

## Account Opening Instructions and Important Information

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### Account Opening Instructions

#### **Complete all sections of each form.**

Industry regulations govern our policy and the information requested. Please ensure that you answer all questions and complete each form. Sections left blank may delay the processing procedure and the opening of your account. If you are applying for an option trading account, a margin agreement is required for most types of accounts. IRAs and Custodian accounts do not allow the use of margin, however if you are approved, do allow option trading. Be sure to include Power of Attorney or Trust Certificate forms as applicable to your account requirements.

#### **Sign all forms.**

Sign each form as required. Forms without appropriate signatures will be returned and result in a delay in processing your account. If you are opening a joint account, both parties must sign.

#### **Fund your account.**

##### **Domestic Accounts**

There is no minimum investment for non-retirement and IRA accounts. Accounts may be funded by check, wire transfer, electronic transfer (ACH), stock certificate, or account transfer.

##### **International Accounts**

Investrade Discount Securities requires a low minimum initial requirement to open an International account. We accept unsolicited accounts from non-U.S. residents from the following countries: Austria, Australia, China, Germany, Ireland, Luxembourg, Mexico, Netherlands, New Zealand, Singapore, South Africa, Switzerland and the United Kingdom (England, Northern Ireland, Scotland and Wales). Cash accounts can be opened with a minimum of \$5,000.00 in any combination of US Dollars and/or US/foreign exchange traded securities. Some foreign securities may be ineligible. Cash accounts may only be approved to write covered calls and/or buy calls and puts. Please call 1-847-375-6024 for more information.

International Margin and Spread trading accounts require an additional security deposit of \$5,000.00 that will be held in your account separately from the funds you will be using for trading and will not count towards your buying power or equity figures. The funds will be reflected in your monthly statements. Margin is required in order to be approved for spread trading. For International accounts that wish to trade uncovered puts, the security deposit will be an additional \$10,000.00.

International Clients may wire funds or may choose to transfer funds from a US based brokerage firm. Foreign stocks can be held and sold, and, Investrade Discount Securities can purchase some, but not all, foreign securities. All Investrade Discount Securities accounts deal in US dollars and are based only on cleared funds. Receipt of a wire transfer from a US affiliated bank constitutes "cleared funds".

Important Note for International Accounts: To ensure prompt and efficient service we encourage our international clients to contact us via E-mail: [support@investrade.com](mailto:support@investrade.com).

#### **Choose a money market fund.**

Choose one money market fund and select your choice on the account application in the Account Service Instructions area. Settled cash balances are automatically swept into your money market account so that you can earn interest on your available funds. When you purchase securities, funds will be drawn automatically from your money market account; there is no charge for this service. Before making a choice, we recommend that you check the current money market rates on our web site at [www.investrade.com](http://www.investrade.com).

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### Depositing Funds and Securities

**Funds and securities are required in advance.** Sufficient buying power or cleared funds are required before any buy order can be accepted. Cleared securities must be in your account before any sell order will be accepted.

Account processing will occur within one (1) business day after receipt of account paperwork. Once your account has been approved, cleared funds are required to begin trading. All checks including certified and cashier's checks require ten (10) business days before the funds are available for investing.

#### **Checks**

All checks must be made payable to Penson Financial Services, Inc. Include your account number on all checks. **Money orders, third party checks, credit card checks, home equity line checks and starter checks are not accepted.** All checks must be US dollars.

### Stock Certificates

1. Appoint Penson Financial Services, Inc. as attorney.
2. Sign the certificate. Signature(s) must be the same as the name(s) on the front of the certificate(s).
3. Write your account number in the upper right-hand corner on the front of each certificate.

### Domestic Wire Transfer Instructions

JP Morgan Chase Bank  
ABA#: 021000021  
F/A Penson Financial Services  
Bank Account #: 066-6-00030  
For further credit to: (Customer Account #), (Customer Name)

### International Wire Transfer Instructions\*

Chase Manhattan Bank, NYC  
Swift # CHASUS33  
FAO Penson Financial Services  
A/C #: 066600030  
For further credit to: Penson Financial Services, Inc., (Customer Account #), (Customer Name)

\*Funds wired to a bank not affiliated with the US will incur a \$40.00 charge. Funds wired to a US affiliated bank outside the US will be charged \$20.00.

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## Customer Identification Program

To help the government fight the funding of terrorism and money laundering activities, federal law (the US Patriot Act) requires all financial organizations to obtain, verify and record information that identifies each person who opens an account along with any of their authorized agents and the source of initial funds. When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We will ask you to provide a valid driver's license number or other approved identifying documents. We require that you provide a copy of other identifying documents if you do not have a driver's license. If you do not have a valid driver's license, please provide one of the following forms of identification:

- Passport
- State Identification Card
- Military Identification Card
- Alien Registration Number
- Green Card
- National Identification Card
- Other Government Identification

International applicants are required to complete a W-8BEN form and provide a copy of their non-expired passport for identification. In addition, please provide a copy of your current bank statement or utility bill to confirm name and address on the account application.

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## FINRA Public Disclosure Program

FINRA has a program, Broker Check, whereby you may obtain information about a member firm and its representatives, including the availability of registered person's disciplinary actions. You may obtain information by calling the FINRA Public Disclosure program's hotline at 1-800-289-9999 or by going to the FINRA Regulation web site at <http://www.finra.org/investors/index.htm> to review the investor brochure that includes the public disclosure program. Customers may also access the FINRA manual at <http://finra.complanet.com/> or the Investrade Discount Securities website for additional information.

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## Securities Investor Protection Corporation (SIPC)

Regal Securities, Inc. is a member of SIPC, the Securities Investor Protection Corporation. SIPC was created by Congress in 1970 and is an important source of investor protection. You may obtain more information, including the SIPC brochure, by contacting SIPC at 202-371-8300 or by visiting the SIPC web site at [www.sipc.org](http://www.sipc.org).

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## Quarterly Order Routing Reports

Regal Securities, Inc. is required to make available quarterly reports that present a general overview of our routing practices and identify the significant venues to which customer orders were routed for execution during the applicable quarter. Customers may also request a written copy of this report.

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## Complaint Inquiries

Customer complaints and changes to your account record should be directed to our Customer Service Department at 1-800-498-7120 or in writing: Investrade Discount Securities, 950 Milwaukee Ave., Ste. 102, Glenview, IL 60025.

## Privacy Notice

Investrade Discount Securities provides investment brokerage services by means of its own internal operation and those of its clearing firm and other unaffiliated third party providers such as mutual funds and variable product sponsors. Investrade Discount Securities acts as an introducing broker to its clearing firm which in turn processes the transactions and acts as the account custodian. All of the above named parties receive and maintain information about you that is related to and necessary for processing investments in your account.

### Where do We Obtain the Information

The information that we have comes directly from you. This includes such information as your name, address and Social Security Number that you provided on applications, agreements or other forms. In addition, we maintain records of each of your transactions and holdings processed by us.

We also may obtain information about you, such as your credit history or other facts relating to creditworthiness, from a consumer-reporting agency.

### To Whom Do We Disclose the Information

Investrade Discount Securities does not sell your non-public personal information. We provide information about current or former clients from the sources described above to parties outside of this firm only as described below:

**To other companies as necessary to process your business.** For example, we process your mutual fund and variable product transactions through product providers with whom we have dealer selling agreements. If you have a trading account, the information that we obtained from you is given to the clearing firm for purposes of facilitating securities trading and statement preparation. These parties must limit their use of the information to the purpose for which it was provided.

**Where required by law or regulation.** Examples include responses to a subpoena, court order or regulatory demand.

**As authorized by you.** You may direct us, for example, to send account statements or other account information to a third party.

**As otherwise authorized or permitted by law.** For example, the law permits us to respond to a request for information about you from a consumer-reporting agency.

### Confidentiality and Security

We restrict access to information about you to those employees and authorized agents who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural safeguards to maintain the confidentiality of your information.

Account Number: \_\_\_\_\_

Type of Registration			
<input type="checkbox"/> Individual	<input type="checkbox"/> Joint Tenants - WROS	<input type="checkbox"/> Tenants in Common	<input type="checkbox"/> Community Property
<input type="checkbox"/> Custodian	<input type="checkbox"/> Trust	<input type="checkbox"/> Estate	<input type="checkbox"/> Retirement, Type: _____
<input type="checkbox"/> Corporate	<input type="checkbox"/> Partnership	<input type="checkbox"/> Investment Club	<input type="checkbox"/> LLC

