

Please return with account paperwork



New Account Application Cover Page

Thank you for your interest in opening an account with Cobra Trading, Inc. The following outlines the information needed by Cobra Trading, Inc. and the steps you must take in order to complete the account paperwork. Please return this page with your account paperwork.

Account Title (applicant name or entity)

Tax ID Number (SSN)

Account Type (Individual, IRA, etc.)

Trading Platform

Account Opening Steps

There are 4 steps to opening your account with Cobra Trading, Inc.

1. Read all agreements and disclosures
2. Print all applicable account documents, review and complete.
3. Return the signed documents by U.S. Mail or overnight service. Mail all original forms to:

Cobra Trading, Inc.
3008 E. Hebron Pkwy, Building 400
Carrollton, TX 75010
4. Fund your account.
If you are funding your account by check, please make checks payable to:
Wedbush Securities.
If you are funding your account by wire transfer or other means, you will have to wait until you are assigned an account number.

I have enclosed a copy of a photo ID or driver's license with my application: Yes

I have signed, read and understand the following documents:

Risk Disclosure and Trading Agreement
Margin Risk Disclosure
Privacy Disclosure
Wedbush Disclosure Document

Customer Suitability

If you are opening a daytrading account with CT, do you have \$25,000 in available investment capital? Yes No

Is high risk speculation your sole investment objective for the assets in your Cobra Trading, Inc. account? Yes No
If no, please explain your investment objectives:

Can you afford to lose most, all, or more than all of the capital you intend to invest in your CT account? Yes No
If no, please explain:

Have you had any education in trading and/or investment strategies? If yes, please describe: Yes No

Fee Acceptance

I acknowledge and agree that Cobra Trading, Inc. will deduct any applicable fees (such as short locate fees, overnight short interest, margin interest, monthly software and market data fees, etc.) electronically from my trading account. Yes

Primary Account Holder:

Secondary Account Holder:

Print Name

Print Name

Sign Name _____ Sign Name _____

Date

Date

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Risk Disclosure

Day Trading Risk Disclosure Statement (FINRA Rule 2270)

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

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

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

Day trading will generate substantial commissions, even if the per trade cost is low. Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs \$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$111,360 just to cover commission expenses. Day trading on margin or short selling may result in losses beyond your initial investment. When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

Extended Hours Trading

Risk of Lower Liquidity-Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

Risk of Higher Volatility-Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular market hours.

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

Risk of Unlinked Markets-Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

Risk of News Announcements-Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In

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extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

Risk of Wider Spreads-The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

Understanding Your Risks

Cobra Trading would like to inform you of the potential risks of trading online and the inherent risks of trading in an extreme market environment.

When trading online, you should be aware that during periods of high internet traffic, you might experience delays in accessing account data due to system capacity limitations. Additionally, system response times may be adversely affected by increased market volatility conditions, quote delays, system performance and other factors outside the control of Cobra Trading which may include your computer system and internet service provider. You may also experience system outages or delays as a result of, among other things, power failures, programming failures or heavy trading volume. During periods of increased volatility, you might suffer market losses in the price and share volume of a particular stock when systems problems result in an inability to place buy or sell orders. The risk of financial loss in trading online can be substantial; therefore, you should consider whether such trading is suitable for you in light of your circumstances and financial resources.

In the event system capacity problems prevent our automated routing systems from sending your order(s) to designated market centers for execution, we encourage you to contact our Trading Desk for manual handling of your orders. We ask for your patience, during those times, because the Trading Desk will be experiencing heavy call volume. Please keep in mind that Cobra Trading takes significant measures to improve system capacity and reliability; however, you should have an alternate means of trading your securities including a back-up account at another securities brokerage firm.

During extreme market conditions, you might experience delays in order executions because market making firms will temporarily discontinue normal automatic order execution standards and switch to a manual order process, and/or reduce their size guarantees on individual stocks. You may also experience executions at prices significantly away from the market price quoted or displayed at the time an order was entered, less shares than desired, or losses. To potentially reduce your risk of receiving an execution away from the market, it is a good idea to use limit orders rather than market orders in a fast moving market.

Choosing the right type of order:

A **market order** is an order to buy or sell a stated amount of a security at the best possible price at the time the order is received in the marketplace. Market orders will definitely be filled; however, you cannot be sure of the price. Stock prices vary based on current conditions, and these conditions are not always reflected on your computer screen. The actual price at which your order is filled may be better or worse than you expected.

A **limit order** is an order to buy or sell a security at a specified price or better. Your order will not be filled unless the stock trades at that level. Placing a limit order, however, is not a guarantee that your trade will be executed at your limit price. It does, however, eliminate the risk that your order will be filled at a price worse than you expected.

A **stop order** is an order to buy or sell a stock at the market price once the price reaches or passes through a specified price, called the "stop price." This type of order is used by investors who own a stock and want to make sure they sell it if the stock price starts to drop. The stop price placed on a sell stop order must be below the current bid price of the security. Stop orders in volatile issues will not guarantee you an execution at or near the stop price. Once triggered, the order competes with other incoming market orders. Stop orders can be placed for buy orders as well. The stop price specified for a buy order must be above the current asking price.

A **stop limit order** performs like a stop order with one major exception. Once the order is activated (by the stock trading at or "through" the stop price), it does not become a market order. Instead, it becomes a limit order with a limit price equal to the former stop price. The advantage of this order is that you set a specified price at which your order can be filled. The disadvantage is that your order may not be filled in certain fast market conditions. In this case, your exposure to loss will continue until the position is closed.

You should pick the type of order that is best suited for your situation and which considers current market conditions. Your orders are accepted only on an unsolicited basis. You are solely responsible for any and all orders placed in your account(s) and at your own risk. Cobra Trading does not make any recommendations whatsoever regarding any security or securities product. Additionally, your account(s) are accepted on a fully disclosed basis and solely at the discretion of Cobra Trading and Wedbush Securities., the company's clearing firm. Wedbush Securities provides all clearing, settlement and other related services for your account(s).

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Trading Agreement

This Trading Agreement contains important information. Please read this information carefully and retain a copy for future reference. In consideration for Cobra Trading, Inc. ("Cobra" or the "Firm") opening and maintaining one or more Accounts for me, I agree to the terms and conditions set forth in this Customer Trading Agreement ("Agreement"), and as may be amended from time to time.

Introduction

I promise to read this Agreement carefully and retain it for future reference. I understand that the terms and conditions of this Agreement govern all aspects of my relationship with Cobra Trading, Inc. including all transactions between Cobra and me and all products and services now or in the future offered through Cobra, beginning on the date my Account is opened. Note, in the event I provide access to my account to a third party, either formally or informally, the terms of this agreement will be treated in the same manner and with the same force and effect as the customer might or could do with respect to such purchases, sales, or trades.

Brokerage Services

I acknowledge that I alone am responsible for determining the suitability of my investment choices in light of my particular circumstances. I understand that Cobra assumes no responsibility for such determination. As a self-directed investor, I assume full responsibility for each and every transaction in or for my Account and for my own investment strategies and decisions. I understand and agree that Cobra and its affiliates, and their officers, directors, employees and agents will have no liability whatsoever for the results of my investment strategies, transactions and decisions

No Advice or Recommendations

Cobra does not and will not provide me with any legal, tax, estate planning or accounting advice or advice regarding the suitability, profitability or appropriateness for me of any security, investment, financial product, investment strategy or other matter. I acknowledge that none of the information that may be provided by Cobra in connection with the Account is intended as tax or legal advice. Although Cobra may provide access to information about how to invest and what to buy, no third-party recommendations are developed or endorsed by Cobra, and any information in materials prepared by Cobra is not to be construed as a recommendation or advice designed to meet the particular objectives or situation of any investor.

I acknowledge that Cobra employees are not authorized to give any such advice, and I will neither solicit nor rely on any investment advice from any Cobra employee. Any information provided through the Service will not be used or considered by me as a recommendation that I buy, sell or hold a particular security or pursue any particular investment strategy. I also acknowledge that Cobra neither assumes responsibility for nor guarantees the accuracy, currency, completeness or usefulness of information, commentary, recommendations, advice, investment ideas or other materials that may be accessed by me through the Service. This includes bulletin boards, message boards, chat services or other online conference or telecast by third party providers through Cobra. If I choose to rely on such information, I do so solely at my own risk. I understand that the research, analysis, news or other information made available through the Service is not personalized or in any way tailored to reflect my personal financial circumstances or investment objectives and the securities and investment strategies discussed may not be suitable for me. Such information is not an offer, or a solicitation of an offer, to buy or sell securities on behalf of Cobra.

I acknowledge that orders I place may be sent directly to a market center without being viewed by an individual Cobra representative. I agree to accept full responsibility for all orders I place and to release Cobra and its affiliates, and their officers, directors, employees and agents from any liability for executing the orders I place in connection with the Account. I acknowledge that all orders are at my sole risk.

Order Handling and Execution

In handling any order that I submit, I acknowledge and accept that Cobra may first route such order to an affiliated or unaffiliated Cobra selected execution venue or broker-dealer, and if such order is not fully or partially executed, then direct the whole or remainder of such order, based on my instructions, to one of various market centers, including NASDAQ, an exchange, or an electronic communications network, with which Cobra maintains a relationship. There is no guarantee that any order will be accepted or processed by any particular broker-dealer or market center that matches orders for execution, and Cobra is not responsible for any losses caused by the failure of any such broker-dealer or market center to receive, accept, or execute an order that I submit. Cobra retains the right to change its processes and procedures pertaining to order execution, and the entities with which it maintains relationships for these purposes, without prior notice to me. Certain orders, at Cobra's sole discretion, may be subject to manual review and entry, which may cause delays in the execution of my orders and may cause my orders to be executed at prices that are significantly different from the price quotes I obtained when I entered my order.

Further, I understand Cobra Trading will place pre- and post-trade risk settings on my account at their discretion and that these settings may be updated or modified at any time without prior notice to me. I also understand Cobra Trading is not liable for any losses which may arise in the event these risk settings prevent the placement or execution of my orders. This includes the prevention of orders attempting to close currently open positions and orders attempting to open new positions.

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Restrictions on Account Services

Cobra may place trading, disbursement, service or other restrictions on my Account for various reasons, including court order, tax levy or garnishment, request of a government agency or law enforcement authority, a Debit Balance or margin deficiency in my Account, or in the event of a dispute between joint Account holders. I understand that Cobra may be required to liquidate or close out Securities and/or Other Property in my Account to satisfy any such court order, garnishment, tax levy or other legal obligation. Cobra will not be held liable for any Losses that arise out of or relate to any such transaction and I agree to indemnify and hold Cobra and its affiliates and their officers, directors, employees and agents harmless from and against any Losses they may incur in taking such actions.

Dividends, Interest and Subscription Rights

Cobra or Clearing Broker will receive periodic payments, such as dividends and interests, on my behalf, and will credit my Account on or shortly after the payable dates. Foreign dividends and interest will be credited to my Account on or shortly after the funds are converted to U.S. currency.

TRADING SYSTEM AND USE OF ELECTRONIC SERVICES

I understand that Cobra does not guarantee that all or any of the access routes will be available to me all the time. Cobra reserves the right to suspend access to the Service without prior notice during scheduled or unscheduled system repairs or upgrades.

Customer Responsibility

I understand that I am responsible for all acts and omissions relating to the use of the Service, including all orders entered through the Service using my User ID and Passwords. I agree that it is my responsibility to maintain the confidentiality of my User ID and Passwords and to change my Passwords regularly and to keep them confidential. I agree to notify Cobra immediately if: (i) an order is placed through the Service and I do not receive an order number; (ii) an order is placed through the Service and I do not receive an accurate acknowledgment of the order or of its execution; (iii) I receive acknowledgement of an execution of an order which I believe I did not place; (iv) any inaccurate or conflicting report concerning your account balances, securities positions or transaction history; or (v) I become aware of any unauthorized use of my User ID or Passwords.

If I fail to notify Cobra as soon as practicable when any of the above conditions occur, neither Cobra nor any of its affiliates will be liable to me or to any other person for any claim with respect to the handling, mishandling or loss of any order.

Market Data

I understand that neither Cobra nor any participating Data Provider guarantees or makes any warranty of any kind, expressed or implied, regarding the timeliness, sequence, accuracy or completeness of Market Data. I agree that Cobra is not liable for any Losses (including lost opportunity or profits) arising out of or relating to: (i) any inaccuracy, defect or omission of the data; (ii) any error or delay in the transmission of such data; or (iii) interruption in any such data due to any cause beyond the control of Cobra.

I also understand that each participating national securities exchange or association asserts a proprietary interest in all of the Market Data it furnishes to the parties that disseminate the data. I will use Market Data (including Real Time Quotes) only for my individual non-business use. I will not provide Market Data to any person or entity. I understand that the Data Providers may enforce the terms of this Agreement directly against me.

Electronic Services

"Electronic Services" mean any and all of Cobra's computer, electronic or telephonic services or systems, including, but not limited to, services and information accessible through Cobra's software, its externally accessible computers and networks, any Web site maintained by Cobra, and any other computer, electronic or telephonic securities trading services or information system provided to customers whether established directly by Cobra or through other service providers.

I agree that Electronic Services are provided to me on an "AS IS" and "AS AVAILABLE" basis. I further agree that Cobra and its affiliates, and their officers, directors, partners, employees and agents will have no liability, whether direct or indirect, consequential, punitive or exemplary, to me or to third parties, and no responsibility whatsoever for:

1. Any losses resulting from the correctness, quality, accuracy, timeliness, sequence, pricing, reliability, performance, continued availability, completeness or delays, omissions or interruptions in the delivery of Electronic Services or for any other aspect of the performance of the Electronic Services or for any failure or delay in the execution of any transactions through the use of the Electronic Services;

2. Any losses resulting from the failure of any connection or communication service to provide or maintain my access to the Electronic Services, regardless of whether the connection or communication service is provided by Cobra , its affiliates, their officers, directors, partners, employees or agents or a third party provider; and
3. Any losses resulting from interruption, delay or disruption of such access or any erroneous communication between Cobra, its affiliates, their officers, directors, partners, employees or agents on the one hand and me on the other hand; even if Cobra, its affiliates, their officers, directors, partners, employees or agents have been advised of such losses.

E-Mail

Because of inherent limitations on Internet e-mail (such as reliability of delivery, timeliness and security), I agree that I will not use e-mail in any manner not specifically authorized by Cobra to request, authorize or effect the purchase or sale of any Securities and/or Other Property, to send fund transfers instructions, or for any other financial transactions that require real-time communication or more formal written authorization in accordance with applicable law or Cobra policies. Any such request, order or instruction that I send in contravention of the foregoing may not be accepted and may not be processed by Cobra. Cobra will not be responsible for any loss or damage that could result from my requests, orders or instructions not being accepted or processed as described above. In addition, please be advised that due to security risks any personal or identifying information, such as account numbers, credit or debit card numbers, Social Security numbers or Passwords, should not be sent via Internet e-mail.

OPTION AGREEMENT

I release and agree to indemnify and hold Cobra and its affiliates, and their officers, directors, employees and agents harmless from and against any Losses arising out of or relating to any action taken pursuant to the Option Account terms of this Agreement.

MODIFICATION OF AGREEMENT OR SERVICE

I understand that Cobra may change any of the terms and conditions of this Agreement and/or eliminate any term or condition anytime. Cobra reserves the right, but does not intend to follow it as a matter of course, to notify me of modifications to the Agreement by mailing or e-mailing a written notice or new Agreement to me. I understand that the normal method of notifying me of modifications to the Agreement will be to post the information on the Cobra Web site. I also agree that Cobra may change its Service anytime and that it is not obligated to provide me with notice of such a change.

FEE DISCLOSURE STATEMENTS

- o Margin accounts which do not have free cash available to meet any fees which the account may incur will have the fees deducted from margin and will thus be subject to any applicable margin debit charges.
- o Margin accounts with no available margin, or Cash accounts which do not have free cash available, will be subject to the liquidation of positions in order to free up the funds required to pay any fees.
- o Short locate fees and short interest charges may be substantial and may impact the profit or loss of trading adversely. Accounts that accept short locate fees and/or maintain short positions subject to short interest charges will incur a markup to those fees in an effort to recoup any ancillary costs associated with intraday shorting and/or maintaining overnight short positions.
- o Market data fees differ based on Professional or Non-Professional subscriber status and do not include any applicable taxes.
- o Fees and rates, including Market Center fees and Routing Charges, are subject to change without prior notice.

