the required equity in the account.

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

**You can lose more funds than you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in your account.

**The firm can force the sale of securities in your account.** If the equity in your account falls below the maintenance margin requirements under the law, or the firm's higher "house" requirements, the firm can sell the securities in your account to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.

**The firm can sell your securities without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.

**You are not entitled to choose which security in your margin account is liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.

**The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account.

**You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.