SECTION 1: Primary Applicant Information					
Full Name		Citizenship <input type="checkbox"/> US <input type="checkbox"/> Other _____ <input type="checkbox"/> Resident Alien <input type="checkbox"/> Non-Resident Alien		Social Security or Tax ID #	
Address		City, State, Zip			Date of Birth
Mailing Address (if different than above)		Business Phone		Home Phone	
E-mail Address				Fax Number	
Employer Name and Address				Occupation/Type of Business	
Driver's License Number		State of Issuance		Expiration Date (mm/dd/yyyy)	
Passport Number (if no driver's license)		Country of Issuance		Expiration Date (mm/dd/yyyy)	
Other Documentation (Description)		Country of Issuance		Expiration Date (mm/dd/yyyy)	
How did you hear about us?					
Are you or joint applicant an employee of a bank, trust company, insurance company, securities firm, member of a stock exchange or the FINRA? <input type="checkbox"/> YES <input type="checkbox"/> NO _____ If YES, Name of Firm or Institution			Are you or joint applicant a director, a 10% or greater shareholder, policy making or executive officer of a publicly traded company? <input type="checkbox"/> YES <input type="checkbox"/> NO _____ If YES, Name of Firm or Institution		
<b>Income</b>		<b>Net Worth (excluding primary residence)</b>		<b>Liquid Net Worth (cash, equity, securities, bonds, etc.)</b>	
<input type="checkbox"/> \$0 - \$25,000	<input type="checkbox"/> \$125,000 - \$249,999	<input type="checkbox"/> \$0 - \$25,000	<input type="checkbox"/> \$125,000 - \$249,999	<input type="checkbox"/> \$0 - \$25,000	<input type="checkbox"/> \$125,000 - \$249,999
<input type="checkbox"/> \$25,000 - 39,999	<input type="checkbox"/> \$250,000 - \$499,999	<input type="checkbox"/> \$25,000 - 39,999	<input type="checkbox"/> \$250,000 - \$499,999	<input type="checkbox"/> \$25,000 - 39,999	<input type="checkbox"/> \$250,000 - \$499,999
<input type="checkbox"/> \$40,000 - \$64,999	<input type="checkbox"/> \$500,000 - \$1,000,000	<input type="checkbox"/> \$40,000 - \$64,999	<input type="checkbox"/> \$500,000 - \$1,000,000	<input type="checkbox"/> \$40,000 - \$64,999	<input type="checkbox"/> \$500,000 - \$1,000,000
<input type="checkbox"/> \$65,000 - \$124,999	<input type="checkbox"/> \$1,000,000 - Over	<input type="checkbox"/> \$65,000 - \$124,999	<input type="checkbox"/> \$1,000,000 - Over	<input type="checkbox"/> \$65,000 - \$124,999	<input type="checkbox"/> \$1,000,000 - Over

SECTION 2: Joint Applicant Information					
Full Name		Citizenship <input type="checkbox"/> US <input type="checkbox"/> Other _____ <input type="checkbox"/> Resident Alien <input type="checkbox"/> Non-Resident Alien		Social Security or Tax ID #	
Address		City, State, Zip			Date of Birth
Mailing Address (if different than above)		Business Phone		Home Phone	
E-mail Address				Fax Number	
Employer Name and Address				Occupation/Type of Business	
Driver's License Number		State of Issuance		Expiration Date (mm/dd/yyyy)	
Passport Number (if no driver's license)		Country of Issuance		Expiration Date (mm/dd/yyyy)	
Other Documentation (if no driver's license)		Country of Issuance		Expiration Date (mm/dd/yyyy)	
<b>Income</b>		<b>Net Worth (excluding primary residence)</b>		<b>Liquid Net Worth (cash, equity, securities, bonds, etc.)</b>	
<input type="checkbox"/> \$0 - \$25,000	<input type="checkbox"/> \$125,000 - \$249,999	<input type="checkbox"/> \$0 - \$25,000	<input type="checkbox"/> \$125,000 - \$249,999	<input type="checkbox"/> \$0 - \$25,000	<input type="checkbox"/> \$125,000 - \$249,999
<input type="checkbox"/> \$25,000 - 39,999	<input type="checkbox"/> \$250,000 - \$499,999	<input type="checkbox"/> \$25,000 - 39,999	<input type="checkbox"/> \$250,000 - \$499,999	<input type="checkbox"/> \$25,000 - 39,999	<input type="checkbox"/> \$250,000 - \$499,999
<input type="checkbox"/> \$40,000 - \$64,999	<input type="checkbox"/> \$500,000 - \$1,000,000	<input type="checkbox"/> \$40,000 - \$64,999	<input type="checkbox"/> \$500,000 - \$1,000,000	<input type="checkbox"/> \$40,000 - \$64,999	<input type="checkbox"/> \$500,000 - \$1,000,000
<input type="checkbox"/> \$65,000 - \$124,999	<input type="checkbox"/> \$1,000,000 - Over	<input type="checkbox"/> \$65,000 - \$124,999	<input type="checkbox"/> \$1,000,000 - Over	<input type="checkbox"/> \$65,000 - \$124,999	<input type="checkbox"/> \$1,000,000 - Over

**SECTION 3: Account Information**

<p align="center"><b>Investment Objective and Risk Tolerance (CHOOSE ONLY ONE)</b></p> <p><input type="checkbox"/> <b>Growth and Income/Conservative:</b> Provides income and the growth of principal.</p> <p><input type="checkbox"/> <b>Long Term Growth/Moderate:</b> Provides capital appreciation with an increased level of risk.</p> <p><input type="checkbox"/> <b>Short Term Growth/Aggressive:</b> Provides capital appreciation with a high level of risk</p> <p><input type="checkbox"/> <b>Speculative/Highest Risk:</b> Provides the potential for significant appreciation; must be willing to accept a greater risk of loss of principal and the highest degree of risk.</p>	<p align="center"><b>Tax Bracket</b></p> <p><input type="checkbox"/> 10%   <input type="checkbox"/> 28%</p> <p><input type="checkbox"/> 15%   <input type="checkbox"/> 33%</p> <p><input type="checkbox"/> 25%   <input type="checkbox"/> 36% or above</p>
<p>Number of Dependents: _____ Marital Status: _____</p>	

Investment Experience				Payment Instructions		
Yrs.	Avg. Size	Avg. # Trades/Yr.	Securities	Monies	Dividends	
Options:			<input type="checkbox"/> Transfer and Ship	<input type="checkbox"/> Pay	<input type="checkbox"/> Pay	
Stocks:			<input type="checkbox"/> Hold St. Name	<input type="checkbox"/> Hold	<input type="checkbox"/> Pay Monthly	
Bonds:			Principal & Maturity:	<input type="checkbox"/> Credit to Account	<input type="checkbox"/> Hold	
Commodities:					<input type="checkbox"/> Paid Weekly	
Others (specify):			Money Market Sweeps:	<input type="checkbox"/> Yes / <input type="checkbox"/> No	If Yes, Check Fund Below.	

When I purchase or sell, you are authorized to sweep to the following money market fund:

<input type="checkbox"/> California Daily Tax Free Income Fund	<input type="checkbox"/> Daily Income Fund Municipal Portfolio Retail & Short Term Income Shares Classes	<input type="checkbox"/> Institutional Daily Income Fund Money Market Portfolio*
<input type="checkbox"/> Connecticut Daily Tax Free Income Fund	<input type="checkbox"/> Florida Daily Municipal Income Fund	<input type="checkbox"/> Institutional Daily Income Fund US Treasury Portfolio*
<input type="checkbox"/> Daily Income Fund Money Market Portfolio	<input type="checkbox"/> New Jersey Daily Municipal Income Fund	* Initial requirement of \$1 million.
<input type="checkbox"/> Daily Income Fund US Government Portfolio	<input type="checkbox"/> New York Daily Tax Free Income Fund	For a complete prospectus go to <a href="http://www.money-funds.com/Investrade">www.money-funds.com/Investrade</a> .
<input type="checkbox"/> Daily Income Fund Municipal Portfolio		

**Duplicate Confirmations**

Please send Duplicate Confirms to the following Address:


**Disclosure of Name/Address on Securities You Own**

Under rule 14b-1(c) of the Securities Exchange Act, we are required to disclose to an issuer the name, address, and securities position of our customers who are beneficial owners of that issuer's securities unless the customer objects. Please check below if you do not want your ownership disclosed.

I object to the disclosure of such information.

**Banking References**

Bank-Branch	City, State	Account Number
Other Brokerage Accounts	City, State	Account Number

**Source of Funds**

<input type="checkbox"/> Income From Earnings	<input type="checkbox"/> Investment Proceeds	<input type="checkbox"/> Gift, specify: _____	<input type="checkbox"/> Sale of Business
<input type="checkbox"/> Inheritance, specify: _____	<input type="checkbox"/> Legal Settlement	<input type="checkbox"/> Pension/IRA/Retirement Savings	<input type="checkbox"/> Spouse/Parent
<input type="checkbox"/> Lottery/Gaming	<input type="checkbox"/> Disability Payments	<input type="checkbox"/> Insurance Proceeds	<input type="checkbox"/> Other: _____

**Certification of Taxpayer ID Number (Substitute W-9)**

Check appropriate box:  Individual/Sole Proprietor    S-Corporation    C-Corporation    Partnership    Other \_\_\_\_\_    Exempt from Backup Withholding

Under penalty of perjury, I certify that:

(1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me) **and**

(2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding (does not apply to real estate transactions, mortgage interest paid, the acquisition or abandonment of secured property, contributions to an individual retirement account (IRA), and payments other than interest and dividends).

(3) I am a U.S. person (including a U.S. resident alien).