Acknowledgement:

I have read, understand, and retained copies of the following disclosures issued by Cobra Trading, Inc. A Registered Representative or Branch Manager has answered all of my questions and has addressed all of my concerns regarding these disclosures.

Primary Account Holder:

Secondary Account Holder:

Print Name

Print Name

Sign Name _____

Sign Name _____

Date

Date

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Margin Risk Disclosure

Margin Trading Risk Disclosure (FINRA Rule 2264)

Cobra Trading is furnishing this document to you to provide some basic facts about purchasing securities on margin, and 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 Cobra Trading. Please consult a Cobra Trading representative regarding any questions or concerns you may have with your margin account.

When you purchase securities you may pay for the securities in full or you may borrow part of the purchase price from Cobra Trading. If you choose to borrow funds from Cobra Trading you will open a margin account. The securities purchased are Cobra Trading'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, Cobra Trading 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, including:

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 account should be liquidated 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 – The firm 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 the 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.

Options Trading Risk Disclosure

Options involve risks and are not suitable for all investors. It is very important that option investors read the Characteristics and Risks of Standardized Options (Option Disclosure Document) before engaging in options trading. The risk disclosure document explains the characteristics and risks of exchange-traded options. You may also request a copy of the Option Disclosure Document by writing to the Options Supervisor at Cobra Trading, 4800 Hedgcoxe Rd Suite 300, Plano, TX 75024.

Cobra Trading also would like to inform investors of the inherent risks of trading the following strategies:

1. Bullish strategies have greater risk of loss in falling markets.
2. Neutral strategies have greater risk of loss in volatile markets.
3. Bearish strategies have greater risk of loss in rising markets.

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There are many factors that an investor should be aware of when trading options including interest rates, volatility, stock splits, stock dividends, stock distributions, currency exchange rates, etc.

Cobra Trading or its clearing firm shall reduce any accounts that exceed applicable position limits to a level that is in compliance with such limits. Any losses as a result of these actions will be the sole responsibility of the investor.

Typically, the exercise of in the money equity options is automatic at expiration if the equity option is \$0.01 or more in the money. For equity options in the money less than \$0.01, or out of the money, it is the obligation of the investor to request exercise. Cobra Trading or its clearing firm may, at its own discretion, exercise any open equity option that is \$0.01 or more in the money on the date of expiration. Investors are obligated to monitor their options position(s) especially as the expiration date approaches.

Investors exercising their in the money equity options must have sufficient assets in their account to meet margin requirements. Cobra Trading or its clearing firm may, at its own discretion, reduce or close out an investor's option(s) position prior to the close of business on the last day before exercise, if the account has insufficient assets to meet margin requirements.

Investors should only engage in options trading that is best suited to their financial condition and option experience and which considers current market conditions. Orders are accepted only on an unsolicited basis. Investors are solely responsible for any and all orders placed in their account(s) and at their own risk. Cobra Trading does not make any recommendations whatsoever regarding any options or options strategies. Additionally, your account(s) are accepted on a fully disclosed basis and solely at the discretion of Cobra Trading and Wedbush Securities, the company's clearing firm.

Privacy Disclosure

Confidential Treatment of Customer Information

Did You Know a federal law exists that regulates the collection, use, and safeguarding of your nonpublic personal financial information by banks, securities industry members, insurance companies, and other financial institutions. "Nonpublic personal financial information" is defined as specific information that is not available to the general public.

Before a company can share your nonpublic personal information that you have entrusted with them, they are required to notify you in advance of the sharing arrangement and to give you ample time to opt-out.

It is our desire to keep you informed of changes in federal, state or self-regulatory organization rules and regulations that may have an impact on how we conduct our securities business.

Our Commitment To Your Privacy:

Cobra Trading understands the importance of maintaining the privacy of your personal and financial information. By entrusting us with your information, we would like to assure you of our commitment to keeping it private. We have taken measurable steps to protect the confidentiality, security, and integrity of your information.

This notice will help you understand the type of information that we collect, use and protect.

Privacy Policy Summary:

We collect personal and financial information to process your securities transactions, to administer your account, and to carry out your request for other products and services. Examples of information collected from you include securities trading history, total assets, social security number, cash balance, margin information, and securities positions. We have implemented procedures to protect your nonpublic personal and financial information.

Cobra Trading does not sell, share, or disclose your nonpublic information to nonaffiliated third parties unless permitted or otherwise required by law. We do share such information with affiliates to facilitate your requests or instructions. Examples of "permitted by law" include our clearing firm (which clears and settles your securities transactions) and credit bureaus. "Required by law" examples include court orders and regulatory investigations.

We do not share or use personally identifiable health information for marketing purposes. Our commitment to privacy protection extends to both current and former customers, except as permitted or required by law.

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Specific Details of Our Privacy Policy:

Cobra Trading, its employees or representatives may collect nonpublic personal information about you from various sources including:

- Information provided on your account application or other forms
- Information about your transactional history with affiliates, nonaffiliated third parties or us
- Information from others, such as credit reporting agencies, employers and federal and state agencies
- Information from Cobra Trading Futures, Inc.

The type of nonpublic personal information collected varies according to the products or services provided and may include, for example: account balances, income, excess margin, assets, trading history, social security number, and margin loan records.

Information collected is used to process your securities transactions, update your account records, to inform you of other services that may be of interest, and to ensure compliance with securities regulations.

It may be necessary to share some or all of the information described above with affiliates to ensure that your request or instructions are fulfilled. We will not share your information with affiliates for any other reasons.

We limit access to only those employees or representatives that need to know the information in order to assist in carrying out your request for products or services. We have policies and procedures that give direction to our employees, and representatives acting on our behalf, regarding how to protect and use nonpublic personal information. Further, we maintain physical, electronic, and procedural safeguards that comply with federal and state regulations to guard your information.

We do not share nonpublic personal information about our customers with anyone including affiliates or third parties, unless otherwise required by law, which does not aid in the carrying out of your request or instructions. Additionally, we do not share personally identifiable health information unless the customer or the applicable law authorizes further sharing.

For purposes of administering your Cobra Trading account or carrying out your instructions, Cobra Trading may share your nonpublic personal information with Cobra Trading Futures, Inc. and/or, which are affiliates and under common control with Cobra Trading.

What are cookies and why must I accept them on your website? A cookie is a small piece of information that's sent to your browser (along with an HTML page) by our server. When you return, some stored information is sent back to our web server along with your request. A cookie is uniquely yours and can only be read by the server that gave it to you. It cannot read any other part of your files, nor can it be used to send viruses. Cobra Trading will use cookies on its trading member website to authenticate valid Cobra Trading accounts and grant access to the secure member area. The use of cookies is the simplest, most secure, and most widely accepted form of authentication. At Cobra Trading, security will not be compromised. Using a cookie helps ensure that only you have access to your Cobra Trading account. Authentication information is valid only for a single session and changes each time you begin a new session. We only require cookies on our secure website, so they will be transmitted using encryption. Your privacy is of the highest priority. We have worked hard to earn your trust and we will continue to do so. No other company or website can access your Cobra Trading cookie. We do not sell your personal information to third parties.

Our privacy policy applies, to the extent required by law, to employees and representatives that act on the firm's behalf. Additionally, we regularly review privacy policies of third parties for administrative services and joint marketing agreements to ensure compliance with appropriate federal and state regulations.

We reserve the right to change our privacy policies and related procedures at any time, in accordance with applicable federal and state laws. Should our policy change, you will receive notification prior to the sharing of such nonpublic information and you will be provided with an option to opt out of the information sharing arrangement.

If you have any questions regarding our privacy policy, please do not hesitate to contact our Customer Service Department at 972-491-7999.

Please return with account paperwork

Please return with account paperwork

Anti-Money Laundering Notice for Cobra Trading

Important Information You Need to Know about Opening a New Account

To help the government fight the funding of terrorism and money laundering activities, federal law requires financial institutions to obtain, verify and record information that identifies each person who opens an account.

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

What types of information will I need to provide?

When you open an account, your firm is required to collect the following information:

- Name
- Date of birth
- Address
- Identification number:
 - U.S. citizen: taxpayer identification number (Social Security number or employer identification number)
 - Non-U.S. citizen: taxpayer identification number; passport number and country of issuance; alien identification card number; or government-issued identification showing nationality, residence and a photograph of you.

You may also need to show your driver's license or other identifying documents.

A corporation, partnership, trust or other legal entity may need to provide other information, such as its principal place of business, local office, employer identification number, certified articles of incorporation, government-issued business license, a partnership agreement or a trust agreement.

U.S. Department of the Treasury, Securities and Exchange Commission, FINRA and New York Stock Exchange rules already require you to provide most of this information. These rules also may require you to provide additional information, such as your net worth, annual income, occupation, employment information, investment experience and objectives and risk tolerance.

What happens if I don't provide the information requested or my identity can't be verified?

Your firm may not be able to open an account or carry out transactions for you. If your firm has already opened an account for you, they may have to close it.

Signature of Applicant

Date

Signature of Joint Applicant (joint account only)

Date

Please return with account paperwork

For Office Use Only:	FA	Account Number:	<input type="checkbox"/> New Account	<input type="checkbox"/> Update to Existing Account*
* Please indicate information being updated:				

1. ACCOUNT TYPE: Please check one box only.

- | | | | |
|--|---|--|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Joint (rights of survivorship) | <input type="checkbox"/> Joint (tenancy in common) | <input type="checkbox"/> Joint (community property**) |
| <input type="checkbox"/> Custodian for Minor | <input type="checkbox"/> C-Corporation | <input type="checkbox"/> S-Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Estate/Conservatorship | <input type="checkbox"/> LLC/LLP | <input type="checkbox"/> Voluntary Association |
| <input type="checkbox"/> Personal Trust | <input type="checkbox"/> Retirement Trust | <input type="checkbox"/> Other | <input type="checkbox"/> IRA (Must accompany form I) |
- ** For AZ, CA, ID, LA, NV, NM, TX, WA and WI only.
- ☐ QRP (Contact Retirement Services)

2. ACCOUNT INFORMATION

FULL TITLE OF ACCOUNT	TAXPAYER ID NUMBER:	OPTIONAL ACCOUNT FEATURES
		CREDITPLUS® ACCOUNT <input type="checkbox"/> Yes Check writing and Wedbush Debit Card. Please complete form CP. <input type="checkbox"/> No
		OPTION ACCOUNT <input type="checkbox"/> Yes Ability to trade Options. Please complete form OA. <input type="checkbox"/> No

3. APPLICANT INFORMATION: This section must be completed for all account types

Primary Applicant and/or Beneficial Owner Information				Co-Applicant Information			
Full Legal Name				Full Legal Name			
First	Middle	Last	Suffix	First	Middle	Last	Suffix
Home Street Address (Cannot be a P.O. Box)				Home Street Address (Cannot be a P.O. Box)			
City		State	Zip	City		State	Zip
Mailing Address (If different from above. P.O. Box may be used)				Mailing Address (If different from above. P.O. Box may be used)			
City		State	Zip	City		State	Zip
Home Phone		Alternate Phone		Home Phone		Alternate Phone	
E-mail Address		Fax		E-mail Address		Fax	
Date of Birth (mm/dd/yyyy)				Date of Birth (mm/dd/yyyy)			
Social Security Number				Social Security Number			
Marital Status				Marital Status			
<input type="checkbox"/> Single <input type="checkbox"/> Married				<input type="checkbox"/> Single <input type="checkbox"/> Married			
Number of Dependents:				Number of Dependents:			
Employment Information				Employment Information			
<input type="checkbox"/> Employed <input type="checkbox"/> Self-Employed <input type="checkbox"/> Retired <input type="checkbox"/> Student <input type="checkbox"/> Not Employed				<input type="checkbox"/> Employed <input type="checkbox"/> Self-Employed <input type="checkbox"/> Retired <input type="checkbox"/> Student <input type="checkbox"/> Not Employed			
Occupation (if retired, former Occupation)		Type of Business		Occupation (if retired, former Occupation)		Type of Business	
Employer		Business Phone		Employer		Business Phone	
Business Address				Business Address			
City		State	Zip	City		State	Zip
Identification Information (Please attach copy)				Identification Information (Please attach copy)			
Type of ID: <input type="checkbox"/> Driver's License <input type="checkbox"/> Passport <input type="checkbox"/> Other (describe) _____				Type of ID: <input type="checkbox"/> Driver's License <input type="checkbox"/> Passport <input type="checkbox"/> Other (describe) _____			
Identification #		Issue Date		Identification #		Issue Date	
State/Country of Issuance		Expiration Date		State/Country of Issuance		Expiration Date	
Country of Citizenship		<input type="checkbox"/> US <input type="checkbox"/> Other		Country of Citizenship		<input type="checkbox"/> US <input type="checkbox"/> Other	
Country of Legal Residence		<input type="checkbox"/> US <input type="checkbox"/> Other		Country of Legal Residence		<input type="checkbox"/> US <input type="checkbox"/> Other	
Country of Tax Residence		<input type="checkbox"/> US <input type="checkbox"/> Other		Country of Tax Residence		<input type="checkbox"/> US <input type="checkbox"/> Other	

4. INDUSTRY AND OTHER AFFILIATIONS

Are you, your spouse, or any other immediate family members, including parents, in-laws, siblings and dependents:

- | | |
|--|--|
| Primary Applicant | Co-Applicant |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Employed by or associated with Wedbush Securities?

If yes, what is the relation? _____

Employed by or associated with a registered broker/dealer (other than Wedbush) or a financial regulatory agency ?

If yes, please specify entity below. If employed by the entity and, if required, please provide a letter from your employer (with this Application) approving establishment of this account.

Name of Entity: _____

An officer, director or 10% (or more) shareholder in a publicly owned company?

