

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

Account Update

**Margin Application Amendment**

**1. Customer Information**

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

**2. Customer Profile**

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

**Primary Applicant's Employment Information** (Please specify if self-employed, unemployed, retired, homemaker, student or other):

Employer (If self-employed or retired, specify type of business.)	Occupation/Job Title	Business Telephone		
Employer's Address	City	State/Province	Country	Zip

**Co-Applicant's Employment Information** (Please specify if self-employed, unemployed, retired, homemaker, student or other):

Employer (If self-employed or retired, specify type of business.)	Occupation/Job Title	Business Telephone		
Employer's Address	City	State/Province	Country	Zip

**Customer Financial Information** (Combine Information for Joint Accounts)

**Financial Information - Primary Applicant**

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

Investment Experience (Include Years of Experience)	Annual Income <sup>1</sup> (From all Sources)	Net Worth <sup>2</sup> (Exclusive of Residence)	Liquid Net Worth <sup>3</sup> (Cash, Securities, etc.)	Federal Tax Rate
<input type="checkbox"/> Stocks _____	<input type="checkbox"/> Under \$25,000	<input type="checkbox"/> Under \$50,000	<input type="checkbox"/> If under \$50,000, please specify _____	<input type="checkbox"/> 10%
<input type="checkbox"/> Bonds _____	<input type="checkbox"/> \$25,000-\$49,999	<input type="checkbox"/> \$50,000-\$99,999	<input type="checkbox"/> \$50,000-\$99,999	<input type="checkbox"/> 12%
<input type="checkbox"/> Options _____	<input type="checkbox"/> \$50,000-\$99,999	<input type="checkbox"/> \$100,000-\$249,999	<input type="checkbox"/> \$100,000-\$249,999	<input type="checkbox"/> 22%
<input type="checkbox"/> Commodities _____	<input type="checkbox"/> \$100,000-\$249,999	<input type="checkbox"/> \$250,000-\$499,999	<input type="checkbox"/> \$250,000-\$499,999	<input type="checkbox"/> 24%
<input type="checkbox"/> Futures _____	<input type="checkbox"/> \$250,000-\$499,999	<input type="checkbox"/> \$500,000-\$999,999	<input type="checkbox"/> \$500,000-\$999,999	<input type="checkbox"/> 32%
<input type="checkbox"/> Mutual Funds _____	<input type="checkbox"/> \$500,000-\$999,999	<input type="checkbox"/> \$1,000,000-\$2,999,999	<input type="checkbox"/> \$1,000,000-\$2,999,999	<input type="checkbox"/> 35%
<input type="checkbox"/> Other (List) _____	<input type="checkbox"/> \$1,000,000-3,000,000	<input type="checkbox"/> \$3,000,000-\$50,000,000	<input type="checkbox"/> \$1,000,000-\$3,000,000	<input type="checkbox"/> 37%
	<input type="checkbox"/> Over \$3,000,000	<input type="checkbox"/> Over \$50,000,000	<input type="checkbox"/> Over \$3,000,000	

**Additional Customer Information** (Combine Information for Joint Accounts)

Annual Expenses <sup>4</sup> (Recurring)	Special Expenses <sup>5</sup> (Future/ Non-Recurring)	Description of Terms
<input type="checkbox"/> \$50,000 and under <input type="checkbox"/> \$50,001-100,000 <input type="checkbox"/> \$100,001-250,000 <input type="checkbox"/> \$250,001-500,000 <input type="checkbox"/> Over \$500,000	<input type="checkbox"/> \$50,000 and under <input type="checkbox"/> \$50,001-100,000 <input type="checkbox"/> \$100,001-250,000 <input type="checkbox"/> Over \$250,000	<p><b>1 Annual income</b> includes income from sources such as employment, alimony, social security, investment income, etc.</p> <p><b>2 Net worth</b> is the value of your assets minus your liabilities. For purposes of this application, assets include stocks, bonds, mutual funds, other securities, bank accounts, and other personal property. Do not include your primary residence among your assets. For liabilities, include any outstanding loans, credit card balances, taxes, etc. Do not include your mortgage.</p> <p><b>3 Liquid net worth</b> is your net worth minus assets that cannot be converted quickly and easily into cash, such as real estate, business equity, personal property and automobiles, expected inheritances, assets earmarked for other purposes, and investments or accounts subject to substantial penalties if they were sold or if assets were withdrawn from them.</p> <p><b>4 Annual expenses</b> might include mortgage payments, rent, long-term debts, utilities, alimony or child support payments, etc.</p> <p><b>5 Special expenses</b> might include a home purchase, remodeling a home, a car purchase, education, medical expenses, etc.</p>
The investments in this account will be: (Check one)	Timeframe for Special Expenses	
<input type="checkbox"/> Less than 1/3 of my financial portfolio <input type="checkbox"/> Roughly 1/3 to 2/3 of my financial portfolio <input type="checkbox"/> More than 2/3 of my financial portfolio	<b>Special Expense:</b> _____ <input type="checkbox"/> Within 2 years <input type="checkbox"/> 3-5 years <input type="checkbox"/> 6-10 years <input type="checkbox"/> 11 years or more	

**Customer Investment Objectives and Risk Tolerance**

Select the categories that best describe your investment objectives (and if joint that of any co-applicants) and the risk that you are willing to assume in this account. Different investment products and strategies involve different degrees of risk. The greater the expected returns of a product or strategy, the greater the risk that you could lose some or all of your investment. Investments should be chosen based on your objectives, timeframe, and tolerance for market fluctuations. (Note that a secondary investment objective is not required).