**Certification Instructions** - You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

**SECTION 4: Signatures**

In consideration of your accepting this account, I hereby acknowledge that I understand and agree to the terms set forth in the Customer Agreement (including the predispute arbitration clause, a copy of which I have received) and the Certification Statement, which I have both read. All persons must sign if this is a joint account. **I UNDERSTAND THAT THE INTERNAL REVENUE SERVICE DOES NOT REQUIRE MY CONSENT TO ANY PROVISIONS OF THIS DOCUMENT OTHER THAN THE CERTIFICATIONS REQUIRED TO AVOID BACKUP WITHHOLDING.**

Primary Applicant Signature	Date	Joint Applicant Signature	Date
Joint Applicant Signature	Date	Joint Applicant Signature	Date

**Office Use Only**

Account Number	Registered Representative	Rep. Code	Office Code
Approved By:			Date

Client Name: \_\_\_\_\_ Account Number: \_\_\_\_\_

Date of Delivery of Privacy Policy: \_\_\_\_\_

**For use by entity accounts only (i.e. corporations, partnerships, trusts):** Is this account for a foreign bank?  Yes /  No

If yes, please list Agent for service of process:

Is this account for a foreign shell bank?  Yes /  No

Does this firm offer services to a foreign shell bank?  Yes /  No

**If you answered yes to any of the above questions, Corporation will need to complete Certification Regarding Correspondent Accounts.**

Print Name: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

Print Name: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

**To Investrade Discount Securities:**

In consideration of your opening one or more accounts on my behalf, I represent and agree as follows:

1. I am of legal age, authorized to enter into this agreement, and except as otherwise disclosed to you, I am not an employee of any exchange or a member firm of any exchange or the FINRA, and that I will promptly notify you if I become so employed.
2. I appoint you as my agent for the purpose of carrying my directions to you in accordance with the terms and conditions of my agreement with you for my account and risk with respect to the purchase or sale of securities. To carry out my duties, you are authorized to open or close brokerage accounts, place and withdraw orders, and take such other steps as are reasonable to carry out my directions.
3. I understand that Pension Financial Services, Inc. will execute and clear all transactions under this agreement.
4. I understand that you provide no investment advice in connection with the account nor do you give advice or offer any opinion with respect to the suitability of any security or order unless the account is otherwise specifically approved for participation in mutual funds, bonds, and/or preferred stock transactions. All transactions will be done only on my order or my authorized delegate, except as described in paragraph 8.
5. This is to confirm my intention to reinvest cash credit balances held by you in my name, and I further confirm that this cash credit balance is being maintained with you solely for the purpose of reinvestment. I understand that cash balances of up to \$250,000 are protected by the Securities Investor Protection Corporation (SIPC), but that SIPC coverage is not available for funds maintained solely for the purpose of earning interest.
6. Account Protection. Investrade Discount Securities is a division of Regal Securities, Inc., a member of the Securities Investor Protection Corporation (SIPC), and as a member of the SIPC, funds are available to meet customer claims up to a ceiling of \$500,000, including a maximum of \$250,000 for cash claims. For additional information regarding SIPC coverage, including a brochure, please contact SIPC at (202) 371-8300 or visit www.sipc.org. Our clearing firm has purchased an additional insurance policy through a group of London Underwriters (with Lloyd's of London Syndicates as the Lead Underwriter) to supplement SIPC protection. This additional insurance policy becomes available to customers in the event that SIPC limits are exhausted and provides protection for securities and cash up to an aggregate of \$600 million. This is provided to pay amounts in addition to those returned in a SIPC liquidation. This additional insurance policy is limited to a combined return to any customer from a Trustee, SIPC and London Underwriters of \$150 million, including cash of up to \$2.15 million. Similar to SIPC protection, this additional insurance does not protect against a loss in the market value of securities.
7. Whenever in your discretion you consider it necessary for your protection, or for the protection of the undersigned's introducing firm or in the event of, but not limited to: (i) any breach by the undersigned of this or any other agreement with you or (ii) the undersigned's failure to pay for securities and other property purchased or to deliver securities and other property sold, you may sell any or all securities and other property held in any of the undersigned's accounts (either individually or jointly with others), cancel or complete any open orders for the purchase or sale of any securities and other property, and/or borrow or buy-in any securities and other property required to make delivery against any sale, including a short sale, effected for the undersigned, all without demand for deposit of collateral, other notice of sale or purchase, or other notice or advertisement, each of which is expressly waived by the undersigned, and/or you may require the undersigned to deposit cash or adequate collateral to the undersigned's account prior to any settlement date in order to assure the performance or payment of any open contractual commitments and/or unsettled transactions. Any and all securities and other property belonging to the undersigned or in which the undersigned may have an interest held by you or carried in any of the undersigned's accounts with you (either individually or jointly with others) shall be subject to a first and prior security interest and lien

- for the discharge of the undersigned's obligations to you, wherever or however arising and without regard to whether or not you have made advances with respect to such securities and other property, and you are hereby authorized to sell and/or purchase any and all securities and other property in any of the undersigned's accounts, and/or to transfer any such securities and other property among any of the undersigned's accounts to the fullest extent of the law and without notice where allowed. The costs and expenses of collection of the debit balance and any unpaid deficiency in the accounts of the undersigned with you, including but not limited to reasonable attorneys' fees and expenses, incurred and payable or paid by you shall be payable to you by the undersigned.
8. You are authorized, in your discretion, should you for any reason whatsoever deem it necessary for your protection, without notice, to cancel any outstanding order, to close out the accounts of the undersigned, in whole or in part, or to close out any commitment made on behalf of the undersigned.
  9. I understand and agree that any telephone conversation with you will be recorded for accuracy.
  10. In the event I become indebted to you in the course of operation of this account, I agree that I will repay such indebtedness upon demand. I agree that if after demand I fail to pay the indebtedness, you may close my account and liquidate the assets in my account on a pro rata basis in an amount sufficient to pay my indebtedness. If Customer also holds a futures account with Pension Financial Futures, Inc. ("PFFI"), Customer hereby authorizes Pension, without prior notice, to transfer from any account held with Pension to any account held with PFFI, any assets that PFFI represents to Pension are reasonably required to avoid the calling of margins for such PFFI account or the payment of any obligations owed Pension by Customer. Customer also authorizes Pension to request from PFFI assets held by PFFI that in Pension's judgment may be reasonably required to avoid the calling of margins for a Pension account or the payment of any obligations owed Pension by Customer.
  11. Upon the purchase or sale of any security, if you are unable to settle the transaction by reason of my failure to make payment or deliver securities in good form, I authorize you to take steps necessary to complete the transaction, in which event I agree to reimburse you for all costs, losses or liabilities incurred by you.
  12. This agreement and all transactions made in my account shall be governed by the laws of the state of Texas (regardless of the choice of law rules thereof).
  13. I agree that neither Pension nor Investrade Discount Securities and its affiliates will be liable for any consequential, incidental, special, or indirect damage (including lost profits, trading losses, and damages) which result or indirectly from inconvenience, delay, or loss of service; a cause over which Pension or Investrade Discount Securities or its affiliates does not have direct control, including, but not limited to, failure of electronic or government restriction(s), exchange or market rules, and "force majeure" (i.e. war, strike, riot, flood, fire, extraordinary weather, or other act of God), or any other condition beyond its control even if Investrade Discount Securities has been advised of the possibility of such damages.
  14. The reasonable costs of collection of the debit balance and any unpaid deficiency in my accounts, including attorney's fees incurred by you, shall be reimbursed by me to you.
  15. I agree to have available or agree to deliver sufficient funds to cover the amount due on purchases by 2:00 p.m. Eastern Time on settlement date, and I agree to deliver any securities I have in my possession in sufficient time to be received by Investrade Discount Securities one day before settlement date.
  16. In consideration of your carrying a joint account for the undersigned, the undersigned jointly and severally agree that each of them shall have authority on behalf of the joint account to buy, sell (including short sales) and otherwise deal in, through you as brokers, stocks, bonds, and other securities on margin or otherwise; to receive on behalf of the joint account demands, notices, confirmations, reports, statements of account and communications of every kind; to receive on behalf of the joint account money, securities and property of every kind and to dispose of same; to make on behalf of joint account agreements relating to any of the foregoing matters and to terminate or modify same or waive any of the provisions thereof; and generally to