Name of Company(ies) and Symbol(s): _____

Applicant Initials _____

Co-Applicant Initials _____

PLEASE INITIAL ALL CORRECTIONS
FORMS RECEIVED WITH CORRECTION FLUID/TAPE NOT ACCEPTED

EF0001

5. INVESTMENT PROFILE: This section must be completed for all account types

Annual Income		Liquid Net Worth (cash, securities, etc.)		Total Net Worth (excluding home)		Tax Bracket
<input type="checkbox"/> \$0 - \$50,000	<input type="checkbox"/> \$200,001 - \$500,000	<input type="checkbox"/> \$0 - \$50,000	<input type="checkbox"/> \$200,001 - \$500,000	<input type="checkbox"/> \$0 - \$50,000	<input type="checkbox"/> \$200,001 - \$500,000	% <input type="checkbox"/> Decline to state
<input type="checkbox"/> \$50,001 - \$100,000	<input type="checkbox"/> \$500,001 - \$999,999	<input type="checkbox"/> \$50,001 - \$100,000	<input type="checkbox"/> \$500,001 - \$999,999	<input type="checkbox"/> \$50,001 - \$100,000	<input type="checkbox"/> \$500,001 - \$999,999	
<input type="checkbox"/> \$100,001 - \$200,000	<input type="checkbox"/> \$1,000,000+	<input type="checkbox"/> \$100,001 - \$200,000	<input type="checkbox"/> \$1,000,000+	<input type="checkbox"/> \$100,001 - \$200,000	<input type="checkbox"/> \$1,000,000+	

Investment Objective(s) <i>If choosing more than one objective, please rank in order of priority.</i>		Risk Tolerance
<input type="checkbox"/> Income	<i>Emphasis on investments that generate income.</i>	<input type="checkbox"/> Conservative <i>I want to preserve my initial principal in this account, with minimal risk, even if it means this account does not generate significant income or returns and may not keep pace with inflation.</i>
<input type="checkbox"/> Growth	<i>Emphasis on investments more likely to appreciate in principal rather than generate income.</i>	<input type="checkbox"/> Moderate <i>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.</i>
<input type="checkbox"/> Speculation	<i>Emphasis on potential for significant appreciation; willing to accept a high risk for loss of principal.</i>	<input type="checkbox"/> Aggressive <i>I am willing to accept maximum risk to my initial principal to aggressively seek maximum returns, and understand I could lose all, or almost all, of the money invested.</i>
<input type="checkbox"/> Trading	<i>Seeks to take advantage of short term trading opportunities. High turnover, high risk.</i>	
		I wish to allow illiquid investments in this account. <input type="checkbox"/> Yes <input type="checkbox"/> No

Investment Experience				Source of Funds		Investment Allocation	
	None	< 5 years	5 + years	<input type="checkbox"/> Wages/Income		The investments in this account will be (check one):	
Stocks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Pension or Retirement		<input type="checkbox"/>	Less than 1/3 of my financial portfolio
Bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Funds from another account		<input type="checkbox"/>	Roughly 1/3 to 2/3 of my financial portfolio
Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Savings		<input type="checkbox"/>	More than 2/3 of my financial portfolio
Mutual Funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Sale of business or property		Investment Knowledge	
Annuities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Insurance payout		<input type="checkbox"/> Limited	<input type="checkbox"/> Moderate <input type="checkbox"/> Extensive
Partnerships	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Gift/Inheritance		Investment Time Horizon	
Other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Other _____		<input type="checkbox"/> 0 to 5 years	<input type="checkbox"/> 5 to 10 years <input type="checkbox"/> over 10 years

Liquidity Needs	
(percent of portfolio you anticipate withdrawing)	
0 to 5 years	Over 10 years
5 to 10 years	<input type="checkbox"/> Unknown/Not Applicable

You may disclose my name, address and security positions to requesting companies in which I hold securities under Rule 14b-1(c) of the Securities and Exchange Commission. ☐ Yes ☐ No

Dividends and interest will be paid in cash and held in your account unless you indicate otherwise.
☐ Send Monthly Check ☐ Send ACH (please complete ACH form) ☐ Reinvest

6. MUST BE SIGNED BY ALL APPLICANTS

I affirm I wish to open ☐ CASH ACCOUNT & FDIC INSURED CASH SWEEP ☐ MARGIN ACCOUNT & FDIC INSURED CASH SWEEP

(Please check only one. If left unchecked, only an FDIC Insured Cash Sweep Account will be opened. For account types (such as 403b & 401k) that are not eligible to participate in the FDIC Insured Cash Sweep a free credit cash account will be opened.)

I affirm I have supplied a valid e-mail address and wish to receive the following electronically:

☐ MONTHLY ACCOUNT STATEMENTS ☐ TRADE CONFIRMATIONS ☐ SHAREHOLDER COMMUNICATIONS ☐ POST-SALE PROSPECTUS

☐ I wish to have this account added to the existing household under primary account number _____

By signing below, I agree to advise you promptly in writing of any material changes to the information provided. By signing below, I affirm I have received the Client Account Information and Agreements booklet. I also acknowledge that I have read, understand and agree to all terms and conditions in the Client Account Agreement ("Form CAA") and the Disclosure Statement ("Form DS"). If I have selected Margin Account, I acknowledge I have read, understand and agree to all terms and conditions in the margin agreements ("Form M" and "Form M-1"). If this is a Joint Account, I affirm I have read, understand and agree to all the terms in the Joint Account Agreement ("Form J"). If I have selected the FDIC Sweep I acknowledge that I have read, understand and agree to all the terms in the sweep agreement ("Form P") and by signing this application, I am providing written affirmative consent to have my cash balance included in the FDIC Sweep.

I ACKNOWLEDGE THAT THIS AGREEMENT ALSO CONTAINS A PREDISPUTE ARBITRATION PROVISION UNDER PARAGRAPH X OF THE CLIENT ACCOUNT AGREEMENT ("FORM CAA").

IRS Substitute Form W-9 (Request for Taxpayer Number and Certification)

Under penalties of perjury, I certify: 1) that the number supplied hereon is my correct taxpayer identification number, 2) that 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, and 3) I am a U.S. citizen or other U.S. person (as defined in the instructions available at www.irs.gov), and 4) I am exempt from FATCA reporting. The IRS does not require your consent to any provisions of this document other than the certification to avoid backup withholding.

Applicant Signature: _____ Print Name: _____ Date: _____

Co-Applicant Signature: _____ Print Name: _____ Date: _____

Approvals – FOR OFFICE USE ONLY

FA Signature: _____ Print Name: _____ Date: _____

OM Signature: _____ Print Name: _____ Date: _____

Date Client Account Information and Agreements Furnished: _____ BRR Date: _____



FINRA Rule 2165 (Financial Exploitation of Specified Adults) Form

Account Number _____

Account Title _____

Trusted Contact Person Information

By choosing to provide information about a trusted contact person, you authorize us to contact the trusted contact person listed below and disclose information about your account to that person in the following circumstances: to address possible financial exploitation, to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney, or as otherwise permitted by FINRA Rule 2165 (Financial Exploitation of Specified Adults).

☐ I decline to provide at this time

First Name Middle Name Last Name

Address Apt/Suite No.

City State ZIP Code Country

Work Phone Home Phone Mobile Phone Email Address

Relationship to Primary Applicant/Co-Applicant: _____

Client Signature Printed Name Date

Client Signature Printed Name Date

Client Signature Printed Name Date

Client Signature Printed Name Date

FOR OFFICE USE ONLY

Financial Advisor Signature Printed Name Date

Manager Signature Printed Name Date

Revised 02/2018



* E F 0 3 0 9 *

**TRADITIONAL AND ROTH
SELF-DIRECTED
INDIVIDUAL RETIREMENT ACCOUNT**

FORM I-C
ADOPTION AGREEMENT

I.E. _____ Account _____ - _____

1. PERSONAL INFORMATION (Must Complete)

Full Name of Participant (First, Middle, Last)			Name of Correspondent Broker		
Residence Address (P.O. Box not sufficient)					
City	State	Zip	Marital Status		
Mailing Address (if different from Residence)			Date of Birth		
Attn:					
Address			Soc. Sec. #		
City	State	Zip	Citizenship		

BENEFICIAL
OWNERSHIP
DISCLOSURE
ELECTION

In connection with securities positions held by us for your benefit, Rule 14b-1(c) of the Securities Exchange Act requires us to disclose to an issuer the name, address and securities position of each beneficial owner of such issuer's securities, unless the beneficial owner objects to such disclosure. If you object to the disclosure of such information, check the box below:

☐ Yes, I do object to the disclosure of this information.

2. IRA ACCOUNT TYPE (Check One Only)

TRADITIONAL				ROTH	
<input type="checkbox"/> CONTRIBUTORY IRA ACCOUNT	<input type="checkbox"/> SEP IRA ACCOUNT Attach copy of Simplified Employee Pension "SEP" Agreement.	<input type="checkbox"/> SAR-SEP IRA ACCOUNT Attach copy of Salary Reduction Simplified Employee Pension "SAR-SEP" Agreement.	<input type="checkbox"/> IRA ROLLOVER HOLDING ACCOUNT	<input type="checkbox"/> INHERITED <input type="checkbox"/> Traditional or <input type="checkbox"/> Roth Attach copy of death certificate and previous account statement.	<input type="checkbox"/> ROTH IRA ACCOUNT

3. SOURCE OF INITIAL CONTRIBUTIONS (Check all applicable boxes)

☐ NEW FUNDS

\$ _____ for Year _____ \$ _____ for Year _____

☐ CONVERSION OF ASSETS (Attach copy of Previous Account Statement)
- Use for conversions of assets from a Traditional IRA to a Roth IRA.

☐ TRANSFER OF ASSETS (Complete Account Transfer Form)

☐ ROLLOVER OF IRA ASSETS (Attach copy of Previous Account Statement)
- Use for contributions of assets received from another IRA account within the past 60 days.

☐ ROLLOVER OF QUALIFIED PLAN TRUST ASSETS (Attach copy of Previous Account Statement)
- Use for contributions of assets directly rolled over from a qualified employee retirement plan.
- Use for contributions of assets received from a qualified employee retirement plan within the past 60 days.

4. BENEFICIARY DESIGNATION (Must Complete)

I hereby designate the following person or persons as primary and contingent Beneficiaries:

A. Primary Beneficiary (ies)

Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits
Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits
Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits

B. Contingent Beneficiary (ies)

Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits
Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits
Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits

I elect that at my death the interest in my IRA account under the IRA Plan shall become the property of the primary Beneficiary(ies); if no primary Beneficiary survives, then of the contingent beneficiary(ies); and if no contingent Beneficiary(ies) survives, or if the Custodian cannot locate a designated Beneficiary, then the Custodian shall distribute the amounts payable to my estate. I reserve the right to revoke or change this Beneficiary designation. I understand that such change or revocation must be tendered in writing as specified in the IRA Plan. If no allocation of benefits is made, funds will be divided equally.

SPOUSAL CONSENT. If the Account Holder is married and the Account Holder's spouse is not designated as the sole primary beneficiary, the written consent of the spouse is required.

I hereby consent to the beneficiary designation(s) indicated above and give the Account Holder any interest I have in the funds or property deposited in this IRA. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the custodian.

(Full Signature of Spouse)

(Date)

5. ADOPTION AND ACCEPTANCE (Subject to acceptance by the Custodian)

This IRA Plan is being made available to the Participant as part of the existing Correspondent Broker Clearing Agreement between the Participant's Correspondent Broker and the clearing agent, Wedbush Morgan Securities, Inc. ("Wedbush"). The clearing agent will provide cashiering services, monitor compliance of credit according to applicable rules, regulations and policies; prepare and mail trade notifications and periodic account statements; and provide for the dissemination of proxy, tender offer and other similar shareholders' material. In addition, the clearing agent may provide, upon specific instructions, order execution and/or certificate clearance. **Wedbush, as Custodian and/or clearing agent, will not be involved with nor have responsibility for decisions or instructions regarding transactions in the IRA Holder's account.** The Correspondent Broker shall continue to be responsible for all activities in the IRA Holder's Account. The entry of orders and any instructions regarding the deposit or withdrawal of funds, securities or other property shall be transmitted through the Participant's Correspondent Broker. The Participant shall remain a customer of the Correspondent Broker, and any inquiries or claims the Participant may have from time to time should be directed to the Correspondent Broker.

You acknowledge that in connection with this Agreement that the Clearing Agent and Custodian collect "nonpublic personal information" from the Correspondent Broker; the Clearing Agent, may submit and collect nonpublic and public information to consumer and industry reporting agencies. Upon your written request, the Correspondent Broker will inform you if they have obtained information through these inquiries, and if so, will provide you with the name and address of the consumer and industry reporting agency. The Clearing Agent and Custodian will not sell any information about you and maintains physical and electronic safeguards to protect your nonpublic and public personal information in its possession.

By signing below, you acknowledge that you have read and received a copy for your records of 1) this IRA Adoption Agreement 2) Prototype Plan Agreement 3) IRA Disclosure Statement 4) Retirement Services Fee Schedule and 5) Disclosure Statement-Facts About Your Borrowing Costs and Other Matters. You understand and agree that the "Disclosure Statement-Facts About Your Borrowing Costs and Other Matters" contains a pre-dispute arbitration clause in paragraph 9 which supercedes the arbitration agreement contained in the Prototype Plan Agreement and that such agreement will be binding on you upon you signing below.

Adopted by

Participant: _____
(Signature)

(Date)

Parent or Guardian: _____
(If participant is under 18 years of age, parent or guardian must also sign and date above)

Signature Guaranteed and Accepted for Correspondent Broker
by Authorized Person:

(Print Name)

(Signature)

(Date)

FOR CUSTODIAN USE ONLY

For Custodian

By Authorized Person: _____
(Print Name)

(Signature)

(Date).

INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT

PROTOTYPE PLAN AGREEMENT

PREAMBLE

Wedbush Morgan Securities, Inc. ("Wedbush" or "Custodian") hereby establishes its self-directed custodial account pursuant to which Wedbush will act as Custodian for the exclusive benefit of the individual who adopts the plan. By signing the Adoption Agreement, the individual consents to participation in the IRA and consents to be bound by its provisions. The IRA will be effective upon the written acceptance of the Custodian. The IRA herein is being made available to the IRA Owner by the Correspondent Broker as part of an existing Correspondent Clearing Agreement between the IRA Owner's Correspondent Broker and the Custodian.

The Custodian named on the Adoption Agreement has given the IRA Owner the disclosure statement required under Regulations section 1.408-6.

The IRA Owner and the Custodian make the following agreement:

ARTICLE I

- 1.01 *Purpose of the Agreement.* The purpose of this Agreement is to establish a Traditional IRA under Code Section 408(a) or a Roth IRA under Code Section 408A, as indicated on the Adoption Agreement, to provide for the IRA Owner's retirement and for the support of his or her Beneficiary(ies) after death. The account is established for the exclusive benefit of the IRA Owner or his or her Beneficiary(ies). If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) maintained for the benefit of a Designated Beneficiary of a deceased individual, references in this document to the "IRA Owner" are to the deceased individual.
- 1.02 *Intent to Qualify.* It is the intent of the IRA Owner that this Agreement shall qualify for approval under Code Section 408A if Roth IRA is selected on the Adoption Agreement or under Code Section 408(a) if Traditional IRA is selected on the Adoption Agreement. In no event will the custodial account established under this Agreement operate as both a Traditional IRA and a Roth IRA.
- 1.03 *For More Information.* To obtain more information concerning the rules governing this Agreement, contact the Prototype Sponsor or Custodian listed on the Adoption Agreement.

ARTICLE II – DEFINITIONS

The following words and phrases when used in this Agreement with initial capital letters shall, for the purpose of this Agreement, have the meanings set forth below unless the context indicates that other meanings are intended:

- 2.01 *Adoption Agreement.* Means the document executed by the IRA Owner through which the individual adopts this Agreement and thereby agrees to be bound by all terms and conditions of this Agreement.
- 2.02 *Agreement.* Means this IRA prototype plan Agreement, including the Adoption Agreement that was completed and signed to establish this agreement.
- 2.03 *Beneficiary.* Means the individual(s) or entity(ies) properly named to receive any remaining IRA benefits upon the death of the IRA Owner.
- 2.04 *Code.* Means the Internal Revenue Code of 1986, as amended from time to time.
- 2.05 *Compensation.* For purposes of Sections 3.01(A) and 4.01(A) of this Agreement, compensation means wages, salaries, professional fees, or other amounts derived from or received for personal services actually rendered (including, but not limited to commissions paid salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses) and includes earned income, as defined in Code Section 401(c)(2) (reduced by the deduction the self-employed IRA Owner takes for contributions made to a self-employed retirement plan). For purposes of this definition, Code Section 401(c)(2) shall be applied as if the term trade or business for purposes of Code Section 1402 included service described in Code Section 1402(c)(6). Compensation shall include any amount includible in the IRA Owner's gross income under Code Section 71 with respect to a divorce or separation instrument. Compensation also includes any differential wage payments as defined in Code Section 3401(h)(2).
- Compensation does not include amounts derived from or received as earnings or profits from property (including but not limited to interest and dividends) or amounts not includible in gross income (determined without regard to Code Section 112). Compensation also does not include any amount received as a pension or annuity or as deferred compensation. In the case of a married individual filing a joint return, the greater Compensation of his or her spouse is treated as his or her own Compensation, but only to the extent that such spouse's Compensation is not being used for purposes of the spouse making a contribution to an IRA.
- 2.06 *Conversion Contribution.* Means a contribution described in Code Section 408A(e) from a Traditional or SIMPLE IRA to a Roth IRA.
- 2.07 *Correspondent Broker.* Means a broker/dealer entity which elects to provide its customers with the means of establishing an IRA on a correspondent basis pursuant to the Correspondent Broker Clearing Agreement between such broker/dealer and the Custodian.