Select One Primary Investment Objective with Your Associated Risk Tolerance (Check one box only)				Select One Secondary Investment Objective with Your Associated Risk Tolerance (Check one box only)			
Capital Preservation	<input type="checkbox"/> Low	You may not choose a secondary investment objective if you select Capital Preservation.					
Income	<input type="checkbox"/> Low	<input type="checkbox"/> Moderate	<input type="checkbox"/> High	Income	<input type="checkbox"/> Low	<input type="checkbox"/> Moderate	<input type="checkbox"/> High
Growth		<input type="checkbox"/> Moderate	<input type="checkbox"/> High	Growth		<input type="checkbox"/> Moderate	<input type="checkbox"/> High
Speculation			<input type="checkbox"/> High	Speculation			<input type="checkbox"/> High

**3. Margin/Short Account Agreement** (Please read and Sign below if you wish to trade on margin.)

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

**MARGIN & SHORT ACCOUNT AGREEMENT**

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

- The terms and provisions of the Customer Agreement apply to accounts of HTS and the Broker/Dealers for which it clears. This provision of the Customer Agreement shall be considered supplementary to the Cash Account Agreement that you have signed. Except as specifically amended by the Customer Agreement, all the terms and conditions set forth in the Cash Account Agreement shall remain effective with respect to your margin account.
- One of the services provided, is to permit you to maintain a margin account and borrow money on marginable securities using credit extended by HTS. Not all securities are marginable. If you do not know whether the security you plan to purchase is marginable, please consult with your Financial Professional before you make the purchase.
- A margin account involves HTS extending credit to you based on the marginable securities in your account as collateral. Margin is the amount you pay when you use HTS's credit to purchase a security. At the time that you open a margin account, you must furnish your Financial Professional with the information required for all other accounts, as well as a signed Margin Agreement which contains loan terms and provisions, enabling HTS to pledge or lend securities carried for your account.
- Margin requirements are twofold. First, there is an initial margin requirement at the time of purchase; and second, there is a minimum margin equity that must be maintained in your account. In most cases, the minimum amount due initially is established by the Federal Reserve Board, in

accordance with Regulation T. This requirement is expressed as a percentage of the purchase price and it may change from time to time. For example, if the margin requirement is 50%, and you purchase a stock costing \$5,000.00 plus commission, you are only required to deposit 50% of that amount. Under Regulation T, your margin must be deposited into the account by settlement date. The balance due on the purchase will be loaned to you by HTS, and your account will be debited. You are required to pay interest on the amount advanced as you would on any other loan.

5. HTS holds the securities you buy as collateral for your debt. Although HTS retains your securities as collateral, you receive credit for all dividends or interest, and you may direct your Financial Professional to sell your stock, so long as your account is in good order. The settlement date for purchases and sales of most securities made in margin accounts is usually three (3) business days from the date of the transaction.
6. In addition to the initial margin requirements of the Federal Reserve Board, the NYSE requires a customer opening a margin account to have minimum initial equity of \$2,000 in the account. For example, if your initial purchase of stock costs \$2,400, you will have to deposit \$2,000 rather than \$1,200 which would be required by the Federal Reserve Board (assuming the Regulation T requirement is 50%).
7. The NYSE also sets minimum maintenance requirements. Under present Exchange rules, the margin that must be maintained in an account is 25% of the market value of all securities "long" in the account. The HTS minimum maintenance requirement is 30%. For other securities, such as bonds, there may be a somewhat higher or lower requirement, depending on the security. In accordance with the terms of the Margin Agreement, HTS can increase the margin maintenance requirement at any time, i.e., in cases where there is a lack of diversification in an account's collateral or a preponderance of low priced or infrequently traded securities. If the equity in your account falls below 30% due to a decline in the market value of your securities, it will be necessary for you to deposit additional marginable securities or make cash payment to reduce your indebtedness.
8. If your equity falls below the minimum maintenance requirement established by HTS, you will usually receive a margin call notice informing you of the additional collateral required to bring your account above the minimum level. Further, if HTS considers it necessary, HTS may require you to immediately deposit cash or collateral into your account prior to any applicable settlement date in order to assure due performance of your open contractual commitments. HTS does not have to grant a customer an extension on a margin call. If you fail to meet a margin call, HTS has the right to force the sale of any or all securities and other property in your account; buy any or all securities and other property which may be short in your account; cancel any or all open orders; and/or close any or all outstanding contracts to meet any obligations to HTS. This is at the discretion of HTS and may be done without further notice to or contact with you. HTS reserves the right to select the securities to be sold.  
In addition, market conditions may make it difficult for HTS to send you a margin call. The volatility of the market may require HTS to take immediate action without demand for additional collateral, or prior notice of sale or purchase, or other notice or advertisement, to protect HTS's interests. HTS can unilaterally force the sale of securities in a customer's account at anytime without being required to contact the customer. It should be noted that prior notices in the form of a margin call should not be construed as a waiver of HTS's right to take immediate action in your account to protect HTS's interests at some future date, without making a margin call.
9. It is important that you understand the nature of the debit balance in your account and how it is computed. A debit balance represents money that HTS has loaned to you. As previously noted, when you purchase securities on margin, you must pay the amount of money required by Regulation T and the balance of the purchase price is loaned to you by HTS. It is this loan portion which creates the debit balance and upon which interest is charged. Each additional purchase made on margin adds to your debit balance, and any other charge that is assessed against your account (including interest charges) increases your debit balance.