- deal with you on behalf of the joint account as fully and completely as if he alone were interested in said account, all without notice to the other or others interested in said account. You are authorized to follow the instructions of any of the undersigned in every respect concerning the said joint account with you and to make deliveries to any of the undersigned, or upon his instructions, of any or all securities in said joint account, and to make payments to any of the undersigned, or upon his order, of any or all monies at any time or from time to time in the said joint account as he may order and direct, for the benefit of the joint account. Notwithstanding the foregoing, you are authorized in your discretion to require joint action by the joint tenants with respect to any matter concerning the joint account, including but not limited to the giving or cancellation of orders and the withdrawal of money, securities, futures or commodities. The authority hereby conferred shall remain in force until written notice of the revocation addressed to you is delivered at your main office.
17. The liability of the undersigned with respect to said account shall be joint and several. The undersigned further agrees jointly and severally that all property you may at any time be holding or carrying for any one or more of the undersigned shall be subject to a lien in your favor for the discharge of the joint account to you, such lien to be in addition to and not in substitution of the rights and remedies you otherwise would have.
  18. It is further agreed that in the event of death of either of any of the undersigned, the survivor or survivors shall immediately give you written notice thereof, and you may, before or after receiving such notice, take such proceedings, require such papers and inheritance or estate tax waivers, and retain such portion of and/or restrict transactions in the account as you may deem advisable to protect you against any tax, liability, penalty or loss under any present or future laws or otherwise. The estate of any of the undersigned who shall have died shall be liable, and each survivor shall continue liable jointly and severally, to you for any net debit balance or loss in said account in any way resulting from the completion of transactions initiated prior to the receipt by you of the written notice of the death of the decedent or incurred in the liquidation of the account or the adjustment of the interests of the respective parties.
  19. The proceeds of all sales transactions and dividends paid will be reported to the Internal Revenue Service (IRS) in accordance with applicable law.
  20. The undersigned (1) certifies that the information contained in this application is complete, true and correct, and acknowledges that knowingly giving false information for the purpose of inducing Investrade Discount Securities to extend credit is a federal crime; (2) authorizes Investrade Discount Securities to contact any individual or firm noted herein and any other normal sources of debit or credit information; (3) authorizes anyone so contacted to furnish such information to Investrade Discount Securities as Investrade Discount Securities may request; (4) agrees that this application is the property of Investrade Discount Securities and Investrade Discount Securities may retain this application in its record at its sole discretion, whether or not credit is extended.
  21. "Unless otherwise instructed, Penon Financial Services, Inc. routes equity orders taking into consideration, among other factors, the quality and speed of execution as well as the credits and cash payments receivable from the New York Stock Exchange, Inc. and other market centers. Equity orders are generally eligible for possible price improvement. Specialists and Dealers accomplish this by exposing the order to competition, size guarantees or by stopping the order temporarily at the current inside bid or offer and providing the Specialist or Dealer the opportunity to improve the price. The nature and source of any payments and/or credits received in connection with your specific transactions will be furnished upon written requests."
  22. If any provision hereof is or at any time should be inconsistent with any present or future law, rule or regulation of any securities exchange or of any sovereign government or a regulatory body thereof, and if any of these bodies have jurisdiction over the subject matter of this agreement, said provision shall be deemed to be superseded or modified to conform to such law, rule, or regulation, but in all other respects, this Agreement shall continue and remain in full force and effect.
  23. I understand market data, including stock price quotations, are obtained from independent pricing services believed to be reliable. I agree that Penon or Investrade Discount Securities cannot and do not guarantee the accuracy of such data and will not be liable for any consequential, incidental, special, or indirect damages (including lost profits, trading losses, and damages) which result from reliance upon the same. The undersigned expressly agrees that any data or online reports is provided to the undersigned without warranties of any kind, express or implied, including but not limited to, the implied warranties of merchantability, fitness of a particular purpose or non-infringement. The undersigned acknowledges that the information contained in any reports provided by you is obtained from sources believed to be reliable but is not guaranteed as to its accuracy of completeness. Such information could include technical or other inaccuracies, errors or omissions. In no event shall you or any of your affiliates be liable to the undersigned or any third party for the accuracy, timeliness, or completeness of any information made available to the undersigned or for any decision made or taken by the undersigned in reliance upon such information. In no event shall you or your affiliated entities be liable for any special incidental, indirect or consequential damages whatsoever, including, without limitation, those resulting from loss of use, data or profits, whether or not advised of the possibility of damages, and on any theory of liability, arising out of or in connection with the use of any reports provided by you or with the delay or inability to use such reports.
  24. You may send communications to the undersigned at the undersigned's address or at such other address as the undersigned may hereafter give you in writing, and all communications so sent, whether by mail, telegraph, or otherwise, shall be deemed given to the undersigned personally, whether actually received or not. Reports of execution of orders and statements of accounts of the undersigned shall

be conclusive if not objected to in writing to you, the former within five (5) days and the latter within ten (10) days, after forwarding by you.

25. **THE FOLLOWING ARBITRATION AGREEMENT SHOULD BE READ IN CONJUNCTION WITH THESE DISCLOSURES:**
  - 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 FORM 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.**
  - h. **ARBITRATION AGREEMENT. ANY AND ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN THE UNDERSIGNED AND YOU, OR THE INTRODUCING BROKER, OR THE AGENTS, REPRESENTATIVES, EMPLOYEES, DIRECTORS, OFFICERS OR CONTROL PERSONS OF YOU OR THE INTRODUCING BROKER, ARISING OUT OF, IN CONNECTION WITH, FROM OR WITH RESPECT TO (a) ANY PROVISIONS OF OR THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENTS, (b) THE RELATIONSHIP OF THE PARTIES HERETO, OR (c) ANY CONTROVERSY ARISING OUT OF YOUR BUSINESS, THE INTRODUCING BROKER'S BUSINESS OR THE UNDERSIGNED'S ACCOUNTS, SHALL BE CONDUCTED PURSUANT TO THE CODE OF ARBITRATION PROCEDURE OF THE FINRA. ARBITRATION MUST BE COMMENCED BY SERVICE OF A WRITTEN DEMAND FOR ARBITRATION OR A WRITTEN NOTICE OF INTENTION TO ARBITRATE. THE DECISION AND AWARD OF THE ARBITRATOR (S) SHALL BE CONCLUSIVE AND BINDING UPON ALL PARTIES, AND ANY JUDGMENT UPON ANY AWARD RENDERED MAY BE ENTERED IN A COURT HAVING JURISDICTION THEREOF, AND NEITHER PARTY SHALL OPPOSE SUCH ENTRY.**

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is de-certified; 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.

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

**NOTICE TO PENSON FINANCIAL SERVICES, INC.**

The undersigned understands that you are carrying the accounts of the undersigned as clearing broker by arrangement with the undersigned's introducing broker through whose courtesy the account of the undersigned has been introduced to you. Until receipt from the undersigned of written notice to the contrary, you may accept from and rely upon the undersigned's introducing broker for (a) orders for the purchase or sale in said account of securities and other property, and (b) any other instructions concerning the undersigned's accounts. The undersigned represents that the undersigned understands that you act only to clear trades introduced by the undersigned's introducing broker and to effect other back office functions for the undersigned's introducing broker. The undersigned confirms to you that the undersigned is relying for any advice concerning the undersigned's accounts solely on the undersigned's introducing broker. The undersigned understands that all representatives, employees and other agents with whom the undersigned communicates concerning the undersigned's account are agents of the introducing broker, and not your representatives, employees or other agents. The undersigned understands that you are not a principal or partner with, and do not control in any way, the introducing broker or its representatives, employees or other agents. The undersigned understands that you will not review the undersigned's accounts and will have no responsibility for trades made in the undersigned's accounts. You shall not be responsible or liable for any acts or omissions of the introducing broker or its representatives, employees or other agents. Notwithstanding the foregoing, in the event that the undersigned initiates a claim against you in your capacity as clearing broker and does not prevail, the undersigned shall be responsible for the costs and expenses associated with your defense of such claim.

## Important Information About Option Accounts

Before completing the Option Application, please read this important information about options trading:

- Please carefully complete all sections of the Option Application to ensure the timely processing of your request. Make sure to check the appropriate risk level that corresponds to your options trading experience, income and net worth.
- Options involve significant risk and are not suitable for all investors. If you select an Investment Objective other than “Speculation”, options trading may not be suitable for you and your application may be rejected by our option principal.
- Upon receipt of the completed Option Application, an option principal will review your request. Once approved, your account should be updated for the approved level within 24 hours.

**Options involve risk and are not suitable for all investors. Certain requirements must be met to trade options through Investrade Discount Securities. Investors should understand these and additional risks before trading. Before considering any option transaction, please read *Characteristics and Risks of Standardized Options* provided by the Options Clearing Corporation (OCC), available in Adobe Acrobat PDF format at <http://www.optionsclearing.com/about/publications/character-risks.jsp>. A current copy may also be obtained by calling Investrade Discount Securities at 1-800-498-7120 or by mailing your request to Investrade Discount Securities, 950 Milwaukee Ave., Ste. 102, Glenview, IL 60025.**

If you wish to be approved for option trading or to upgrade your option trading level, please complete and return the Option Application by email to [NADept@investrade.com](mailto:NADept@investrade.com), fax to 1-877-367-8466 or mail it to the address below:

Investrade Discount Securities  
950 Milwaukee Ave., Ste. 102  
Glenview, IL 60025

Account Number (If Already Assigned)

Investment Information					
Primary Applicant			Joint Applicant		
Primary Applicant Full Name			Joint Applicant Full Name		
Marital Status	# of Dependents	Income	Marital Status	# of Dependents	Income
Approximate Net Worth (excluding residence, furnishings, auto, boats, etc.)		Liquid Net Worth	Approximate Net Worth (excluding residence, furnishings, auto, boats, etc.)		Liquid Net Worth

I have the following investment experience:				I have the following investment experience:			
	Number of Years Investing In	Approx. Average # of Trades/Year	Average Size of Transactions		Number of Years Investing In	Approx. Average # of Trades/Year	Average Size of Transactions
Stocks			Shares	Stocks			Shares
Options			Contracts	Options			Contracts
Bonds			Bonds	Bonds			Bonds
Commodities			Contracts	Commodities			Contracts

I have the following option experience: (Check all that apply.)			I have the following option experience: (Check all that apply.)		
<input type="checkbox"/> Covered Writing	<input type="checkbox"/> Buying Puts & Calls	<input type="checkbox"/> Index Options	<input type="checkbox"/> Covered Writing	<input type="checkbox"/> Buying Puts & Calls	<input type="checkbox"/> Index Options
<input type="checkbox"/> Call Spreads	<input type="checkbox"/> Put Spreads	<input type="checkbox"/> Uncovered Writing	<input type="checkbox"/> Call Spreads	<input type="checkbox"/> Put Spreads	<input type="checkbox"/> Uncovered Writing
In addition to the options trading stated above, I hereby certify completion of listed course(s) or have the listed publication(s):			In addition to the options trading stated above, I hereby certify completion of listed course(s) or have the listed publication(s):		
Course/Publication	Date		Course/Publication	Date	

**Investment Objective and Risk Tolerance (CHOOSE ONLY ONE)**

**Growth and Income/Conservative:** Provides income and the growth of principal.

**Long Term Growth/Moderate:** Provides capital appreciation with an increased level of risk.

**Short Term Growth/Aggressive:** Provides capital appreciation with a high level of risk

**Speculative/Highest Risk:** Provides the potential for significant appreciation; must be willing to accept a greater risk of loss of principal and the highest degree of risk.