- 2.08 *Correspondent Broker Clearing Agreement.* Means a contractual arrangement between the Correspondent Broker and Wedbush, as clearing agent, in which Wedbush will provide cashiering services; monitoring compliance of credit according to applicable rules, regulations and policies; prepare and mail trade notifications and periodic account statements; and provide for the dissemination of proxy, tender offer and other similar shareholder materials. In addition, the clearing agent may provide, upon specific instructions, order execution and/or certificate clearance. Wedbush, as Custodian and/or clearing agent, will not be involved with nor have responsibility for decisions or instructions regarding transactions in the IRA Owner's account.
- 2.09 *Custodian.* Means Wedbush, who has the approval of the Internal Revenue Service (IRS) to act as Custodian, or their successor.
- 2.10 *Designated Beneficiary.* Means the Beneficiary named as of the date of the IRA Owner's death who remains Beneficiary as of September 30 of the year following the year of the IRA Owner's death.
- 2.11 *IRA.* Means either Traditional IRA or Roth IRA unless otherwise indicated.
- 2.12 *IRA Owner.* Means the individual whose name appears on the Adoption Agreement, who is establishing the IRA.
- 2.13 *Prototype Sponsor.* Means the entity specified on the Adoption Agreement which sponsors this prototype plan.
- 2.14 *Regulations.* Means the Treasury Regulations.
- 2.15 *Roth IRA.* Means an individual retirement account as defined in Code Section 408A.
- 2.16 *SIMPLE IRA.* Means the individual retirement account which satisfies the requirements of Code Sections 408(p) and 408(a).
- 2.17 *Traditional IRA.* Means an individual retirement account as defined in Code Section 408(a).

ARTICLE III – PROVISIONS GOVERNING TRADITIONAL IRAS

This Article III shall only apply if this IRA has been designated by the IRA Owner on the Adoption Agreement as a Traditional IRA.

3.01 Contribution Rules.

- A. **Maximum Permissible Amount.** Except in the case of a rollover contribution (as permitted by Code Sections 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3), and 457(e)(16)) or a contribution made in accordance with the terms of a simplified employee pension (SEP) plan as described in Code Section 408(k), no contributions will be accepted unless they are in cash, and the total of such contributions shall not exceed the lesser of 100 percent of the Traditional IRA Owner's Compensation, or \$5,000 for any taxable year beginning in 2008 and years thereafter.

After 2008, the limit will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 219(b)(5)(D). Such adjustments will be in multiples of \$500.

If the Traditional IRA Owner makes regular contributions to both Traditional and Roth IRAs for a taxable year, the maximum regular contribution that can be made to all the Traditional IRA Owner's Traditional IRAs for that taxable year is reduced by the regular contributions made to the Traditional IRA Owner's Roth IRAs for the taxable year.

- B. **Catch-Up Contributions.** In the case of a Traditional IRA Owner who is age 50 or older by the close of the taxable year, the annual cash contribution limit is increased by \$1,000 for any taxable year beginning in 2006 and years thereafter.
- C. **Additional Contributions.** In addition to the amounts described in Sections 3.01(A) and (B), a Traditional IRA Owner may make additional contributions specifically authorized by statute – such as repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation.
- D. **Employees of Certain Bankrupt Employers.** In addition to the amounts described in Sections 3.01(A) and (B) of this Agreement, a Traditional IRA Owner who was a participant in a Code Section 401(k) plan of a certain employer in bankruptcy described in Code Section 219(b)(5)(C) may contribute up to \$3,000 for taxable years beginning after 2006 and before 2010 only. An individual who makes contributions under this paragraph may not also make age 50 catch-up contributions under Section 3.01(B) of this Agreement.
- E. **SIMPLE IRA.** No contributions will be accepted under a SIMPLE IRA plan established by any employer pursuant to Code Section 408(p). Also, no transfer or rollover of funds attributable to contributions made by a

particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the two-year period beginning on the date the employee first participated in that employer's SIMPLE IRA plan.

- F. **Inherited IRA.** If this is an inherited Traditional IRA within the meaning of Code Section 408(d)(3)(C), no contributions will be accepted.

3.02 *Traditional IRA Owner Distributions.*

- A. Notwithstanding any provision of this Agreement to the contrary, the distribution of the Traditional IRA Owner's interest in this Traditional IRA shall be made in accordance with the requirements of Code Section 408(a)(6) and the Regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are made from an annuity contract purchased from an insurance company, distributions thereunder must satisfy the requirements of Q&A-4 of Regulations Section 1.401(a)(9)-6, rather than Section 3.02(B), (C), and (D) and Section 3.03 of this Agreement. The required minimum distributions calculated for this Traditional IRA may be withdrawn from another Traditional IRA of the Traditional IRA Owner in accordance with Q&A-9 of Regulations Section 1.408-8. If this is an inherited Traditional IRA within the meaning of Code Section 408(d)(3)(C), the preceding sentence and Section 3.02(B), (C), and (D) of this Agreement do not apply.
- B. The entire value of the account of the Traditional IRA Owner for whose benefit the account is maintained will begin to be distributed no later than the first day of April following the calendar year in which such Traditional IRA Owner attains age 70½ (the required beginning date) over the life of such Traditional IRA Owner or the lives of such Traditional IRA Owner and his or her Designated Beneficiary.
- C. The amount to be distributed each year, beginning with the calendar year in which the Traditional IRA Owner attains age 70½ and continuing through the year of death, shall not be less than the quotient obtained by dividing the value of the Traditional IRA (as modified by Section 3.03(C) of this Agreement) as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Q&A-2 of Regulations Section 1.401(a)(9)-9, using the Traditional IRA Owner's age as of his or her birthday in the year. However, if the Traditional IRA Owner's sole Designated Beneficiary is his or her surviving spouse and such spouse is more than 10 years younger than the Traditional IRA Owner, then the distribution period is determined under the Joint and Last Survivor Table in Q&A-3 of Regulations Section 1.401(a)(9)-9, using the ages as of the Traditional IRA Owner's and spouse's birthdays in the year.
- D. The required minimum distribution for the year the Traditional IRA Owner attains age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
- E. If the IRA Owner fails to request his or her required minimum distribution by his or her required beginning date, the Custodian can, at its complete and sole discretion, do any one of the following:
- make no distribution until the IRA Owner provides a proper withdrawal request to the Custodian;
 - distribute the entire Traditional IRA to the IRA Owner in a single sum payment; or
 - determine the IRA Owner's required minimum distribution from the Traditional IRA each year based on the IRA Owner's life expectancy, calculated using the Uniform Lifetime Table in Regulations Section 1.401(a)(9)-9, and pay those distributions to the IRA Owner until directed otherwise.

The Custodian will not be liable for any penalties or taxes related to the Traditional IRA Owner's failure to take a required minimum distribution.

3.03 *Beneficiary Rights.* If the Traditional IRA Owner dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows.

- A. **Death on or After Required Beginning Date.** If the Traditional IRA Owner dies on or after the required beginning date, the remaining portion of his or her interest will be distributed at least as rapidly as follows.
1. If the Designated Beneficiary is someone other than the Traditional IRA Owner's surviving spouse, the remaining interest will be distributed over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the Beneficiary's age as of his or her birthday in the year following the year of the Traditional IRA Owner's death, or over the period described in Section 3.03(A)(3) of this Agreement if longer.
 2. If the Traditional IRA Owner's sole Designated Beneficiary is the Traditional IRA Owner's surviving spouse, the remaining interest will be distributed over such spouse's life expectancy or over the period described in Section 3.03(A)(3) of this Agreement if longer. Any

interest remaining after such spouse's death will be distributed over such spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death, or, if the distributions are being made over the period described in Section 3.03(A)(3) of this Agreement, over such period.

3. If there is no Designated Beneficiary, or if applicable by operation of Section 3.03(A)(1) or (A)(2) of this Agreement, the remaining interest will be distributed over the Traditional IRA Owner's remaining life expectancy determined in the year of the Traditional IRA Owner's death.
 4. The amount to be distributed each year under Section 3.03(A)(1), (2), or (3) of this Agreement, beginning with the calendar year following the calendar year of the Traditional IRA Owner's death, is the quotient obtained by dividing the value of the Traditional IRA as of the end of the preceding year by the remaining life expectancy specified in Section 3.03 of this Agreement. Life expectancy is determined using the Single Life Table in Q&A-1 of Regulations Section 1.401(a)(9)-9. If distributions are being made to a surviving spouse as the sole Designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's or Traditional IRA Owner's age in the year specified in Section 3.03(A)(1), (2), or (3) of this Agreement and reduced by one for each subsequent year.
- B. **Death Before Required Beginning Date.** If the Traditional IRA Owner dies before the required beginning date, his or her entire interest will be distributed at least as rapidly as follows.
1. If the Designated Beneficiary is someone other than the Traditional IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Traditional IRA Owner's death, over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the age of the Beneficiary as of his or her birthday in the year following the year of the Traditional IRA Owner's death, or, if elected, in accordance with Section 3.03(B)(3) of this Agreement. If this is an inherited Traditional IRA within the meaning of Code Section 408(d)(3)(C) established for the benefit of a nonspouse Designated Beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under Code Section 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse Designated Beneficiary may elect to have distributions made under this Section if the transfer is made no later than the end of the year following the year of death.
 2. If the Traditional IRA Owner's sole Designated Beneficiary is the Traditional IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Traditional IRA Owner's death (or by the end of the calendar year in which the Traditional IRA Owner would have attained age 70½, if later), over such spouse's life expectancy, or, if elected, in accordance with Section 3.03(B)(3) of this Agreement. If the surviving spouse dies before distributions are required to begin, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's Designated Beneficiary's remaining life expectancy determined using such Beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with Section 3.03(B)(3) of this Agreement. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.
 3. If there is no Designated Beneficiary, or if applicable by operation of Section 3.03(B)(1) or (B)(2) of this Agreement, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Traditional IRA Owner's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under Section 3.03(B)(2) of this Agreement).
 4. The amount to be distributed each year under Section 3.03(B)(1) or (B)(2) of this Agreement is the quotient obtained by dividing the value of the Traditional IRA as of the end of the preceding year by the remaining life expectancy specified in Section 3.03 of this Agreement. Life expectancy is determined using the Single Life Table in Q&A-1 of Regulation section 1.401(a)(9)-9. If distributions are being made to a surviving spouse as the sole Designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's age in the year specified in Section 3.03(B)(1) or (2) of this Agreement and reduced by one for each subsequent year.

- C. The value of the Traditional IRA for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers, transfers, and recharacterizations under Q&As-7 and -8 of Regulations Section 1.408-8.
- D. If the Designated Beneficiary is the Traditional IRA Owner's surviving spouse, the spouse may elect to treat the Traditional IRA as his or her own Traditional IRA. This election will be deemed to have been made if such surviving spouse, who is the sole Beneficiary of the Traditional IRA, makes a contribution to the Traditional IRA or fails to take required distributions as a Beneficiary.
- E. The required minimum distributions payable to a Designated Beneficiary from this Traditional IRA may be withdrawn from another IRA the Beneficiary holds from the same decedent in accordance with Q&A-9 of Regulations Section 1.408-8.
- F. If the Beneficiary fails to request a distribution by December 31 of the year following the year the Traditional IRA Owner dies, the Custodian reserves the right to elect, in its complete and sole discretion, to do any one of the following:
- make no distribution until the Beneficiary(ies) provides the Custodian a proper withdrawal request;
 - distribute the entire Traditional IRA to the Beneficiary(ies) in a single sum payment; or
 - distribute the entire remaining interest to the Beneficiary(ies) pursuant to the applicable option in Section 4.03(A) or (B) of this Agreement.

The Custodian will not be liable for any penalties or taxes related to the Beneficiary's failure to take a required minimum distribution.

3.04 *Transfers and Rollovers.* The Custodian can receive amounts transferred to this Traditional IRA from the trustee or custodian of another Traditional IRA. In addition, the Custodian can accept direct rollovers of eligible rollover distributions from employer-sponsored retirement plans as permitted by the Code and applicable Regulations. The Custodian reserves the right not to accept any transfer or rollover.

ARTICLE IV – PROVISIONS GOVERNING ROTH IRAS

This Article IV shall only apply if this IRA has been designated by the IRA Owner on the Adoption Agreement as a Roth IRA.

4.01 *Contribution Rules.*

- A. **Maximum Permissible Amount.** Except in the case of a qualified rollover contribution (as defined in 4.01(G) of this Agreement, or a recharacterization (as defined in 4.01(F) of this Agreement, no contributions will be accepted unless they are in cash, and the total of such contributions shall not exceed the applicable amount (as defined in 4.01(B) of this Agreement), or the Roth IRA Owner's Compensation (as defined in Section 2.05 of this Agreement), if less, for that taxable year. The contribution described in the previous sentence that may not exceed the lesser of the applicable amount of the Roth IRA Owner's Compensation is referred to as a regular contribution. However, notwithstanding the preceding limits on contributions, a Roth IRA Owner may make additional contributions specifically authorized by statute – such as repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation. Contributions may be limited under Sections 4.01(C) through (E) of this Agreement.
- B. **Applicable Amount.** The applicable amount is determined below:
1. If the Roth IRA Owner is under age 50, the applicable amount is \$5,000 for any taxable year beginning in 2008 and years thereafter. After 2008, the applicable contribution limit may be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 219(b)(5)(D). Such adjustments will be in multiples of \$500.
 2. If the Roth IRA Owner is 50 or older, the applicable amount under Section 4.01(B)(1) of this Agreement is increased by \$1,000 for any taxable year beginning in 2006 and years thereafter.
 3. If the Roth IRA Owner was a participant in a Code Section 401(k) plan of a certain employer in bankruptcy described in Code Section 219(b)(5)(C), then the applicable amount under Section 4.01(B)(1) of this Agreement is increased by \$3,000 for taxable years beginning after 2006 and before 2010 only. A Roth IRA Owner who makes contributions under this Section may not also make contributions under Section 4.01(B)(2) of this Agreement.
- C. **Regular Contribution Limit.** The maximum regular contribution that can be made to all the Roth IRA Owner's Roth IRAs for a taxable year is the smaller amount determined under Section 4.01(C)(1) or (2) of this Agreement.

1. The maximum regular contribution is phased out ratably between certain levels of modified adjusted gross income in accordance with the following table.

Filing Status	Full Contribution	Phase-Out Range Modified AGI	No Contribution
Single or Head of Household	\$95,000 or less	Between \$95,000 and \$110,000	\$110,000 or more
Joint Return or Qualifying Widow(er)	\$150,000 or less	Between \$150,000 and \$160,000	\$160,000 or more
Married – Separate Return	\$0	Between \$0 and \$10,000	\$10,000 or more

A Roth IRA Owner's modified adjusted gross income (MAGI) for a taxable year is defined in Code Section 408A(c)(3) and does not include any amount included in adjusted gross income as a result of a qualified rollover contribution. If the Roth IRA Owner's MAGI for a taxable year is in the phase-out range, the maximum regular contribution determined under this table for that taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200. After 2006, the MAGI limits above will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 408A(c)(3). Such adjustments will be in multiples of \$1,000.

2. If the Roth IRA Owner makes regular contributions to both Roth and Traditional IRAs for a taxable year, the maximum regular contribution that can be made to all the Roth IRA Owner's Roth IRAs for that taxable year is reduced by the regular contributions made to the Roth IRA Owner's Traditional IRAs for the taxable year.