It is very important to understand that unlike in a cash account, you can lose more funds than deposited in your account if the value of your investments declines.

All securities which HTS may at any time be holding for you or which may be in HTS's possession are subject to a general lien for the discharge of your indebtedness and other obligations to HTS. This lien is equal to the amount of money that you owe HTS or your Financial Professional.

10. You authorize HTS to lend any securities or other property held by HTS in your margin account and to carry such property in HTS's customer loans. Such property may be pledged, repledged or hypothecated by HTS without notice to you, for equal or greater amounts due to HTS. HTS shall have no obligation to retain a like amount of similar securities or property.
11. HTS may loan out (to itself or others) the securities that collateralize your margin debit. If it does, you may not receive, with respect to securities that are lent, certain benefits that normally accrue to a securities owner, such as the ability to exercise voting rights, or to receive interest, dividends, or other distributions. Although you may receive substitute payments in lieu of distributions, these payments may not receive the same tax treatment as actual interest, dividends, or other distributions, and you may therefore incur additional tax liability for substitute payments. HTS may allocate substitute payments by lottery or in any other manner permitted by law, rule, or regulation. Please note that any substitute payments HTS makes are voluntary and may be discontinued at any time.
12. A short sale is a transaction in which you sell a security that you do not own. HTS borrows the security on your behalf for delivery to the purchaser. Prior approval is required on all short sales. There may be certain costs associated with the securities that HTS borrows on your behalf, and you agree to pay such costs, including all associated collection costs. You acknowledge and agree that such costs are determined by the party from which HTS borrows the security, HTS or your Financial Professional and are subject to change at any time. The credit generated by any short sale does not reduce your debit balance for the purpose of computing interest until the short position is covered, either by delivery of the security or by purchasing it. Always bear in mind that your short credit may be reduced substantially, or possibly lost altogether, when you cover your short position by purchasing the security. There are special margin requirements on a short sale. NYSE rules presently require for maintenance margin on short sales: (i) \$2.50 per share or 100% of the current market value, whichever is greater, of each stock short in the account selling at less than \$5 per share, or, (ii) \$5 per share; or 30% of the current market value, whichever is greater, of each stock short in the account selling at \$5 per share or above.
13. If the security that you sold short appreciates in market price over the selling price, interest will be charged on the appreciation in value. If the security that you sold short depreciates in market price, interest on any debit balance in your account is reduced in relation to the depreciation in value. The daily closing price is used to determine any appreciation or depreciation of the security sold short. This practice is known as "marking-to-the-market."  
The annual rate of interest which HTS charges on your debit balance is determined by HTS's cost of borrowing money and other factors. The rate is set at the discretion of HTS or your Financial Professional. When your Financial Professional sets the rate, you will receive an additional disclosure brochure from your Financial Professional. Your rate of interest may be changed automatically and without notice.
14. Interest on margin accounts is computed on the settled margin balance in your account. The annual rate of interest which will be charged on your settled margin balance may vary from the HTS Base Rate, depending on the amount of the settled debit balance in your account. Each day this interest is accumulated into a monthly total. The normal interest period ends on the last business day of the monthly statement cycle. Interest is computed by multiplying the daily debit balance by the daily interest rate (1/360 of the annual interest rate) times the number of days in the interest period. If during any interest period there is a change in interest rates, applicable to your account, separate computations will be made for each

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 interval in which there is a change in the rate during the interest period. When the rate changes during an interest period, interest will be calculated according to the number of days each interest rate is in effect during that period.

#### 4. Customer Signatures

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

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

**X** \_\_\_\_\_  
 Primary Applicant's Printed Name Date

**X** \_\_\_\_\_  
 Co-Applicant's Printed Name Date

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

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

Office#: \_\_\_\_\_ Financial Professional#: \_\_\_\_\_ Account#: \_\_\_\_\_

Customer Information Brochure Delivered: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Privacy Policy Delivered: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Form CRS Delivered: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

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

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

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

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