**I/we have the following strategies and objectives:**

**Strategy Objective** Covered Call Writing *Income, capital appreciation, hedge, preservation of capital*
 Purchase Puts, Calls, Index *Speculation*
 Spreads/Combinations *Speculation*
 Uncovered Equity Puts *Speculation*
 Uncovered Equity Calls *Speculation*
 Uncovered Indexes *Speculation*

**BY SIGNING BELOW, THE UNDERSIGNED CERTIFIES THAT THE INFORMATION CONTAINED HEREIN IS COMPLETE AND ACCURATE. THE UNDERSIGNED AGREES TO ADVISE THE ABOVE REFERENCED INTRODUCING BROKER OF ANY MATERIAL CHANGE IN THE UNDERSIGNED'S FINANCIAL STATUS AND/OR INVESTMENT OBJECTIVES. BY SIGNING BELOW, THE UNDERSIGNED AGREES TO ALL TERMS OF THE CUSTOMER OPTIONS AGREEMENT PRINTED ON BOTH SIDES OF THIS DOCUMENT. THE REVERSE SIDE OF THIS DOCUMENT, PARAGRAPH 9, CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE. THE UNDERSIGNED ACKNOWLEDGES THAT HE/SHE HAS RECEIVED THE DISCLOSURE DOCUMENT, "CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS" AND IS AWARE OF THE SPECIAL RISKS INHERENT IN OPTIONS TRADING.**

Applicant's Signature	Date	Joint Applicant's Signature	Date
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**Office Use Only**

Client Trading Approval:	<input type="checkbox"/> Level 1 Covered Call Writing	<input type="checkbox"/> Level 2 Purchase Puts, Calls, Index	<input type="checkbox"/> Level 3 Spreads/Combinations	<input type="checkbox"/> Level 4 Uncovered Equity Puts	<input type="checkbox"/> Level 5 Uncovered Equity Calls	<input type="checkbox"/> Level 6 Uncovered Indexes
Options Approved By:	Date	Date OCC Mailed	Date Uncovered Writers Statement Mailed			

1. **Definitions. "Introducing broker"** means any brokerage firm which introduces security transactions on behalf of the undersigned, which transactions are cleared through you, whether one or more. **"Obligations"** means all indebtedness, debit balances, liabilities or other obligations of any kind of the undersigned to you, whether now existing or hereafter arising. **"Options"** means all types of options, including puts, calls, equity, debt, index or otherwise. **"Securities and other property"** shall include, but shall not be limited to money, securities, commodities or other property of every kind and nature and all contracts and options relating thereto, whether for present or future delivery. **"You"** or **"your"** refers to Penson Financial Services, Inc.
2. **Limits.** The Undersigned shall not, acting alone or in concert with others, exceed the position/exercise limits set forth by any exchange or market or by any other regulatory authority having jurisdiction.
3. **Authority, Execution of Orders, Security Interest.** The undersigned hereby authorizes you in your discretion, should you deem it necessary for your protection for any reason, or if the undersigned dies, to buy, sell, or sell short for the undersigned's account and risk, puts, calls or other forms of option and/or to buy, sell or sell short any part or all of the underlying shares represented by options endorsed by you for the undersigned's account. Any and all expenses incurred by you in connection with such transactions shall be reimbursed by the undersigned to you. The undersigned understands and acknowledges that when transactions on the undersigned's behalf are to be executed and the options are traded in more than one marketplace you may use your discretion in selecting the market in which to enter the undersigned's order unless the undersigned specifically instructs otherwise. All monies, securities, or other property which you may hold in any account of the undersigned shall be held subject to a general lien for the discharge of the undersigned's obligations to you under this Agreement or otherwise.
4. **Notice, Exercise, Random Allocation.** The undersigned is aware of your requirements and time limitations for accepting an exercise notice and expiration date. The undersigned understands that the undersigned may not receive actual notice of exercise until the week following exercise. The undersigned bears full responsibility for taking action to exercise or sell valuable options; however, in the absence of the undersigned notifying the introducing broker to exercise a valuable options contract by 3 p.m. Central Standard Time on the last business day prior to the expiration date of the options contract, and the introducing broker instructing you to sell valuable options on the undersigned's behalf within such time, the undersigned agrees that you may exercise the options contract on the undersigned's behalf. In the event of such exercise, the profit in excess of commission costs created thereby will be credited to the undersigned's account. In the event that the commissions to be charged for such an expiration transaction exceeds the proceeds to be realized, the undersigned agrees and hereby relinquishes the undersigned's ownership in said option to you, and you may exercise such option for your own account. If the undersigned does not instruct the introducing broker to exercise the valuable option by the time stated above, and you for whatever reason, do not exercise such option on the undersigned's behalf, the undersigned hereby waives any and all claims for damage or loss which the undersigned might at the time or any time thereafter have against you arising out of the fact that the option was not exercised. The undersigned is aware that you utilize a random method of allocation for all option(s) assignments received from the Option Clearing Corporation. Exercise assignment notices for options contracts are allocated among all customers' short positions within that series. This is accomplished by a manual procedure, which randomly selects from among all customer short positions, including positions established on the day of assignment, those contracts which are subject to exercise. All American short positions are liable for assignment at any time. The undersigned understands that a more detailed description of this procedure is available upon request by the undersigned.
5. **Uncovered Options.** The undersigned agrees that in connection with any uncovered option(s) for the undersigned's account, the undersigned will not sell, during the life of such options, the underlying securities collateralizing such options, including any cash or securities which may accrue on the underlying covered securities until such options are closed, exercised or expired or the undersigned has met the collateral requirements established by you and/or the introducing broker for carrying uncovered options. The undersigned also agrees that the introducing broker and/or you, in your respective sole discretion, may refuse any order to sell such underlying securities received from the undersigned or by means of a "give up" basis through another firm unless, prior to such sale, the undersigned has met the collateral requirements established by you and/or the introducing broker for carrying uncovered options. You have the right, in your sole discretion, to permit the undersigned to apply the proceeds of such sale to such collateral requirements.
6. **Risks.** The undersigned is aware of the high degree of risk involved in options transactions and has given the introducing broker, in strict confidence, information to demonstrate that this account and the trading anticipated in connection therewith is not unsuitable for the undersigned in light of the undersigned's investment objectives, financial situation and needs, experience and knowledge. The undersigned agrees to advise the introducing broker of any changes in the undersigned's investment objectives, financial situation or other circumstances that may be deemed to materially affect the suitability of executing options transactions for the undersigned's account.
7. **Options Account Form, Disclosure Documents.** The undersigned has reviewed the contents of the options account form and represents that they are accurate. Although certain types of transactions are indicated as anticipated you and the introducing broker may execute any other types of transactions for the undersigned's account upon the undersigned's instructions. The undersigned has received an Options Disclosure Document relating to options on the categories of underlying securities which the undersigned has been approved for trading.
8. **Accounts Carried as Clearing Broker.** The undersigned understands that you are carrying the accounts of the undersigned as clearing broker by arrangement with the undersigned's introducing broker through whose courtesy the account of the undersigned has been introduced to you. Until receipt from the undersigned of written notice to the contrary, you may accept and rely upon the introducing broker for (a) orders for the purchase or sale in said account of securities and other property, and (b) any other instructions concerning the undersigned's accounts. The undersigned represents that the undersigned understands that you act only to clear trades introduced by the undersigned's introducing broker and to effect other back office functions for the undersigned's introducing broker. The undersigned confirms to you that the undersigned is relying for any advice concerning the undersigned's accounts solely on the undersigned's introducing broker. The undersigned understands that all representatives, employees and other agents with whom the undersigned communicates concerning the undersigned's account are agents of the introducing broker, and not your representatives, employees or other agents. The undersigned understands that you will not review the undersigned's accounts and will have no responsibility for trades made in the undersigned's accounts. You shall not be responsible or liable for any acts or omissions of the introducing broker or its representatives, employees or other agents.