- D. **SIMPLE IRA Limits.** No contributions will be accepted under a SIMPLE IRA plan established by any employer pursuant to Code Section 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the two-year period beginning on the date the employee first participated in that employer's SIMPLE IRA plan.
- E. **Inherited IRA.** If this is an inherited Roth IRA within the meaning of Code Section 408(d)(3)(C), no contributions will be accepted.
- F. **Recharacterization.** A regular contribution to a Traditional IRA may be recharacterized pursuant to the rules in Regulations Section 1.408A-5 as a regular contribution to this Roth IRA, subject to the limits in Section 4.01(C) of this Agreement.
- G. **Qualified Rollover Contribution.** A qualified rollover contribution is a rollover contribution of a distribution from an eligible retirement plan described in Code Section 402(c)(8)(B). If the distribution is from an IRA, the rollover must meet the requirements of Code Section 408(d)(3), except the one-rollover-per-year rule of Code Section 408(d)(3)(B) does not apply if the rollover contribution is from an IRA other than a Roth IRA. If the distribution is from an eligible retirement plan other than an IRA, the rollover must meet the requirements of Code Section 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3), or 457(e)(16), as applicable. A qualified rollover contribution also includes Section 4.01(G)(1) and (2) of this Agreement.
1. All of part of a military death gratuity or servicemembers' group life insurance (SGLI) payment may be contributed if the contribution is made within one year of receiving the gratuity or payment. Such contributions are disregarded for purposes of the one-rollover-per-year rule under Code Section 408(d)(3)(B).
 2. All of part of an airline payment (as defined in Section 125 of the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA), Pub. L. 110-458) received by certain airline employees may be contributed if the contribution is made within 180 days of receiving the payment.
- 4.02 *Roth IRA Owner Distributions.* No amount is required to be distributed prior to the death of the Roth IRA Owner for whose benefit the account was originally established. If this is an inherited Roth IRA within the meaning of Code Section 408(d)(3)(C), this Section does not apply.
- 4.03 *Beneficiary Rights.* If the Roth IRA Owner dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows.
- A. Notwithstanding any provision of this Roth IRA to the contrary, the distribution of the Roth IRA Owner's interest in the account shall be made in accordance with the requirements of Code Section 408(a)(6), as modified by Code Section 408A(c)(5), and the Regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are made from an annuity contract purchased from an insurance company, distributions

thereunder must satisfy the requirements of Regulations Section 1.401(a)(9)-6 (taking into account Code Section 408A(c)(5)), rather than the distribution rules in Section 4.03(B), (C), and (D) of this Agreement.

- B. Upon the death of the Roth IRA Owner, his or her entire interest will be distributed at least as rapidly as follows.
1. If the Designated Beneficiary is someone other than the Roth IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Roth IRA Owner's death, over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the age of the Beneficiary as of his or her birthday in the year following the year of the Roth IRA Owner's death, or, if elected, in accordance with Section 4.03(B)(3) of this Agreement. If this is an inherited Roth IRA within the meaning of Code Section 408(d)(3)(C) established for the benefit of a nonspouse Designated Beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under Code Section 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse Designated Beneficiary may elect to have distributions made under Section 4.03(B)(1) of this Agreement if the transfer is made no later than the end of the year following the year of death.
 2. If the Roth IRA Owner's sole Designated Beneficiary is his or her surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Roth IRA Owner's death (or by the end of the calendar year in which the Roth IRA Owner would have attained age 70½, if later), over such spouse's life expectancy, or, if elected, in accordance with Section 4.03(B)(3) of this Agreement. If the surviving spouse dies before distributions are required to begin, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's Designated Beneficiary's remaining life expectancy determined using such Beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with Section 4.03(B)(3) of this Agreement. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.
 3. If there is no Designated Beneficiary, or if applicable by operation of Section 4.03(B)(1) or (B)(2) of this Agreement, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Roth IRA Owner's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under Section 4.03(B)(2) of this Agreement).
 4. The amount to be distributed each year under Section 4.03(B)(1) or (2) of this Agreement is the quotient obtained by dividing the value of the Roth IRA as of the end of the preceding year by the remaining life expectancy specified in Section 4.03 of this Agreement. Life expectancy is determined using the Single Life Table in Q&A-1 of Regulations Section 1.401(a)(9)-9. If distributions are being made to a surviving spouse as the sole Designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's age in the year specified in Section 4.03(B)(1) or (B)(2) of this Agreement and reduced by one for each subsequent year.
- C. The value of the Roth IRA for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers, transfers and recharacterizations under Q&As-7 and -8 of Regulations Section 1.408-8.
- D. If the Designated Beneficiary is the Roth IRA Owner's surviving spouse, the spouse may elect to treat the IRA as his or her own Roth IRA. This election will be deemed to have been made if such surviving spouse, who is the sole Beneficiary of the Roth IRA, makes a contribution to the Roth IRA or fails to take required distributions as a Beneficiary.
- E. The required minimum distributions payable to a Designated Beneficiary from this Roth IRA may be withdrawn from another IRA the Beneficiary holds from the same decedent in accordance with Q&A-9 of Regulations Section 1.408-8.
- F. If the Beneficiary fails to request a distribution by December 31 of the year following the year the Roth IRA Owner dies, the Custodian reserves the right to elect, in its complete and sole discretion, to do any one of the following:

- make no distribution until the Beneficiary(ies) provides the Custodian a proper withdrawal request;
- distribute the entire Roth IRA to the Beneficiary(ies) in a single sum payment; or

- distribute the entire remaining interest to the Beneficiary(ies) pursuant to the applicable option in Section 4.03(B) of this Agreement.

The Custodian will not be liable for any penalties or taxes related to the Beneficiary's (ies') failure to take a required minimum distribution.

4.04 *Transfers and Rollovers.* The Custodian can receive amounts transferred or rolled over to this Roth IRA from the trustee or custodian of another Roth IRA as permitted by Code or applicable Regulations. The Custodian reserves the right not to accept any transfer or rollover.

ARTICLE V – PROVISIONS GOVERNING BOTH TRADITIONAL AND ROTH IRAS

5.01 *Notices and Change of Address.* Any required notice regarding this IRA will be considered effective when sent by the Custodian to the intended recipient at the last address which the Custodian has in its records. Any notice to be given to the Custodian will be considered effective when actually received. The IRA Owner, or the intended recipient, must notify the Custodian of any change of address.

5.02 *The Custodian's Powers and Duties.*

- A. **Representations and Responsibilities** – The IRA Owner represents and warrants to the Custodian that any information he or she has given or will give to the Custodian with respect to this Agreement is complete and accurate. Further, the IRA Owner agrees that any directions the IRA Owner gives, or action the IRA Owner takes will be proper under this Agreement, and that the Custodian is entitled to rely upon any such information or directions. If the Custodian fails to receive directions from the IRA Owner regarding any transaction, or if the Custodian receives ambiguous directions regarding any transaction, or the Custodian, in good faith, believes that any transaction requested is in dispute, the Custodian reserves the right to take no action until further clarification acceptable to the Custodian is received from the IRA Owner or the appropriate government or judicial authority. The Custodian shall not be responsible for losses of any kind that may result from the IRA Owner's directions to the Custodian, or the IRA Owner's actions or failures to act, and the IRA Owner agrees to reimburse the Custodian for any loss the Custodian may incur as a result of such directions, actions, or failures to act. The Custodian is entitled to act upon any instrument, certificate, or form it believes is genuine and believes is signed or presented by the proper person or persons, and the Custodian need not investigate or inquire as to any statement contained in such document but may accept it as true and accurate. The Custodian shall not be responsible for any penalties, taxes, judgments or expenses the IRA Owner incurs in connection with the IRA. The Custodian shall have no duty to ascertain whether contributions or distributions comply with the IRA or the Code. The Custodian shall not make any investments or dispose of any property held in the IRA except as described in Section 5.11. The Custodian shall not be required to question any such instructions or review any securities or other property held in the IRA. The Custodian shall not be responsible for any penalties, taxes, judgments or expenses the IRA Owner incurs in connection with the IRA. The Custodian has no duty to determine whether the IRA Owner's contributions or distributions comply with the Code, Regulations, rulings, or this Agreement. The Custodian may permit the IRA Owner to appoint, through written notice acceptable to the Custodian, an authorized agent to act on the IRA Owner's behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, the Custodian has no duty to determine the validity of such appointment or any instrument appointing such authorized agent. The Custodian shall not be responsible for losses of any kind that may result from directions, actions or failures to act by the IRA Owner's authorized agent, and the IRA Owner agrees to reimburse the Custodian for any loss the Custodian may incur as a result of such directions, actions or failures to act by the IRA Owner's authorized agent. The IRA Owner will have sixty (60) days after receiving any documents, statements, or other information from the Custodian to notify the Custodian in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If the IRA Owner does not notify the Custodian within 60 days, the documents, statements, or other information shall be deemed correct and accurate, and the Custodian shall have no further liability or obligation for such documents, statements, other information, or the transactions described therein.

By performing services under this Agreement the Custodian is acting as the IRA Owner's agent. The IRA Owner acknowledges and agrees that nothing in this Agreement shall be construed as conferring fiduciary status upon the Custodian. The Custodian shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to IRAs. The IRA Owner agrees to indemnify and hold the Custodian harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Agreement.

To the extent written instructions or notices are required under this Agreement the Custodian may accept or provide such information in any other form permitted by the Code or applicable regulations.

B. Administrative Powers – The Custodian may hold any securities acquired hereunder in the name of the Custodian without the qualification or description or in the name of any nominee. Pursuant to instructions issued on behalf of the IRA Owner, the Custodian shall have the following powers and authority with respect to the administration of the IRA:

- (1) To invest and reinvest the assets of the IRA without any duty to diversify and without regard to whether such investment is authorized by the laws of any jurisdiction for fiduciary investment;
- (2) To exercise or sell options, conversion privileges or rights to subscribe for additional securities and to make payments therefor;
- (3) To consent to or participate in dissolutions, reorganizations, consolidations, mergers, sales leases, mortgages, transfers or other changes affecting securities held by the Custodian;
- (4) To make, execute and deliver as Custodian any and all contracts, waivers, releases or other instruments in writing necessary or proper for the exercise of any of the foregoing powers;
- (5) To grant options to purchase securities held by the Custodian or to repurchase options previously granted with respect to securities held by the Custodian.

C. Recordkeeping – The Custodian shall keep accurate records of all contributions, receipts, investments, distributions, disbursements, and all other transactions of the IRA which it deems necessary. Within 120 days after the close of each calendar year (or after a distribution or transfer of an IRA Owner's IRA or upon the Custodian's resignation or removal), the Custodian shall file with the IRA Owner a written report (which may consist of copies of the Custodian's regularly issued account statements) reflecting all transactions affecting the IRA for the period in question and including a statement of the assets in the IRA and their fair market values.

D. Right To Request Judicial Assistance – The Custodian shall have the right at any time to apply to a court of competent jurisdiction for judicial settlement of its accounts or for determination of any questions or construction which may arise or for instructions. This shall include a specified right on the part of the Custodian to bring an action for interpleader should the Custodian be subject to conflicting claims, demands or instructions. The only necessary party defendant to any such action shall be the IRA Owner, but the Custodian may join any other person or persons as party defendant. The cost, including attorney's fees, of any such proceeding shall be charged to the IRA as an administrative expense.

5.03 Service Fees. The Custodian has the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining this IRA. In addition, the Custodian has the right to be reimbursed for all reasonable expenses, including legal expenses, incurred in connection with the administration of this IRA, and for special services relating to the processing and holding of assets for which a public market is not readily available. The Custodian may charge the IRA Owner separately for any fees or expenses, or may deduct the amount of the fees or expenses from the assets in the IRA at its discretion. The Custodian reserves the right to charge any additional fee upon 30 days notice to the IRA Owner that the fee will be effective.

Any brokerage commissions attributable to the assets in the IRA will be charged to the IRA. The IRA Owner cannot reimburse the IRA for those commissions.

5.04 Contributions. If the IRA Owner dies before his or her entire interest has been distributed and if the Beneficiary is other than the surviving spouse, no additional cash contributions or rollover contributions may be accepted in this custodial account IRA.

5.05 Investment of Amounts in the IRA. The IRA Owner has exclusive responsibility for and control over the investment of the assets of his or her IRA. The IRA Owner shall direct all investment transactions, including transactions involving earnings and the proceeds from securities sales. The IRA Owner's selection of investments, however, shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are approved by the Custodian and that the Custodian is capable of holding in the ordinary course of its business. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by the Custodian's charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs, and usages of any exchange, market, or clearing house where the transaction is executed; the Custodian's policies and practices; and this Agreement. After the IRA Owner's death, his or her Beneficiary(ies) shall have the right to direct the investment of the IRA assets, subject to the same conditions that applied to the IRA Owner during his or her lifetime under this Agreement (including, without limitation, Section 5.02 of this Agreement). The Custodian shall have no discretion to direct any investment in the IRA. The Custodian assumes no

responsibility for rendering investment advice with respect to the IRA, nor will the Custodian offer any opinion or judgment to the IRA Owner on matters concerning the value or suitability of any investment or proposed investment for the IRA. In the absence of instructions from the IRA Owner or if the instructions are not in an acceptable form, the Custodian shall have the right to hold any uninvested amounts in cash, and shall have no responsibility to invest uninvested cash unless and until directed by the IRA Owner. The Custodian will not exercise the voting rights and other shareholder rights with respect to investments in the IRA unless the IRA Owner provides timely written directions acceptable to the Custodian.

Notwithstanding any provisions to the contrary in this IRA (whether stated or implied), an IRA Owner (or any authorized agent) who directs investments or issues instructions for effecting transactions in the IRA through a Correspondent Broker operating under a Correspondent Broker Clearing Agreement with the Custodian shall be deemed to have delegated to such Correspondent Broker full authority and responsibility as an authorized agent for the transmission of investment instructions to the Custodian. The Custodian may rely on this correspondent relationship to accept and act upon investment instructions received from the Correspondent Broker and shall be under no duty or obligation to review or question any investment instructions directed by such Correspondent Broker respecting the IRA, and the Custodian may continue to rely on this correspondent relationship and authority until such is terminated by the IRA Owner and a written notice of such termination is received by the Custodian. The Custodian shall not be liable in any manner for transactions initiated by the Correspondent Broker prior to the receipt of such termination notice.

This plan does not permit the purchase or uncovered sale of option contracts.

5.06 Beneficiary Designations. If the IRA Owner dies before he or she receives all of the amounts in the IRA, payments from the IRA will be made to the Beneficiary(ies) of the IRA. The IRA Owner may designate one or more person(s) or entity(ies) as Beneficiary of the IRA. This designation can only be made on a form provided by or acceptable to the Custodian and it will only be effective when it is filed with the Custodian during the IRA Owner's lifetime. Unless otherwise specified, each Beneficiary designation the IRA Owner files with the Custodian will cancel all previous ones. The consent of a Beneficiary(ies) shall not be required for the IRA Owner to revoke a Beneficiary designation. If the IRA Owner has designated both primary and contingent Beneficiaries and no primary Beneficiary(ies) survives the IRA Owner, the contingent Beneficiary(ies) shall acquire the designated share of the IRA Owner's IRA. If the IRA Owner does not designate a Beneficiary, or if all of the IRA Owner's primary and contingent Beneficiary(ies) predecease the IRA Owner, the IRA Owner's estate will be the Beneficiary.

The Custodian may allow, if permitted by state law, an original IRA Beneficiary(ies) (the Beneficiary(ies) who is entitled to receive distribution(s) from an inherited IRA at the time of the IRA Owner's death) to name a successor Beneficiary(ies) for the inherited IRA. This designation can only be made on a form provided by or acceptable to the Custodian, and it will only be effective when it is filed with the Custodian during the original IRA Beneficiary's(ies') lifetime. Unless otherwise specified, each Beneficiary designation form the original IRA Beneficiary(ies) files with the Custodian will cancel all previous ones. The consent of a successor Beneficiary(ies) shall not be required for the original IRA Beneficiary(ies) to revoke a successor Beneficiary(ies) designation. If the original IRA Beneficiary(ies) does not designate a successor Beneficiary(ies), his or her estate will be the successor Beneficiary. In no event shall the successor Beneficiary(ies) be able to extend the distribution period beyond that required for the original IRA Beneficiary.

5.07 Termination of Agreement, Resignation, or Removal of Custodian. Either party may terminate this Agreement at any time by giving written notice to the other. The Custodian can resign at any time effective 30 days after mailing written notice of its resignation to the IRA Owner. Upon receipt of that notice, the IRA Owner must make arrangements to transfer the IRA to another financial organization. If the IRA Owner does not complete a transfer of the IRA within 30 days from the date the Custodian mails the notice to the IRA Owner, the Custodian has the right to transfer the assets of this IRA to a successor IRA custodian or trustee that the Custodian chooses in its sole discretion, or the Custodian may pay the assets of this IRA to the IRA Owner in a single sum. The Custodian shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences the IRA Owner may incur that result from the transfer or distribution of IRA assets pursuant to this section.

If this Agreement is terminated, the Custodian may charge this IRA a reasonable amount of money that it believes is necessary to cover any associated costs, including but not limited to, one or more of the following:

- (a) any fees, expenses or taxes chargeable against this IRA;
- (b) any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in this IRA.