THE FOLLOWING ARBITRATION AGREEMENT SHOULD BE READ IN CONJUNCTION WITH THESE DISCLOSURES:

- 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 FORM IN WHICH A CLAIM IS FILED;
  - b. ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
  - c. THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS;
  - d. THE ARBITRATORS DO NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD.
  - e. THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.
  - f. THE RULES OF SOME ARBITRATION FORUMS MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION. IN SOME CASES, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.
  - g. THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.
9. **ARBITRATION AGREEMENT, ANY AND ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN THE UNDERSIGNED AND YOU, OR THE INTRODUCING BROKER, OR YOUR AGENTS, REPRESENTATIVES, EMPLOYEES, DIRECTORS, OFFICERS OR CONTROL PERSONS, OR OF THE INTRODUCING BROKER, ARISING OUT OF, IN CONNECTION WITH, FROM OR WITH RESPECT TO (a) ANY PROVISIONS OF OR THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENTS, (b) THE RELATIONSHIP OF THE PARTIES HERETO, OR (c) ANY CONTROVERSY ARISING OUT OF YOUR BUSINESS, THE INTRODUCING BROKER'S BUSINESS OR THE UNDERSIGNED'S ACCOUNTS SHALL BE CONDUCTED PURSUANT TO THE CODE OF ARBITRATION PROCEDURE OF FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC. ARBITRATION MUST BE COMMENCED BY SERVICE OF A WRITTEN DEMAND FOR ARBITRATION OR A WRITTEN NOTICE OF INTENTION TO ARBITRATE. IF YOU ARE A PARTY TO SUCH ARBITRATION, TO THE EXTENT PERMITTED BY THE RULES OF THE APPLICABLE ARBITRATION TRIBUNAL, THE ARBITRATION SHALL BE CONDUCTED IN DALLAS, TEXAS. THE DECISION AND AWARD OF THE ARBITRATORS(S) SHALL BE CONCLUSIVE AND BINDING UPON ALL PARTIES, AND ANY JUDGMENT UPON ANY AWARD RENDERED MAY BE ENTERED IN A COURT HAVING JURISDICTION THEREOF, AND NEITHER PARTY SHALL OPPOSE SUCH ENTRY.**
- No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is de-certified; 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.
10. **Other Agreements.** The undersigned agrees to be bound by the terms of your Customer Account Agreement. If the undersigned trade on margin or short accounts, the undersigned agrees to be bound by the terms of your Customer Margin and Short Account Agreement. The undersigned understands that copies of these agreements are available from you and, to the extent applicable, are incorporated by reference herein. The terms of these other agreements are in addition to the provisions of this Agreement and any other written agreements between you and the undersigned.
  11. **Data Not Guaranteed.** The undersigned expressly agrees that any data or online reports is provided to the undersigned without warranties of any kind, express or implied, including but not limited to, the implied warranties of merchantability, fitness of a particular purpose or non-infringement. The undersigned acknowledges that the information contained in any reports provided by you is obtained from sources believed to be reliable but is not guaranteed as to its accuracy or completeness. Such information could include technical or other inaccuracies, errors or omissions. In no event shall you or any of your affiliates be liable to the undersigned or any third party for the accuracy, timeliness, or completeness of any information made available to the undersigned or for any decision made or taken by the undersigned in reliance upon such information. In no event shall you or your affiliated entities be liable for any special incidental, indirect or consequential damages whatsoever, including, without limitation, those resulting from loss of use, data or profits, whether or not advised of the possibility of damages, and on any theory of liability, arising out of or in connection with the use of any reports provided by you or with the delay or inability to use such reports.
  12. **Credit Check.** You are authorized, in your discretion, should you for any reason deem it necessary for your protection to request and obtain a consumer credit report for the undersigned.
  13. **Miscellaneous.** The undersigned agrees that this Agreement and all transactions in the undersigned's accounts shall be governed by the constitution, rules, regulations, customs, usages and bylaws of the Options Clearing Corporation and all exchanges or other facilities upon which options are traded for the account of the undersigned. If any provisions of this Agreement is held to be unenforceable, it shall not affect any other provisions of this Agreement. The headings of each sections of this Agreement are descriptive only and do not modify or qualify any provision of this Agreement. This Agreement and its enforcement shall be governed by the law of the state of Texas and shall cover individually and collectively all accounts which the undersigned has previously opened, now has open or may open or reopen with you, or any introducing broker, and any and all previous, current and future transactions in such accounts. Except as provided in this Agreement, no provision of this Agreement may be altered, modified or amended unless in writing signed by your authorized representative. This Agreement and all provisions shall insure to the benefit of you and your successors, whether by merger, consolidation or otherwise, your assigns, the undersigned's introducing broker, and all other persons specified in Paragraph 9. You shall not be liable for losses caused directly or indirectly by any events beyond your reasonable control, including without limitation, government restrictions, exchange or market rulings, suspension of trading or unusually heavy trading in securities, a general change in economic, political or financial conditions, war or strikes. You may transfer the accounts of the undersigned to your successors and assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the undersigned.

## Option and Spread Trading in a Self-Directed IRA

RE: \_\_\_\_\_  
Account Number

To Introducing Broker:

This letter will confirm that as the beneficial owner of the above referenced account, I intend to purchase and/or sell options and/or establish option spread positions in my account despite your general policy of discouraging options trading in a self-directed IRA account.

Options trading normally shall not constitute a large portion of my retirement assets and represent only a part of an overall investment strategy for this account. I am aware of the risks that I may lose my funds and take responsibility for all those trades.

I acknowledge that I have read and understand the Options Clearing Corporation's publication, *Characteristics and Risks of Standardized Options* and have carefully considered the risks of trading options in this particular account. I further acknowledge that trading options in this account is of my own accord having reached this investment decision without you or your clearing broker, Penson Financial Services, Inc., providing me with any investment advice or recommendation to trade options in this account. As such, I agree to indemnify and hold both you and Penson Financial Services, Inc. harmless against any and all losses that may incur as a result trading options in my account.

Sincerely,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

cc: Penson Financial Services, Inc.

## Account Transfer Information

There are three types of account transfers. You may only choose one type of account transfer. If you select more than one type your transfer will be rejected.

### Account Transfer Types

1. **Transfer all assets in kind:** This is a full transfer. All of your current positions and cash with transfer as is.
2. **Liquidate and transfer:** This is a full transfer. Your account will be transferred as cash by liquidating **all** of your current positions at the original broker.
3. **Partial transfer:** This allows you to select specific positions to transfer. Be sure to indicate exactly which positions you want to transfer. You may only transfer whole shares; **fractional shares will not be transferred.**

### Account Transfer Timeframes

- ACAT transfers will take 3-5 business days.
- Non-ACAT transfers can take up to 2-3 weeks.

**REMINDER:** Please include a copy of your most recent statement from your current broker.

## 1. Information about your account:

Title of Your Account: \_\_\_\_\_

PFSI Account Number: \_\_\_\_\_ SSN/Tax ID: \_\_\_\_\_

**PLEASE ATTACH A COPY OF YOUR MOST RECENT STATEMENT FOR THE ACCOUNT YOU ARE TRANSFERRING TO PENSON. WE CANNOT PROCESS YOUR REQUEST WITHOUT THE STATEMENT.**

## 2. Information about the account you are transferring:

Title of Your Account: \_\_\_\_\_

Account Number: \_\_\_\_\_ Name of Firm: \_\_\_\_\_

Address of Firm: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_ Broker Clearing #: \_\_\_\_\_

If your PFSI account is not the same type of account as the one you are transferring, you must complete the **Letter of Authorization (Section 7)** on the 2nd page of this form.

## 3. Type of Transfer:

- Brokerage Firm Transfer (Transfer All Assets In Kind)
- Liquidate All Assets and Transfer as Cash
- Partial Transfer (Skip to Section 4)
- Mutual Fund Company Transfer (Skip to Section 5)
- Non-ACAT Transfer (Transfer All Assets In Kind)

- Liquidate Annuity and Transfer as Cash
- Liquidate Certificates of Deposit IMMEDIATELY  
**I am aware of and acknowledge the penalty for early withdrawal.**
- Transfer Proceeds of Certificates of Deposit AT MATURITY  
**Submit transfer request 30 days prior to maturity.**

## 4. Partial Transfer: (Please specify the assets you wish to transfer, attach additional pages if needed.)

Quantity	Assets Description/Symbol	Transfer (Select One)
		<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate
		<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate
		<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate
		<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate
		<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate

## 5. Mutual Fund Company Transfer: (Use a separate form for each mutual fund company.)

Name of Fund Company: \_\_\_\_\_

Name of Fund/Symbol/Cusip	Transfer (Select One)	Fund Account #	Transfer (Select One)	Future Dividend (Select One)	Future Capital Gains (Select One)
	<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate		<input type="checkbox"/> All <input type="checkbox"/> # of Shares _____	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash
	<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate		<input type="checkbox"/> All <input type="checkbox"/> # of Shares _____	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash
	<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate		<input type="checkbox"/> All <input type="checkbox"/> # of Shares _____	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash	<input type="checkbox"/> Reinvest <input type="checkbox"/> Pay in Cash

## 6. Signature(s): (Please read and sign.)

If this account is a qualified retirement account, I have amended the applicable plan so that it names Penson Financial Services, Inc. (PFSI) as successor custodian. Unless otherwise indicated in the instructions above, please transfer all assets in my account to PFSI. I understand that to the extent any assets in my account are not readily transferable with or without penalties; such assets may not be transferred within the time frames required by NYSE Rule 412 or similar rule of the FINRA or other designated examining authority.

**Investrade Discount Securities**

I authorize you to liquidate any non-transferable proprietary money market fund assets that are part of my account and transfer the resulting credit balance to PFSI. I authorize you to deduct any outstanding fees due you from the credit balance in my account. If my account does not contain a credit balance, or if the credit balance in the account is insufficient to satisfy any outstanding fee due you, I authorize you to liquidate the assets in my account to the extent necessary to satisfy that obligation. If certificates or other instruments in my account are in your physical possession, I instruct you to transfer them in good deliverable form, including affixing any necessary tax waivers, to enable the successor custodian to transfer them into its name for the purpose of sale, when and as directed by me. I understand that upon receiving a copy this transfer instruction, you will cancel all open orders for my account on your books.

I affirm that I have destroyed or returned to you credit/debit cards and/or unused checks issued to me in connection with my securities account. I understand that you will contact me with respect to the disposition of any assets in my securities account that are non-transferable.

Primary Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Secondary Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**PLEASE ATTACH A COPY OF YOUR MOST RECENT STATEMENT FOR THE ACCOUNT YOU ARE TRANSFERRING TO PENSON. WE CANNOT PROCESS YOUR REQUEST WITHOUT THE STATEMENT.**

**Letter of Acceptance**

To the prior Custodian/Trustee: Please be advised that Penson Financial Services, Inc. (PFSI) hereby accepts an appointment as successor custodian.

Successor Custodian/Trustee Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Successor Custodian Tax ID Number: \_\_\_\_\_ Date of Trust: \_\_\_\_\_

**7: Letter of Authorization: (Please complete if the type of account in Section 1 is different than Section 2.)**

**To Penson Financial Services, Inc.:**

I hereby authorize the following transfer of assets:

**Transfer From:**

Delivering Firm: \_\_\_\_\_ Account Number: \_\_\_\_\_

Account Title: \_\_\_\_\_

**Transfer To:**

PFSI Account Number: \_\_\_\_\_

Account Title: \_\_\_\_\_

Investment Representative's Name: \_\_\_\_\_ Office #: \_\_\_\_\_ Rep #: \_\_\_\_\_

I understand this transfer constitutes a change in ownership of the assets and that the new registered account holders will have exclusive rights to the assets.

Sincerely,

Primary Applicant Signature: **X** \_\_\_\_\_

Secondary Applicant Signature: **X** \_\_\_\_\_

**COMPLETION OF THIS FORM DOES NOT GUARANTEE ACCEPTANCE BY DELIVERING FIRM.**

<b>For Broker Use Only - Transfer Instructions:</b>		
<p><b>REGULAR MAILING INSTRUCTIONS:</b> Penson Financial c/o Broadridge Attn: Imaging &amp; Workflow Solutions P.O. Box 1348 Brentwood, NY 11717-4627</p>	<p><b>GNMA INSTRUCTIONS:</b> ABA: 021000018/QUICK</p> <p><b>TAX ID#:</b> 56-1673990</p>	<p><b>INCOMING WIRE INSTRUCTIONS:</b> JP Morgan Chase ABA 021000021 F/A Penson Financial Services A/C #066-6-00030 FFC: Customer A/C # and Customer Name</p>
<p><b>OVERNIGHT MAILING INSTRUCTIONS:</b> Penson Financial c/o Broadridge Attn: Imaging &amp; Workflow Solutions 1155 Long Island Ave. Edgewood, NY 11717</p>	<p><b>NSCC INSTRUCTIONS:</b> NSCC# 0158 PFSI</p>	<p><b>CREST SECURITIES:</b> Penson Financial Service Corp Crest ID 82XHJ</p>
<p><b>DTC INSTRUCTIONS:</b> #0158 PFSI FAO: Customer Acct # (Penson accepts PTD's and PTR's)</p>	<p><b>FNMA/FREDDIES/US TREAS INSTRUCTIONS:</b> ABA 021000018 Bank of New York/QUICK</p>	<p><b>MUTUAL FUND RE-REGISTRATION:</b> Penson Financial Services, Inc. FBO: _____ 1700 Pacific Avenue, Suite 1400 Dallas, TX 75201</p>
<p><b>PHYSICAL INSTRUCTIONS:</b> New York Window 55 Water St., 1st Floor A/C Penson Customer Acct # New York, NY 10041</p>	<p><b>AGENT ID/INSTITUTIONAL:</b> 89331</p> <p><b>FOREIGN SECURITIES INSTRUCTIONS:</b> Euroclear: #15110 Account: JP Morgan Chase London Reference: Penson Financial Services, Inc.</p>	<p><b>CHECKS:</b> PFSI: FBP (Client's name and acct number) Ridge Clearing and Outsourcing Solutions 1981 Marcus Avenue Lake Success, NY 11042</p>



# ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-RA under Section 408A of the Internal Revenue Code

FORM (REV. MARCH 2002)

The Depositor named on the Application is establishing a Roth Individual Retirement Account under section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian named on the Application has given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has assigned the custodial account the sum indicated on the Application.

The Depositor and the Custodian make the following agreement:

## ARTICLE I

Except in the case of a rollover contribution described in section 408A(e), a recharacterized contribution described in section 408A(d)(6), or an IRA Conversion Contribution, the Custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

## ARTICLE II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single Depositor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000; for a married Depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married Depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the Custodian will not accept IRA Conversion Contributions in a tax year if the Depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the Depositor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA Conversion Contributions.
2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

## ARTICLE III

The Depositor's interest in the balance in the custodial account is nonforfeitable.

## ARTICLE IV

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

## ARTICLE V

1. If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated beneficiary, in accordance with (b) below:
  - (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.
  - (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.
3. If the Depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Depositor.

## ARTICLE VI

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).
2. The Custodian agrees to submit to the IRS and Depositor the reports prescribed by the IRS.

## ARTICLE VII

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through IV and this sentence will be controlling. Any additional articles inconsistent with section 408A, the related regulations, and other published guidance will be invalid.

## ARTICLE VIII

This Agreement will be amended as necessary to comply with the provisions of the Code, the related Regulations, and other published guidance. Other amendments may be made with the consent of the persons whose signatures appear on the Application.

## ARTICLE IX

- 9.01 *Definitions:* In this part of this Agreement (Article IX), the words "you" and "your" mean the Depositor, the words "we," "us" and "our" mean the Custodian, "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations.
- 9.02 *Notices and Change of Address:* Any required notice regarding this Roth IRA will be considered effective when we send it to the intended recipient at the last address which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.
- 9.03 *Representations and Responsibilities:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your Roth IRA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

By performing services under this Agreement we are acting as your agent. You acknowledge and agree that nothing in this Agreement shall be construed as conferring fiduciary status upon us. We 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 Roth IRAs. You agree to indemnify and hold us 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, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

- 9.04 *Service Fees:* We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover or termination fee) for maintaining your Roth IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your Roth IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your Roth IRA at our discretion. We reserve the right to charge any additional fee upon 30 days notice to you that the fee will be effective. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this Roth IRA.

Any brokerage commissions attributable to the assets in your Roth IRA will be charged to your Roth IRA. You cannot reimburse your Roth IRA for those commissions.

9.05 *Investment of Amounts in the Roth IRA:* You have exclusive responsibility for and control over the investment of the assets of your Roth IRA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our 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; our policies and practices; and this Agreement. After your death, your beneficiary(ies) shall have the right to direct the investment of your Roth IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 9.03 of this article). We shall have no discretion to direct any investment in your Roth IRA. We assume no responsibility for rendering investment advice with respect to your Roth IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your Roth IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any uninvested amounts in cash, and we shall have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your Roth IRA unless you provide timely written directions acceptable to us.

You will select the type of investment for your Roth IRA assets, provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for investment in Roth IRAs. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable to us and that we are capable of holding in the ordinary course of our business.

9.06 *Beneficiary(ies):* If you die before you receive all of the amounts in your Roth IRA, payments from your Roth IRA will be made to your beneficiary(ies).

You may designate one or more persons or entities as beneficiary of your Roth IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Unless otherwise specified, each beneficiary designation you file with us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survives you, the contingent beneficiary(ies) shall acquire the designated share of your Roth IRA. If you do not designate a beneficiary, or if all of your primary and contingent beneficiary(ies) predecease you, your estate will be the beneficiary.

If your surviving spouse is the designated beneficiary, your spouse may elect to treat your Roth IRA as his or her own Roth IRA, and would not be subject to the required minimum distribution rules. Your surviving spouse will also be entitled to such additional beneficiary payment options as are granted under the Code or applicable Regulations.

We may allow, if permitted by state law, an original Roth IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distribution(s) from an inherited Roth IRA at the time of your death) to name a successor beneficiary(ies) for the inherited Roth IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original Roth IRA beneficiary's(ies) lifetime. Unless otherwise specified, each beneficiary designation form that the original Roth IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original Roth IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original Roth 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 Roth IRA beneficiary.

9.07 *Termination of Agreement, Resignation, or Removal of Custodian:* Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your Roth IRA to another financial organization. If you do not complete a transfer of your Roth IRA within 30 days from the date we mail the notice to you, we have the right to transfer your Roth IRA assets to a successor Roth IRA custodian or trustee that we choose in our sole discretion, or we may pay your Roth IRA to you in a single sum. We 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 you may incur that result from the transfer or distribution of your assets pursuant to this section.

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

- any fees, expenses or taxes chargeable against your Roth IRA;
- any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your Roth IRA.

If we are required to comply with Regulations section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your Roth IRA to you in cash or property if the balance of your Roth IRA drops below the minimum balance required under the applicable investment or policy established.

9.08 *Successor Custodian:* If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion which includes your Roth IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your Roth IRA, but only if it is the type of organization authorized to serve as a Roth IRA trustee or custodian.

9.09 *Amendments:* We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.

9.10 *Withdrawals or Transfers:* All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are 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.