The non-bank Custodian shall substitute another trustee or custodian if the non-bank Custodian receives notice from the Commissioner of Internal Revenue that

such substitution is required because it has failed to comply with the requirements of Regulations Section 1.408-2(e).

The Custodian may establish a policy requiring distribution of the entire balance of the IRA to the IRA Owner in cash or property if the balance of the IRA drops below the minimum balance required under the applicable investment or policy established.

- 5.08 *Successor Custodian.* If the Custodian changes its name, reorganizes, or merges with another organization (or comes under the control of any federal or state agency), or if its entire organization (or any portion which includes this IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of this IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.
- 5.09 *Amendments.* By adopting this Agreement the IRA Owner delegates to the Prototype Sponsor the power to amend or replace this Agreement to conform it to the provisions of the Code, applicable Regulations or administrative rulings pertaining to IRAs, and to make such other changes to this Agreement, which, in the judgment of the Prototype Sponsor, are necessary or appropriate. The IRA Owner shall be deemed to have consented to all such amendments unless, within 30 days from the date the amendment is mailed, the IRA Owner notifies the Custodian in writing that the IRA Owner does not consent.

The Prototype Sponsor shall notify the IRA Owner should it discontinue sponsorship of this Agreement. The Prototype Sponsor's duties are limited to those expressly assigned to it under the terms of this Agreement together with any requirements of prototype IRA plans that may be set forth from time to time by the IRS under its rules and procedures.

- 5.10 *Withdrawals or Transfers.* All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to the Custodian. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to the Custodian before it is obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.
- 5.11 *Liquidation of Assets.* The Custodian has the right to liquidate assets in this IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against this IRA. If the IRA Owner fails, after notice, to direct the Custodian as to which assets to liquidate, the Custodian will decide in its complete and sole discretion, and the IRA Owner agrees not to hold the Custodian liable for any adverse consequences that result from its decision.
- 5.12 *Restrictions on the Fund.* The IRA Owner's interest in the balance in this IRA is nonforfeitable at all times. Neither the IRA Owner nor any Beneficiary(ies) may sell, transfer, or pledge any interest in this IRA in any manner whatsoever, except as provided by law or this Agreement.

No part of this IRA may be invested in life insurance contracts, nor may the assets of this IRA be commingled with other property except in a common trust fund or common investment fund (within the meaning of Code Section 408(a)(5)). No part of this IRA may be invested in collectibles (within the meaning of Code Section 408(m)) except as otherwise permitted by Code Section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins issued under the laws of any state, and certain bullion.

The assets in this IRA shall not be responsible for the debts, contracts, or torts of any person entitled to distributions under this Agreement.

- 5.13 *Reporting Responsibilities.* The IRA Owner agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required under Code Sections 408(i), 408A(d)(3)(D), and Regulations Sections 1.408-5 and 1.408-6. The Custodian agrees to submit reports to the IRS and the IRA Owner (or Beneficiary(ies) upon the IRA Owner's death) as prescribed by the IRS and such additional reports as the Custodian may choose to deliver. The Custodian shall furnish annual calendar-year reports concerning the status of the IRA and such information concerning required minimum distributions as is prescribed by the Commissioner of the IRS.
- 5.14 *What Law Applies.* This Agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this Agreement, the law of the Custodian's domicile shall govern.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither the IRA Owner nor the Custodian's failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or either party's right thereafter to enforce each and every such provision.

5.15 *ARBITRATION:* THE FOLLOWING GENERAL PROVISIONS APPLY TO ALL ARBITRATIONS UNDER THIS PLAN:

- A. ARBITRATION IS FINAL AND BINDING ON THE PARTIES.
- B. THE PARTIES ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO JURY TRIAL.
- C. PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN AND DIFFERENT FROM COURT PROCEEDINGS.
- D. THE ARBITRATORS' AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY THE ARBITRATORS IS STRICTLY LIMITED.
- E. THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.

THE IRA OWNER AGREES, AND BY CARRYING AN ACCOUNT FOR THE IRA OWNER, THE CORRESPONDENT BROKER AND THE CUSTODIAN AGREE THAT ALL CONTROVERSIES WHICH MAY ARISE BETWEEN THE IRA OWNER, THE CORRESPONDENT BROKER AND/OR THE CUSTODIAN OR ANY OF THE CUSTODIAN'S OFFICERS, EMPLOYEES OR AGENTS CONCERNING ANY TRANSACTION OR THE CONSTRUCTION, PERFORMANCE OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN THE IRA OWNER, THE CORRESPONDENT BROKER AND/OR THE CUSTODIAN, SHALL BE DETERMINED BY ARBITRATION IN ACCORDANCE WITH THE RULES, THEN IN EFFECT, OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, THE NEW YORK STOCK EXCHANGE, OR ANY OTHER EXCHANGE OR FORUM OF WHICH THE CUSTODIAN IS A MEMBER, AS THE IRA OWNER MAY ELECT. IF THE IRA OWNER DOES NOT MAKE SUCH ELECTION BY REGISTERED MAIL ADDRESSED TO THE CUSTODIAN'S MAIN OFFICE WITHIN TEN (10) DAYS AFTER RECEIPT OF NOTIFICATION FROM THE CUSTODIAN REQUESTING SUCH ELECTION, THEN THE IRA OWNER AUTHORIZES THE CUSTODIAN TO MAKE SUCH ELECTION ON BEHALF OF THE IRA OWNER.

FURTHERMORE, THE IRA OWNER, THE CORRESPONDENT BROKER AND THE CUSTODIAN AGREE AND ACKNOWLEDGE THAT CONTROVERSIES WHICH ARE THE SUBJECT OF AN ALLEGED CLASS ACTION OR A CERTIFIED CLASS ACTION SHALL NOT BE BROUGHT TO ARBITRATION UNDER THIS AGREEMENT, UNLESS (I) THE CLASS CERTIFICATION IS DENIED; (II) THE CLASS IS DECERTIFIED; OR (III) THE CLASS PERSON WHO IS A PARTY TO THIS AGREEMENT SUBSEQUENTLY IS EXCLUDED FROM THE CLASS BY THE COURT OR HAS VOLUNTARILY WITHDRAWN FROM THE CLASS.

- F. THESE PROVISIONS ARE SUBJECT TO THE INTERPRETATION OF THE INTERNAL REVENUE CODE AND REGULATIONS.

TRADITIONAL/ROTH IRA DISCLOSURE STATEMENT

This Disclosure Statement explains the rules governing the type of IRA you designated on the Adoption Agreement. The term IRA will be used in this Disclosure Statement to refer to a Traditional IRA (under Internal Revenue Code (Code) Section 408(a) or a Roth IRA (under Code Section 408A) unless specified otherwise.

PREAMBLE

All capitalized terms used and not defined in this Disclosure Statement shall have the respective meanings assigned to them in the custodial account. The Disclosure Statement is intended to provide a general description of the terms and conditions of the IRA. By adopting the IRA, you may establish one or more accounts with the Custodian.

Notwithstanding any provision to the contrary in this Disclosure Statement (whether stated or implied), you (or your authorized agent) who directs investments or issues instructions for effecting transactions in the IRA through a Correspondent Broker shall be deemed to have delegated to such Correspondent Broker full authority and responsibility as an authorized agent for the transmission of investment instructions or orders to others including but not limited to Wedbush acting in the capacity of Custodian and/or clearing agent.

RIGHT TO REVOKE YOUR IRA

You have the right to revoke your IRA within seven (7) days of the receipt of the Disclosure Statement. If revoked, you are entitled to a full return of the contribution you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value.

You may revoke the IRA by giving Correspondent Broker telephonic notice of revocation within seven days after signing the Adoption Agreement or making a funding payment, whichever occurs first. Telephonic notice may be given to your Correspondent Broker on any work day during normal business hours.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your IRA, please call your Custodian.

REQUIREMENTS OF AN IRA

- A. **CASH CONTRIBUTIONS** – Your contribution must be in cash, unless it is a rollover contribution or a conversion contribution to a Roth IRA.
- B. **MAXIMUM TRADITIONAL IRA CONTRIBUTION** – The total amount you may contribute to a Traditional IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$3,000 for years 2002-2004, \$4,000 for years 2005-2007, and \$5,000 for 2008, with possible cost-of-living adjustments in years 2009 and beyond. If you also maintain a Roth IRA, the maximum contribution to your Traditional IRAs is reduced by any contributions you make to your Roth IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.
- C. **MAXIMUM ROTH IRA CONTRIBUTION** – The total amount you may contribute to a Roth IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$3,000 for years 2002-2004, \$4,000 for years 2005-2007, and \$5,000 for 2008, with possible cost-of-living adjustments in years 2009 and thereafter. If you also maintain a Traditional IRA, the maximum contribution to your Roth IRA is reduced by any contributions you make to your Traditional IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.

Your Roth IRA contribution is further limited if your modified adjusted gross income (MAGI) equals or exceeds \$150,000 if you are a married individual filing a joint income tax return, or equals or exceeds \$95,000 if you are a single individual. Married individuals filing a joint income tax return with MAGI equaling or exceeding \$160,000 may not fund a Roth IRA. Single individuals with MAGI equaling or exceeding \$110,000 may not fund a Roth IRA. Married individuals filing a separate tax return with MAGI equaling or exceeding \$10,000 may not fund a Roth IRA. The MAGI limits described above are subject to cost-of-living increases for tax years beginning after 2006.

If you are married filing a joint income tax return and your MAGI is between the applicable MAGI phaseout range for the year, your maximum Roth IRA contribution is determined as follows: (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI from it; (2) divide the result by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 and your MAGI is \$155,000, your maximum Roth IRA contribution for 2002 is \$1,500. This amount is determined as follows: [(\$160,000 minus \$155,000) divided by \$10,000] multiplied by \$3,000.

If you are single and your MAGI is between the applicable MAGI phaseout for the year, your maximum Roth IRA contribution is determined as follows: (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI from it; (2) divide the result by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 and your MAGI is \$98,000, your maximum Roth IRA contribution for 2002 is \$2,400. This amount is determined as follows: [(\$110,000 minus \$98,000) divided by \$15,000] multiplied by \$3,000.

- D. **TRADITIONAL IRA CONTRIBUTION ELIGIBILITY** – You are eligible to make a regular contribution to your Traditional IRA if you have compensation and have not attained age 70½ by the end of the taxable year for which the contribution is made.
 - E. **ROTH IRA CONTRIBUTION ELIGIBILITY** – You are eligible to make a regular contribution to your Roth IRA, regardless of your age, if you have compensation and your MAGI is below the maximum threshold. Your Roth IRA contribution is not limited by your participation in a retirement plan, other than a Traditional IRA.
 - F. **CATCH-UP CONTRIBUTIONS** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is \$500 for years 2002-2005 and \$1,000 for years 2006 and beyond.
 - G. **CATCH-UP CONTRIBUTIONS ALLOWED IN CERTAIN EMPLOYER BANKRUPTCIES** – You may be eligible to contribute an additional catch-up contribution of up to \$3,000 each year in 2006 through 2009. To be eligible, the following conditions must be met: 1) you were a participant in a 401(k) plan in which the employer matched at least 50 percent of your contributions to the plan with employer stock, 2) the employer must have been a debtor in a bankruptcy case in an earlier year and must have been indicted or convicted as a result of the events leading up to the bankruptcy, and 3) you must have been a participant in the 401(k) plan at least six months before the bankruptcy case was filed. If you choose to make these special catch-up contributions, you will not be eligible for the normal catch-up contribution for individuals age 50 and older.
 - H. **NONFORFEITABILITY** – Your interest in your IRA is nonforfeitable.
 - I. **ELIGIBLE CUSTODIANS** – The Custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
 - J. **COMMINGLING ASSETS** – The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.
 - K. **LIFE INSURANCE** – No portion of your IRA may be invested in life insurance contracts.
 - L. **COLLECTIBLES** – You may not invest the assets of your IRA in collectibles (within the meaning of Code Section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in Code Section 408(m)(3)) are also permitted as IRA investments.
 - M. **REQUIRED MINIMUM DISTRIBUTIONS AND BENEFICIARY OPTIONS FOR TRADITIONAL IRAS** – You are required to take minimum distributions from your Traditional IRA at certain times in accordance with Regulations Section 1.408-8. Below is a summary of the IRA distribution rules.
 - 1. You are required to take a minimum distribution from your Traditional IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.
 - 2. The applicable divisor is generally determined using the Uniform Lifetime Table provided by the IRS. The table assumes a Designated Beneficiary exactly 10 years younger than you, regardless of who is named as your Beneficiary(ies), if any. If your spouse is your sole Designated Beneficiary, and is more than 10 years younger than you, the required minimum distribution is determined annually using the actual joint life expectancy of you and your spouse obtained from the joint and last survivor table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.
- We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70½:
- (a) make no distribution until you give us a proper withdrawal request,

- (b) distribute your entire IRA to you in a single sum payment, or
 - (c) determine your required minimum distribution each year based on your life expectancy calculated using the Uniform Lifetime Table, and pay those distributions to you until you direct otherwise.
3. Your Designated Beneficiary is determined based on the Beneficiary(ies) designated as of the date of your death, who remains your Beneficiary(ies) as of September 30 of the year following the year of your death. If you die,
- (a) on or after your required beginning date, distributions must be made to your Beneficiary(ies) over the longer of the single life expectancy of your Designated Beneficiary(ies), or your remaining life expectancy. If a Beneficiary other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no Designated Beneficiary of your IRA for purposes of determining the distribution period. If there is no Designated Beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.
 - (b) before your required beginning date, the entire amount remaining in your account will, at the election of your Designated Beneficiary(ies), either
 - (i) be distributed by December 31 of the year containing the fifth anniversary of your death, or
 - (ii) be distributed over the remaining life expectancy of your Designated Beneficiary(ies).

If your spouse is your sole Designated Beneficiary, he or she must elect either option (i) or (ii) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year you would have attained age 70½. Your Designated Beneficiary(ies), other than a spouse who is the sole Designated Beneficiary, must elect either option (i) or (ii) by December 31 of the year following the year of your death. If no election is made, distributions will be calculated in accordance with option (ii). In the case of distributions under option (ii), distributions must commence by December 31 of the year following the year of your death. Generally if your spouse is the Designated Beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a Beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no Designated Beneficiary(ies) of your IRA for purposes of determining the distribution period. If there is no Designated Beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole Designated Beneficiary of your entire IRA will be deemed to elect to redesignate your IRA as his or her own. Alternatively, the sole spouse Beneficiary will be deemed to elect to treat your IRA as his or her own by either (1) making contributions to your IRA or (2) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole Designated Beneficiary of your IRA, a spouse Beneficiary may roll over his or her share of the assets to his or her own IRA.

- N. **WAIVER OF 2009 RMD** – If you are a Traditional IRA owner age 70½ or older, you are not required to remove an RMD for calendar year 2009. In addition, no beneficiary life expectancy payments are required for calendar year 2009. If the five year rule applies to a Traditional IRA with respect to any decedent, the five year period is determined without regard to calendar year 2009. For example, if a Traditional IRA owner died in 2007, the beneficiary's five year period ends in 2013 instead of 2012.
- O. **REQUIRED MINIMUM DISTRIBUTIONS FOR ROTH IRAS** – You are not required to take distributions from your Roth IRA at age 70½ (as required for Traditional IRAs). However, your Beneficiary(ies) is generally required to take distributions from your Roth IRA after your death. See the section titled *Beneficiary Options for Roth IRAs* in this Disclosure Statement regarding Beneficiary's(ies)' required minimum distributions.
- P. **BENEFICIARY OPTIONS FOR ROTH IRAS** – Your Designated Beneficiary is determined based on the Beneficiary(ies) designated as of the date of your death who remains your Beneficiary(ies) as of September 30 of the year following the year of your death. The entire amount remaining in your account will, at the election of your Beneficiary(ies), either
 - (1) be distributed by December 31 of the year containing the fifth anniversary of your death, or
 - (2) be distributed over the life expectancy of your Designated Beneficiary(ies).