You are not required to take a distribution from your Roth IRA at age 70½. At your death, however, your beneficiary(ies) must begin taking distributions in accordance with Article V and Section 9.06 of this Agreement. We will make no distributions to you from your Roth IRA until you provide us with a written request for a distribution on a form provided by or acceptable to us.

9.11 *Transfers from Other Plans:* We can receive amounts transferred to this Roth IRA from the custodian or trustee of another Roth IRA as permitted by the Code. We reserve the right not to accept any transfer.

9.12 *Liquidation of Assets:* We have the right to liquidate assets in your Roth IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your Roth IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.

9.13 *Restrictions on the Fund:* Neither you nor any beneficiary may sell, transfer or pledge any interest in your Roth IRA in any manner whatsoever, except as provided by law or this Agreement.

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

9.14 *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 our domicile shall govern.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our 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 your right or our right thereafter to enforce each and every such provision.

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Purpose of Form

Form 5305-RA is a model custodial account agreement that meets the requirements of section 408A and has been pre-approved by the IRS. A Roth Individual Retirement Account (Roth IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian. This account must be created in the United States for the exclusive benefit of the Depositor and his or her beneficiaries.

**Do not** file Form 5305-RA with the IRS. Instead, keep it with your records.

Unlike contributions to Traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the Depositor's gross income; and distributions after 5 years that are made when the Depositor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the Custodian must give the Depositor, see **Pub. 590, Individual Retirement Arrangements (IRAs)**.

### Definitions

**IRA Conversion Contributions.** IRA Conversion Contributions are amounts rolled over, transferred, or considered transferred from a nonRoth IRA to a Roth IRA. A nonRoth IRA is an individual retirement account or annuity described in section 408(a) or 408(b), other than a Roth IRA.

**Custodian.** The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

**Depositor.** The depositor is the person who establishes the custodial account.

## Specific Instructions

**Article I.** The Depositor may be subject to a 6% tax on excess contributions if (1) contributions to other individual retirement arrangements of the Depositor have been made for the same tax year, (2) the Depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or (3) the Depositor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year. The Depositor should see the Disclosure Statement or Pub. 590 for more information.

**Article V.** This article describes how distributions will be made from the Roth IRA after the Depositor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the Depositor's intent. Under paragraph 3 of Article V, the Depositor's spouse is treated as the owner of the Roth IRA upon the death of the Depositor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary, and not the owner, an overriding provision should be added to Article IX.

**Article IX.** Article IX and any that follow it may incorporate additional provisions that are agreed to by the Depositor and Custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the Custodian, Custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the Depositor, etc. Attach additional pages if necessary.

# DISCLOSURE STATEMENT

## RIGHT TO REVOKE YOUR ROTH IRA

You have the right to revoke your Roth 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 Roth 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 make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

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 Roth IRA, please call the Custodian at the telephone number listed on the Application.

## REQUIREMENTS OF A ROTH IRA

A. **CASH CONTRIBUTIONS** – Your contribution must be in cash, unless it is a rollover or conversion contribution.

B. **MAXIMUM 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 (i.e., an IRA subject to the limits of Internal Revenue Code (Code) sections 408(a) or 408(b)), the maximum contribution to your Roth IRAs 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 income 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.

C. **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.

D. **CATCH-UP CONTRIBUTION** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your Roth IRA. The maximum additional contribution is \$500 for years 2002-2005 and \$1,000 for years 2006 and beyond.

E. **NONFORFEITABILITY** – Your interest in your Roth IRA is nonforfeitable.

F. **ELIGIBLE CUSTODIANS** – The Custodian of your Roth IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.

G. **COMMINGLING ASSETS** – The assets of your Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund.

H. **LIFE INSURANCE** – No portion of your Roth IRA may be invested in life insurance contracts.

I. **COLLECTIBLES** – You may not invest the assets of your Roth 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 Roth IRA investments.

J. **BENEFICIARY PAYOUTS** – 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 remaining 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 distributions under option (2), 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 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 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.

## INCOME TAX CONSEQUENCES OF ESTABLISHING A ROTH IRA

A. **CONTRIBUTIONS NOT DEDUCTED** – No deduction is allowed for Roth IRA contributions, including transfers, rollovers and conversion contributions.

B. **CONTRIBUTION DEADLINE** – The deadline for making a Roth 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 Roth 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.

C. **TAX CREDIT FOR CONTRIBUTIONS** – You may be eligible to receive a tax credit for your Roth IRA contributions. This credit 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 Roth 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.

D. **TAX-DEFERRED EARNINGS** – The investment earnings of your Roth IRA are not subject to federal income tax as they accumulate in your Roth IRA. In addition, distributions of your Roth IRA earnings will be free from federal income tax if you take a qualified distribution, as described below.

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

1. **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.

2. **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 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 and your conversion contributions. However, the 10 percent early distribution penalty may apply to conversion contributions distributed within the five-year period beginning with the year in which the conversion occurred. These “ordering rules” are complex. If you have any questions regarding the taxation of distributions from your Roth IRA, please see a competent tax advisor.

F. **REQUIRED MINIMUM DISTRIBUTIONS** – You are not required to take distributions from your Roth IRA at age 70½ (as required for Traditional and SIMPLE IRAs). However, your beneficiary(ies) is generally required to take distributions from your Roth IRA after your death. See the section titled *Beneficiary Payouts* in this Disclosure Statement regarding beneficiary’s(ies’) required minimum distributions.

G. **ROLLOVERS AND CONVERSIONS** – Your Roth IRA may be rolled over to another Roth IRA of yours, may receive rollover contributions, or may receive conversion contributions provided that all of the applicable rollover or conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your Roth IRA from another Roth IRA. Conversion is a term used to describe the movement of Traditional IRA 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.

1. **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).

2. **Traditional 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). 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 IRA. The amount of the conversion from your Traditional 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 shall not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.

3. **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 savings incentive match plan for employees of small employers (SIMPLE) IRA(s) into your Roth IRA(s), 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 SIMPLE IRA. The amount of the conversion from your SIMPLE IRA to your Roth IRA shall be treated as a distribution for income tax purposes and is includible in your gross income. Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.

4. **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.

5. **Rollovers from Employer-Sponsored Retirement Plans** – 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. Roth IRA conversion rules, as described above, will apply, including the requirement to include the taxable portion in income in the year distributed.

6. **Nonspouse Beneficiary Rollovers from 401(k) or 403(b) Plans Containing Roth Elective Deferrals** – If you are a nonspouse beneficiary of a deceased 401(k) or 403(b) plan participant who had made Roth elective deferrals to the plan, you may directly roll over the Roth elective deferrals, and their earnings, to an inherited Roth IRA. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements, (i.e., you may not roll these assets to your own Roth IRA.)

7. **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 Roth 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*.

8. **Written Election** – At the time you make a proper rollover or conversion to a Roth IRA, you must designate in writing to us, your election to treat that contribution as a rollover or conversion. Once made, the election is irrevocable.

H. **TRANSFER DUE TO DIVORCE** – If all or any part of your Roth 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 Roth IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another Roth 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 Roth IRA to another.

I. **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. **SPOUSAL ROTH IRA** – If you are married and have compensation, you may contribute to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has compensation. You must file a joint income tax return for the year for which the contribution is made. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

The amount you may contribute to your Roth IRA and your spouse’s Roth 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 Roth IRA. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

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 Roth IRA. The maximum additional contribution is \$500 for years 2002-2005, and \$1,000 for years 2006 and beyond.

B. **GIFT TAX** – Transfers of your Roth IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.

C. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to Roth IRA distributions.

- D. **INCOME TAX TREATMENT** – 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 Roth IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- E. **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 Roth IRA to certain charitable organizations. Special tax rules may apply. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS. This provision applies to distributions during tax years 2006 and 2007.
- F. **PROHIBITED TRANSACTIONS** – If you or your beneficiary engage in a prohibited transaction with your Roth IRA, as described in Code section 4975, your Roth IRA will lose its tax-deferred or tax-exempt status, and you must generally include the value of the earnings in your account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your Roth IRA: (1) taking a loan from your Roth IRA; (2) buying property for personal use (present or future) with Roth IRA funds; or (3) receiving certain bonuses or premiums because of your Roth IRA.
- G. **PLEDGING** – If you pledge any portion of your Roth IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and may be included in your gross income for the taxable year in which you pledge the assets to the extent it represents earnings.

#### FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** – If you are under age 59½ and receive a nonqualified Roth 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 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).
- B. **EXCESS CONTRIBUTION PENALTY** – An additional tax of six percent is imposed upon any excess contribution you make to your Roth IRA. This additional tax will apply each year in which an excess remains in your Roth IRA. An excess contribution is any amount that is contributed to your Roth IRA that exceeds the amount that you are eligible to contribute.
- C. **EXCESS ACCUMULATION PENALTY** – As previously described, your beneficiary(ies) is generally required to take certain required minimum distributions 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 Agreement used to establish this Roth IRA has been approved by the IRS. 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.
- B. **ADDITIONAL INFORMATION** – You may obtain further information on Roth 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](http://www.irs.gov) on the Internet.
- C. **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.
- D. **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 Roth IRA. Qualified distributions include Roth 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 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](http://www.irs.gov) on the Internet.
- E. **QUALIFIED RESERVIST DISTRIBUTIONS** – If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your Roth IRA and recontribute 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.