If your spouse is your sole Designated Beneficiary, he or she must elect either option (1) or (2) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year you would have attained age 70½. Your Designated Beneficiary(ies), other than a spouse who is the sole Designated Beneficiary, must elect either option (1) or (2) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (2). In the case of distribution under option (2), distributions must commence by December 31 of the year following the year of your death. If your spouse is the Designated Beneficiary, distributions need

not commence until December 31 of the year you would have attained age 70½, if later. If a Beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no Designated Beneficiary(ies) of your Roth IRA for purposes of determining the distribution period. If there is no Designated Beneficiary of your Roth IRA, the entire Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole Designated Beneficiary of your entire Roth IRA may elect to redesignate your Roth IRA as his or her own. Alternatively, the sole spouse Beneficiary will be deemed to elect to treat your Roth IRA as his or her own by either (1) making contributions to your Roth IRA or (2) failing to timely remove a required minimum distribution from your Roth IRA. Regardless of whether or not the spouse is the sole Designated Beneficiary of your Roth IRA, a spouse Beneficiary may roll over his or her share of the assets to his or her own Roth IRA.

- Q. **WAIVER OF 2009 ROTH IRA BENEFICIARY PAYMENT** – No beneficiary life expectancy payments are required from an inherited Roth IRA for calendar year 2009. If the five year rule applies to a Roth IRA with respect to any decedent, the five year period is determined without regard to calendar year 2009. For example, if a Roth IRA owner died in 2007, the beneficiary's five year period ends in 2013 instead of 2012.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

- A. **CONTRIBUTION DEDUCTIBILITY FOR TRADITIONAL IRAs** – If you are eligible to contribute to your Traditional IRA, the amount of the contribution for which you may take a tax deduction will depend upon whether you (or, in some cases, your spouse) are an active participant in an employer-maintained retirement plan. If you (and your spouse if married) are not an active participant, your entire Traditional IRA contribution will be deductible. If you are an active participant (or are married to an active participant), the deductibility of your contribution will depend on your MAGI and your tax filing status for the tax year for which the contribution was made. MAGI is determined on your income tax return using your adjusted gross income but disregarding any deductible Traditional IRA contribution.

Definition of Active Participant – Generally, you will be an active participant if you are covered by one or more of the following employer-maintained retirement plans:

1. a qualified pension, profit sharing, 401(k), or stock bonus plan;
2. a qualified annuity plan of an employer;
3. a simplified employee pension (SEP) plan;
4. a retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under Code Section 457);
5. a tax-sheltered annuity for employees of certain tax-exempt organizations or public schools;
6. a plan meeting the requirements of Code Section 501(c)(18);
7. a qualified plan for self-employed individuals (H.R. 10 or Keogh Plan); and
8. a savings incentive match plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan.

If you do not know whether your employer maintains one of these plans, or whether you are an active participant in it, check with your employer or your tax advisor. Also, the IRS Form W-2, *Wage and Tax Statement* that you receive at the end of the year from your employer will indicate whether you are an active participant.

If you are an active participant, are single, and have MAGI within the applicable phaseout range listed below, the deductible amount of your Traditional IRA contribution is determined as follows: (1) begin with the appropriate phase-out range maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum Traditional IRA deduction you may take. For example, if you are age 30 with MAGI of \$36,000 in 2002, your maximum deductible contribution is \$2,400 (the 2002 phase-out range maximum of \$44,000 minus your MAGI of \$36,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000 and multiplied by the contribution limit of \$3,000.)

If you are an active participant, are married and you file a joint income tax return, and have MAGI within the applicable phaseout range listed below, the deductible amount of your Traditional IRA contribution is determined as follows: (1) begin with the appropriate phase-out maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum Traditional IRA deduction you may take. For example, if you are age 30 with MAGI of \$56,000 in 2002, your maximum Traditional IRA deductible contribution is \$2,400 (the 2002 phase-out maximum of \$64,000 minus your MAGI of \$56,000, divided by the difference between the maximum and minimum phase-out limits of \$10,000 and multiplied by the contribution limit of \$3,000).

If you are an active participant, are married and you file a separate income tax return, your MAGI phase-out range is generally \$0–\$10,000. However, if you lived apart for the entire tax year, you are treated as a single filer.

Tax Year	Joint Filers	Single Taxpayers
	Phase-out Range*	Phase-out Range*
	(minimum)(maximum)	(minimum)(maximum)
2002	\$54,000 – \$64,000	\$34,000 – \$44,000
2003	\$60,000 – \$70,000	\$40,000 – \$50,000
2004	\$65,000 – \$75,000	\$45,000 – \$55,000
2005	\$70,000 – \$80,000	\$50,000 – \$60,000
2006	\$75,000 – \$85,000	\$50,000 – \$60,000
2007**	\$80,000 – \$100,000	\$50,000 – \$60,000

*MAGI limits are subject to cost-of-living increases for tax years beginning after 2006.

**The MAGI limits for 2007 listed above may be subject to additional increases.

The MAGI phaseout range for an individual that is not an active participant, but is married to an active participant, is \$150,000-\$160,000. This limit is also subject to cost-of-living increases for tax years beginning after 2006. If you are not an active participant in an employer-maintained retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phaseout range for the year, your maximum deductible contribution is determined as follows: (1) begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI from it; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum Traditional IRA deduction you may take.

You must round the resulting deduction to the next highest \$10 if the number is not a multiple of 10. If your resulting deduction is between \$0 and \$200 you may round up to \$200.

- B. **CONTRIBUTION DEDUCTIBILITY FOR ROTH IRAS** – No deduction is allowed for Roth IRA contributions, including transfers, rollovers, and conversion contributions.
- C. **CONTRIBUTION DEADLINE** – The deadline for making an IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such.
- D. **TAX CREDIT FOR CONTRIBUTIONS** – You may be eligible to receive a tax credit for your IRA contributions. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are
- age 18 or older as of the close of the taxable year,
 - not a dependent of another taxpayer, and
 - not a full-time student.

The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.

Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1 – 30,000	\$1 – 22,500	\$1 – 15,000	50
30,001 – 32,500	22,501 – 24,375	15,001 – 16,250	20
32,501 – 50,000	24,376 – 37,500	16,251 – 25,000	10
Over 50,000	Over 37,500	Over 25,000	0

*Adjusted gross income includes foreign earned income and income from Guam, America Samoa, North Mariana Islands, and Puerto Rico. AGI limits are subject to cost-of-living adjustments for tax years beginning after 2006.

- E. **TAX-DEFERRED EARNINGS** – The investment earnings of your IRA are not subject to federal income tax as they accumulate in your IRA. Investment earnings distributed from your Traditional IRA will be taxed when the distribution is made. Distributions of your Roth IRA investment earnings will be free from federal income tax if you take a qualified distribution, as defined in the *Taxation of Roth IRA Distributions* section of this Disclosure Statement.

- F. **NONDEDUCTIBLE CONTRIBUTIONS** – You may make nondeductible contributions to your Traditional IRA to the extent that deductible contributions are not allowed. The sum of your deductible and nondeductible IRA contributions cannot exceed your contribution limit (the lesser of the allowable contribution limit described previously, or 100 percent of compensation). You may elect to treat deductible Traditional IRA contributions as nondeductible contributions.

If you make nondeductible contributions for a particular tax year, you must report the amount of the nondeductible contribution along with your income tax return using IRS Form 8606. Failure to file IRS Form 8606 will result in a \$50 per failure penalty.

If you overstate the amount of designated nondeductible contributions for any taxable year, you are subject to a \$100 penalty unless reasonable cause for the overstatement can be shown.

- G. **TAXATION OF TRADITIONAL IRA DISTRIBUTIONS** – The taxation of Traditional IRA distributions depends on whether or not you have ever made nondeductible Traditional IRA contributions. If you have only made deductible contributions, any Traditional IRA distribution will be fully included in income.

If you have ever made nondeductible contributions to any Traditional IRA, the following formula must be used to determine the amount of any IRA distribution excluded from income:

$$\frac{\text{(Aggregate Nondeductible Contributions)}}{\text{x (Amount Withdrawn)}} \div \text{Aggregate IRA Balance} = \text{Amount Excluded from Income}$$

NOTE: Aggregate nondeductible contributions include all nondeductible contributions made by you through the end of the year of the distribution (which have not previously been withdrawn and excluded from income). Also note that aggregate IRA balance includes the total balance of all of your IRAs as of the end of the year of distribution and any distributions occurring during the year.

- H. **TAXATION OF ROTH IRA DISTRIBUTIONS** – The taxation of Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.

- Qualified Distributions** – Qualified distributions from your Roth IRA (both the contributions and earnings) are not included in your income. A qualified distribution is a distribution which is made after the expiration of the five-year period beginning January 1 of the first year for which you made a contribution to any Roth IRA (including a conversion from a Traditional IRA), and is made on account of one of the following events:
 - attainment of age 59½,
 - disability,
 - the purchase of a first home, or
 - death.

For example, if you made a contribution to your Roth IRA for 1998, the five-year period for determining whether a distribution is a qualified distribution is satisfied as of January 1, 2003.

- Nonqualified Distributions** – If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59½, may be subject to an early distribution penalty. However, when you take a distribution, the amounts you contributed annually to any Roth IRA account and any military death gratuity or Servicemembers' Group Life Insurance (SGLI) payments that you rolled over to a Roth IRA, will be deemed to be removed first, followed by conversion contributions made to any Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual contributions, military death gratuity or SGLI payments and your conversions.

- I. **ROLLOVERS AND CONVERSIONS** – Your IRA may be rolled over to an IRA of yours, or may receive rollover contributions. Your Traditional IRA or SIMPLE IRA may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your IRA from any of your IRAs of the same type, or from your employer's qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan to your Traditional IRA. Conversion is a term used to describe the movement of Traditional or SIMPLE IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

- Traditional IRA to Traditional IRA Rollovers** – Funds distributed from your Traditional IRA may be rolled over to a Traditional IRA of yours if the requirements of Code Section 408(d)(3) are met. A proper Traditional IRA to Traditional IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another Traditional IRA to Traditional IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.

2. **SIMPLE IRA to Traditional IRA Rollovers** – Funds may be distributed from your SIMPLE IRA and rolled over to your Traditional IRA without IRS penalty, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of Code Section 408(d)(3) must be met. A proper SIMPLE IRA to Traditional IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to Traditional IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.
3. **Roth IRA to Roth IRA Rollovers** – Funds distributed from your Roth IRA may be rolled over to a Roth IRA of yours if the requirements of Code Section 408(d)(3) are met. A proper Roth IRA to Roth IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another Roth IRA to Roth IRA rollover from the distributing Roth IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months. Roth IRA assets may not be rolled over to other types of IRAs (e.g., Traditional IRA, SIMPLE IRA).
4. **Employer-Sponsored Retirement Plan to Traditional IRA Rollovers** – You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan (other than distributions to nonspouse beneficiaries), unless it is part of a certain series of substantially equal periodic payments, a required minimum distribution, a hardship distribution, or a distribution of Roth 401(k) or Roth 403(b) elective deferrals.

If you elect to receive your rollover distribution prior to placing it in a Traditional IRA, thereby conducting an indirect rollover, your plan administrator will generally be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up the amount withheld, out of pocket, and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution must be rolled over to your Traditional IRA not later than 60 days after you receive it. Alternatively, you may claim the withheld amount as income and pay the applicable income tax and, if you are under age 59½, the 10 percent early distribution penalty tax (unless an exception to the penalty applies).

As an alternative to the indirect rollover, your employer generally must give you the option to directly roll your employer-sponsored retirement plan balance to a Traditional IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the Traditional IRA (or other employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.
5. **Traditional IRA to Employer-Sponsored Retirement Plans** – You may roll over, directly or indirectly, any eligible rollover distribution from a Traditional IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan so long as the employer-sponsored retirement plan accepts such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from a Traditional IRA that is not a part of a required minimum distribution.
6. **Rollovers of Roth Elective Deferrals** – Roth elective deferrals distributed from a 401(k) cash or deferred arrangement or 403(b) tax-sheltered annuity may be rolled into your Roth IRA.
7. **Traditional IRA or SIMPLE IRA to Roth IRA Conversions** – If your MAGI is not more than \$100,000 and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing Traditional IRA(s) into your Roth IRA(s). You may also convert your SIMPLE IRA to your Roth IRA provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. If you are age 70½ or older you must remove your required minimum distribution prior to converting your Traditional or SIMPLE IRA. The amount of the conversion from your Traditional or SIMPLE IRA to your Roth IRA shall be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount is generally included in income, the 10 percent early distribution penalty tax shall not apply to conversions from a Traditional or SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.
8. **Rollovers from Employer-Sponsored Retirement Plans to Roth IRA** – Distributions taken from your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan after December 31, 2007 may be rolled over to your Roth IRA. If you are a spouse, nonspouse, or qualified trust beneficiary who has inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan, you may be eligible to directly roll over the assets to an inherited Roth IRA. The inherited Roth IRA is subject to the beneficiary distribution requirements. Roth IRA conversion rules, as described above, will apply to rollovers by beneficiaries or plan participants, including the requirement to include the taxable portion in income in the year distributed.
9. **Beneficiary Rollovers from Employer-Sponsored Retirement Plans** – If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased employer plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.
10. **Rollover of Military Death Benefits** – If you receive or have received a military death gratuity or a payment from the Servicemembers' Group Life Insurance (SGLI) program, you may be able to roll over the proceeds to your Roth IRA. The rollover contribution amount is limited to the sum of the death benefits or SGLI payment received, less any such amount that was rolled over to a Coverdell education savings account. Proceeds must be rolled over within one year of receipt of the gratuity or SGLI payment for deaths occurring on or after June 17, 2008. For deaths occurring between October 7, 2001 and June 17, 2008, proceeds may be rolled over no later than one year from June 17, 2008. Any amount that is rolled over under this provision is considered nontaxable basis in your Roth IRA.
11. **Qualified HSA Funding Distribution** – If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.
12. **Rollovers of Settlement Payments From Bankrupt Airlines** – If you are a qualified airline employee who has received an airline settlement payment from a commercial airline carrier under the approval of an order of a Federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, you are allowed to roll over any portion of the proceeds into your Roth IRA by the later of 180 days after receipt of such amount, or June 21, 2009. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.
13. **Rollover of Exxon Valdez Settlement Payments** – If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to an IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including tax extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.
14. **Written Election** – At the time you make a proper rollover to an IRA, or conversion to a Roth IRA, you must designate to the Custodian, in writing, your election to treat that contribution as a rollover or conversion. Once made, the election is irrevocable.
- J. **TRANSFER DUE TO DIVORCE** – If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another or from one Roth IRA to another.
- K. **RECHARACTERIZATIONS** – If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA you may recharacterize the conversion along with net income attributable back to the Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions), for the year for which the original contribution was made or conversion completed.

LIMITATIONS AND RESTRICTIONS

- A. **SEP PLANS** – Under a simplified employee pension (SEP) plan that meets the requirements of Code Section 408(k), your employer may make contributions to your Traditional IRA. Your employer is required to provide you with information which describes the terms of your employer's SEP Plan. No SEP plan contributions may be made to a Roth IRA.
- B. **SPOUSAL IRA** – If you are married and have compensation, you may contribute to a Traditional IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70½, regardless of whether or not your spouse has compensation. You may make these spousal contributions even if you are age 70½ or older. You must file a joint income tax return for the year for which the contribution is made.

You may contribute to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has compensation, and regardless of your spouse's age. The Roth IRA contribution may be further limited if your MAGI falls within the minimum and maximum thresholds for contribution eligibility. You must file a joint income tax return for the year for which the contribution is made.

The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined compensation or \$6,000 for 2002-2004, \$8,000 for 2005-2007, and \$10,000 for 2008. This amount may be increased with cost-of-living adjustments in 2009 and beyond. However, you may not contribute more than the individual contribution limit to each IRA.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's IRA. The maximum additional contribution is \$500 for years 2002-2005, and \$1,000 for years 2006 and beyond.

- C. **DEDUCTION OF ROLLOVERS, TRANSFERS, AND CONVERSIONS** – A deduction is not allowed for rollover, transfer, or conversion contributions.
- D. **GIFT TAX** – Transfers of your IRA assets to a named Beneficiary made during your life and at your request, may be subject to federal gift tax under Code Section 2501.
- E. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code Section 402 do not apply to IRA distributions.
- F. **INCOME TAX TREATMENT** – Any withdrawal from your Traditional IRA is subject to federal income tax withholding. Any nonqualified withdrawal of earnings from your Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- G. **PROHIBITED TRANSACTIONS** – If you or your Beneficiary engage in a prohibited transaction with your IRA, as described in Code Section 4975, your IRA will lose its tax-deferred status. For Traditional IRAs, you must include the value of your account in your gross income for the taxable year you engage in the prohibited transaction. For Roth IRAs, you must generally include the value of the earnings in your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your IRA: (1) taking a loan from your IRA; (2) buying property for personal use (present or future) with IRA funds; or (3) receiving certain bonuses or premiums because of your IRA.
- H. **PLEDGING** – If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for the taxable year in which you pledge the assets. If you designated your IRA as a Roth IRA, the amount pledged will be included in income if it represents a taxable portion of the account (i.e., earnings).

FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY TAX** – If you are under age 59½ and receive a nonqualified Roth IRA distribution or Traditional IRA distribution, an additional tax of 10 percent will generally apply to the amount includible in income in the year of the distribution. If you are under age 59½ and receive a distribution of conversion amounts from your Roth IRA within the five-year period beginning with the year in which the conversion occurred, an additional tax of 10 percent will generally apply to the amount of the distribution. The additional tax of 10 percent will generally not apply if a distribution is made on account of 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess contribution, 5) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your Beneficiary, 6) medical expenses which exceed 7.5 percent of your adjusted gross income, 7) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchases (up to a life-time maximum of \$10,000), 10) a levy issued by the IRS, or 11) active military duty (see *Qualified Reservist Distributions*, below). This additional tax will apply only to the portion of a distribution which is includible in your taxable income.

- B. **EXCESS CONTRIBUTION PENALTY TAX** – An additional tax of six percent is imposed upon any excess contribution you make to your IRA. This additional tax will apply each year in which an excess remains in your IRA. An excess contribution is any amount that is contributed to your IRA that exceeds the amount you are eligible to contribute.
- C. **EXCESS ACCUMULATION PENALTY TAX** – As previously described, you must take a required minimum distribution from your Traditional IRA by your required beginning date for the year you attain age 70½ and by the end of each year thereafter. Your Beneficiary(ies) is required to take certain minimum distributions from your IRA after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.

- D. **PENALTY REPORTING** – You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

OTHER

- A. **IRS PLAN APPROVAL** – The prototype plan agreement used to establish this IRA has been approved by the IRS and has been issued a favorable opinion letter. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

Wedbush has been approved as a nonbank custodian for maintaining IRAs by the Internal Revenue Service under a letter of authorization dated December 24, 1984.

B. FEES AND OTHER FINANCIAL INFORMATION

1. **Custodial Fees:** Fees will be payable directly to us, or otherwise charged against your account.
 2. **Brokerage Expenses:** Brokerage expenses in connection with the purchase and sale of assets in the IRA can be obtained from your Investment Executive upon request.
 3. **Other Expenses:** Any taxes of any kind which may be imposed with respect to the IRA and any reasonable expenses incurred by us acting as Custodian of an IRA, together with any fees referred to above are to be paid by you or, if not timely paid, will be charged against your IRA.
 4. **Earnings:** The earnings of each separate IRA shall be allocated only to that IRA.
 5. **Growth in Value:** Growth in value of an IRA will depend entirely on the investment decisions made by you and is neither guaranteed nor protected. At least once a year we will send you a written report specifying the current value of his or her IRA assets.
- C. **ADDITIONAL INFORMATION** – You may obtain further information on IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.
- D. **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 organizations to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- E. **HURRICANE-RELATED RELIEF** – If you are an individual who sustained an economic loss due to, or are otherwise considered affected by, hurricane Katrina, Rita, or Wilma, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified distributions include IRA distributions made on or after specified dates for each hurricane and before January 1, 2007 to a qualified individual. For a complete definition of what constitutes a qualified individual and a qualified hurricane distribution for purposes of hurricane relief, refer to IRS Publication 4492, *Information for Taxpayers Affected by Hurricanes Katrina, Rita and Wilma*.

1. **10 Percent Penalty Tax Exception on Qualified Distributions** – Qualified hurricane distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
2. **Taxation May be Spread Over Three Years** – If you receive qualified hurricane distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
3. **Repayment of Qualified Hurricane Distributions** – You may roll over qualified hurricane distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

For further detailed information on tax relief granted for hurricanes Katrina, Rita, and Wilma, and other exceptions which may be granted in the future by the IRS, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAXFORM, or by visiting www.irs.gov on the Internet.

- F. **QUALIFIED RESERVIST DISTRIBUTIONS** – If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your IRA and re contribute those amounts to an IRA generally within a two-year period from your date of return. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.
- G. **CHARITABLE DISTRIBUTIONS** – If you are age 70½ or older, you may make tax-free distributions of up to \$100,000 per year directly from your IRA to certain charitable organizations. Special tax rules may apply. This provision applies to distributions during tax years 2008 and 2009, or until such later time as extended by Congress. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.
- H. **HEARTLAND DISASTER RELATED TAX RELIEF** – If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes, and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified disaster recovery assistance distributions include IRA distributions made on or after specified dates for each disaster, and before January 1, 2010 to a qualified individual. For more information on this tax relief, refer to IRS Publication 4492-B, *Information for Affected Taxpayers in the Midwestern Disaster Area*.
1. **10 Percent Penalty Tax Exception on Qualified Distributions** – Qualified disaster recovery assistance distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
 2. **Taxation May be Spread Over Three Years** – If you received qualified disaster recovery assistance distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
 3. **Repayment of Qualified Disaster Recovery Assistance Distributions** – You may roll over qualified disaster recovery assistance distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

DISCLOSURE STATEMENT-FACTS ABOUT YOUR BORROWING COSTS AND OTHER MATTERS

1. **INTEREST POLICY:** Your account will be charged on any credit extended to or maintained for you by our Clearing Agent. The annual rate of interest will vary in relation to the size of your daily net debit balance and the prime rate in effect from time to time. The term "prime rate" means the current prime rate as correctly published in the Pacific Edition of the Wall Street Journal. The actual interest rate charged will not exceed the maximum rate of 2 ½% above the prime rate. Since the actual rates of interest charged are related to the prime rate, any changes in the prime rate may result in corresponding changes without notice in the actual rates charged. There may be an administrative fee charged to you, in the form of an interest rate increase of not more than one-half of one percent which will be determined by us and paid directly to us by the Clearing Agent. Please call your broker for the actual rates currently in effect.
2. **METHOD OF COMPUTING INTEREST:** Your account will be charged interest using a 365 day per year factor on the daily net debit balance in your combined account types. Each day your settled money balances in each account type will be combined in determining your daily net debit balance. A daily net debit balance results whenever the total of combined debit balances exceeds the total of combined free credit balances. For purposes of this calculation, free credit balances exclude credit balances in short accounts, and the sales proceeds included in settled balances from transactions in cash accounts involving non-negotiable long positions, technical short positions and uncovered option positions. Short account credit balances are disregarded because the securities sold by you are not available for delivery and collection of the sales proceeds resulting from short sales. Sales proceeds included in settled balances from the other described sales transactions in cash accounts are disregarded because such credit items are not available to our Clearing Agent, until the related securities sold are rendered deliverable. Although the interest charge is calculated daily, it is generally posted once a month and compounded monthly. Interest charges are summarized on your monthly account statement. The summary uses a weighted average of the daily net debit balance (weighted average balance) and an imputed average interest rate for the period shown. The summary is determined by dividing the total amount of the interest charge (calculated on a daily basis using the actual daily net debit balance and the applicable interest rate) by the product of the weighted average balance multiplied by the number of calendar days the account had a daily net debit balance divided by 365 days. A copy of the daily calculation is available upon written request.
3. **INTEREST CREDIT POLICY:** Your account will be paid interest by our Clearing Agent (unless not permitted by state law) on qualified free credit balances left on deposit for investment or reinvestment purposes only. Unless you advise otherwise, our Clearing Agent will continue to rely on this representation for credit interest. There may be an administrative fee charged to you, in the form of an interest rate decrease of not more than one-half of one percent which will be determined by us and paid directly to us by the Clearing Agent. Monthly interest amounting to under \$6.00 will not be paid. The Clearing Agent's interest participation policy is non-discriminating, uniform and fair. A free credit balance represents funds payable to you upon demand (including checks deposited pending satisfactory clearance) which, although properly accounted for on the books and records, are not segregated and may be used in the conduct of the firm's business, including the financing of customers' securities purchased on margin (subject to the limitations of Section 240.15c3-3 of the Securities Exchange Act of 1934). You have a right to receive, in the course of normal business operations, upon demand, the delivery of: (a) any free credit balance to which you are entitled; (b) any fully paid security to which you are entitled; and (c) any security purchased on margin upon full payment of any indebtedness.
4. **PREPAYMENTS:** Prepaid amounts (i.e. instances where the proceeds from sales transactions are paid to you prior to each respective settlement date) are recorded as debit entries in your account on the date of each prepayment. Such prepayments are included in the money balances when calculating daily net debit balances.
5. **LIENS & ADDITIONAL COLLATERAL:** With respect to all your accounts (either individual or joint with others) carried or maintained by our Clearing Agent containing securities, or other property which has been deposited for any purpose, including safekeeping, our Clearing Agent as pledgee has a general lien on all such property for the discharge of all your obligations to the Clearing Agent, regardless of origin or the number of accounts you may have with such Clearing Agent. The Clearing Agent may require you to deposit additional collateral in accordance with the rules and regulations of various governmental and self-regulatory organizations having jurisdiction over the Clearing Agent. The Clearing Agent also may (but shall have no obligation to) require you to deposit additional collateral as the Clearing Agent, in its sole discretion, determines is needed as additional security for your obligations.
6. **MARKING-TO-THE-MARKET:** All short positions in your short account will be "marked to the market", which means that the money balance maintained in the short account will be adjusted from time to time to reflect any changes in the market value of the short securities. The opposite side of such adjustments will be reflected in your margin account balance, thus increasing or decreasing the money balance in the margin account, which is the amount used in computing your interest charge. For example, if you are short 1000 shares of XYZ against a credit balance in your short account of \$50,000, and XYZ falls to \$40 per share, the credit balance in your short account will be reduced by \$10,000 and a corresponding \$10,000 credit adjustment will be made in your margin account, thereby decreasing the amount subject to interest by \$10,000.
7. **DIVIDEND AND INTEREST PAYMENTS:** When you select the payment option, dividends and interest (including other similar distributions) generally will be distributed to you on a monthly basis.
8. **CLEARING AGENT'S PRIVACY POLICY:** The Clearing Agent collects "nonpublic personal information" from us. This information may be used by them in order to provide the services outlined in the "Letter of Understanding" you signed upon establishing your account with us. On our behalf, they may also submit and collect nonpublic and public information about you to or from consumer and industry reporting agencies. This information may relate to transactions and other activities with us or with others. The Clearing Agent may disclose any information when they believe it necessary to conduct their business, or where disclosure is required by law. The Clearing Agent will not sell any information about you. The Clearing Agent maintains physical and electronic safeguards to protect your nonpublic and public personal information in its possession.
9. **THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE. BY SIGNING AN ARBITRATION AGREEMENT THE PARTIES AGREE AS FOLLOWS:**
 - (A) ALL PARTIES TO THIS AGREEMENT ARE GIVING UP THE RIGHT TO SUE EACH OTHER IN COURT, INCLUDING THE RIGHT TO A TRIAL BY JURY, EXCEPT AS PROVIDED BY THE RULES OF THE ARBITRATION FORUM IN WHICH A CLAIM IS FILED.
 - (B) ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
 - (C) THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.
 - (D) THE ARBITRATORS DO NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD UNLESS, IN AN ELIGIBLE CASE, A JOINT REQUEST FOR AN EXPLAINED DECISION HAS BEEN SUBMITTED BY ALL PARTIES TO THE PANEL AT LEAST 20 DAYS PRIOR TO THE FIRST SCHEDULED HEARING DATE.
 - (E) THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.
 - (F) THE RULES OF SOME ARBITRATION FORUMS MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION. IN SOME CASES, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.
 - (G) THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.

BY SIGNING THE "ACCOUNT AGREEMENT, TAXPAYER CERTIFICATION AND BENEFICIAL OWNERSHIP ELECTION" FORM (THE "AGREEMENT") YOU AGREE, AND BY ESTABLISHING AN ACCOUNT FOR YOU, WE AND OUR CLEARING FIRM AGREE THAT ALL CONTROVERSIES WHICH MAY ARISE BETWEEN YOU AND OUR FIRM AND/OR OUR CLEARING AGENT (OR ANY OF OUR/THEIR OFFICERS, EMPLOYEES OR AGENTS OR ASSIGNEES) CONCERNING ANY TRANSACTION OR THE CONSTRUCTION, PERFORMANCE OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN YOU AND OUR FIRM AND/OR OUR CLEARING AGENT, SHALL BE DETERMINED BY ARBITRATION IN ACCORDANCE WITH THE RULES, THEN IN EFFECT, OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, THE NEW YORK STOCK EXCHANGE OR ANY OTHER EXCHANGE OR FORUM OF WHICH OUR FIRM AND/OR OUR CLEARING AGENT IS A MEMBER, AS YOU MAY ELECT. IF YOU DO NOT MAKE SUCH ELECTION BY REGISTERED MAIL SENT TO OUR FIRM AT ITS MAIN OFFICE WITHIN TEN (10) DAYS AFTER THE RECEIPT OF NOTIFICATION FROM OUR FIRM AND/OR OUR CLEARING AGENT REQUESTING SUCH AN ELECTION, THEN YOU AUTHORIZE US TO MAKE SUCH ELECTION ON YOUR BEHALF.

FURTHERMORE, YOU AGREE AND ACKNOWLEDGE, AND OUR FIRM AND OUR CLEARING AGENT AGREE AND ACKNOWLEDGE THAT NO PERSON SHALL BRING A PUTATIVE OR CERTIFIED CLASS ACTION TO ARBITRATION, NOR SEEK TO ENFORCE ANY PREDISPUTE ARBITRATION AGREEMENT AGAINST ANY PERSON WHO HAS INITIATED IN COURT A PUTATIVE CLASS ACTION; OR WHO IS A MEMBER OF A PUTATIVE CLASS ACTION WHO HAS NOT OPTED OUT OF THE CLASS WITH RESPECT TO ANY CLAIMS ENCOMPASSED BY THE PUTATIVE CLASS ACTION UNTIL: (I) THE CLASS CERTIFICATION IS DENIED; OR (II) THE CLASS IS DECERTIFIED; OR (III) THE CUSTOMER IS EXCLUDED FROM THE CLASS BY THE COURT. SUCH FORBEARANCE TO ENFORCE AN AGREEMENT TO ARBITRATE SHALL NOT CONSTITUTE A WAIVER OF ANY RIGHTS UNDER THIS AGREEMENT EXCEPT TO THE EXTENT STATED HEREIN.

1111C Disclosure Statement

EXCESS SIPC ACCOUNT COVERAGE TO \$25,500,000

We are pleased to provide excess Securities Investor Protection Corporation ("SIPC") coverage for each client account carried by Wedbush Securities, Inc. on behalf of correspondent broker/dealers. Each account is covered up to \$25,500,000* at no charge.

SIPC provides coverage up to \$500,000, of which a maximum of \$250,000 applies to cash credit balances.

In addition to the SIPC coverage, we have purchased from Lloyd's of London an excess SIPC bond that provides additional coverage for up to \$25,000,000 in cash and securities for each client, subject to an aggregate loss limit of \$100,000,000. This bond covers cash credit balances to a maximum of \$900,000 for a total of \$1,150,000 in cash balances.

For further information regarding SIPC coverage, please contact SIPC at their website www.SIPC.org

*This coverage will replace clients' cash and/or securities that are otherwise unrecoverable. The coverage does not safeguard against a decline or loss in market value of the securities in your account.

