Coverdell Education Savings Account
Agreement and Disclosure Statement
HOW TO GET STARTED
TO ESTABLISH A HILLTOP SECURITIES INC. COVERDELL EDUCATION SAVINGS ACCOUNT (COVERDELL ESA)

• Complete and sign the Coverdell ESA Application. All beneficiary information including Social Security numbers should be completed.

• Submit the completed Coverdell ESA Application to your Account Executive.

• Enclose a check made payable to Hilltop Securities Inc. for the initial Education contribution, if applicable. Your check should reference which tax year the contribution should be credited.

1) CUSTODIAL FEES FOR STANDARD ASSETS

• Initial Set Up or Acceptance Fee No Charge
• Annual Maintenance Fee No Charge
• Spousal Annual Maintenance Fee No Charge
• Premature Distribution Fee No Charge
• Transfer See your Customer Information Brochure
• Termination Fee $25.00

The Custodial Fee Schedule for Standard Assets will apply to any Hilltop Securities Inc. IRA Account which is invested in widely held or publicly traded securities, such as Stocks, Bonds, Mutual Funds and/or Fixed Income instruments.

Revised (10/20/2015)
Form 5305-EA

Coverdell Education Savings Custodial Account

(Under Section 530 of the Internal Revenue Code)

Department of the Treasury
Internal Revenue Service

1.01 The custodian may accept additional cash contributions provided the designated beneficiary has not attained the age of 18 as of the date such contributions are made. Contributions by an individual contributor may be made for the tax year of the designated beneficiary by the due date of the beneficiary's tax return for that year (excluding extensions). Total contributions that are notrollover contributions described in section 530(d)(5) are limited to $2,000 for the tax year. In the case of an individual contributor, the $2,000 limitation for any year is phased out between modified adjusted gross income (AGI) of $85,000 and $110,000. For married individuals filing jointly, the phase-out occurs between modified AGI of $190,000 and $220,000. Modified AGI is defined in section 530(c)(2).

2.01 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 a common investment fund (within the meaning of section 530(b)(1)(D)).

3.01 Any balance to the credit of the Designated Beneficiary on the date on which he or she attains age 30 shall be distributed to him or her within 30 days of such date.

3.02 Any balance to the credit of the Designated Beneficiary shall be distributed within 30 days of his or her death unless the designated death beneficiary is a family member of the Designated Beneficiary and is under the age of 30 on the date of death. In such case, that family member shall become the Designated Beneficiary as of the date of death.

4.01 The Depositor shall have the power to direct the Custodian regarding the investment of the above-listed amount assigned to the custodial account (including earnings thereon) in the investment choices offered by the Custodian. The Responsible Individual, however, shall have the power to redirect the Custodian regarding the investment of such amounts, as well as the power to direct the Custodian regarding the investment of all additional contributions (including earnings thereon) to the custodial account. In the event that the Responsible Individual does not direct the Custodian regarding the investment of additional contributions (including earnings thereon), the initial investment direction of the Depositor also will govern all additional contributions made to the custodial account until such time as the responsible individual otherwise directs the Custodian. Unless otherwise provided in this agreement, the Responsible Individual shall have the power to direct the Custodian regarding the administration, management, and distribution of the account.

5.01 The "Responsible Individual" named by the Depositor shall be a parent or guardian of the Designated Beneficiary. The custodial account shall have only one Responsible Individual at any time. If the Responsible Individual becomes incapacitated or dies while the Designated Beneficiary is a minor under state law, the successor Responsible Individual shall be the person named to succeed in that capacity by the preceding Responsible Individual in a witnessed writing or, if no successor is so named, the successor Responsible Individual shall be the Designated Beneficiary's other parent or successor guardian. Unless otherwise directed by checking the option in the Adoption Agreement, at the time that the Designated Beneficiary attains the age of majority under state law, the Designated Beneficiary becomes the Responsible Individual. If a family member under the age of majority under state law becomes the Designated Beneficiary by reason of being a named death beneficiary, the Responsible Individual shall be such Designated Beneficiary's parent or guardian.

5.02 If elected in the Adoption Agreement, the Responsible Individual shall continue to serve as the Responsible Individual for the custodial account after the Designated Beneficiary attains the age of majority under state law and until such time as all assets have been distributed from the custodial account and the custodial account terminates. If the Responsible Individual becomes incapacitated or dies after the Designated Beneficiary reaches the age of majority under state law, the Responsible Individual shall be the Designated Beneficiary.

6.01 If elected in the Adoption Agreement the Responsible Individual may change the beneficiary designated under this agreement to another member of the Designated Beneficiary's family described in section 529(e)(2) in accordance with the Custodian's procedures.

7.01 The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 530(h).

7.02 The Custodian agrees to submit to the Internal Revenue Service (IRS) and Responsible Individual the reports prescribed by the IRS.

8.01 Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III will be controlling. Any additional articles inconsistent with section 530 and the related regulations will be invalid.

9.01 This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the Depositor and Custodian whose signatures appear on the Adoption Agreement.

10.01 Applicable Law: This Custodial Agreement shall be governed by the laws of the state where the Custodial Account has its situs. The term Designated Beneficiary shall also include the Depositor, Responsible Individual and Death Beneficiary, where applicable.

10.02 Annual Accounting: The Custodian shall, at least annually, provide the Designated Beneficiary (or the Responsible Individual, if applicable) with an accounting of such Designated Beneficiary's account. Such accounting shall be deemed to be accepted by the Designated Beneficiary, if the Designated Beneficiary (or Responsible Individual) does not object in writing within 60 days after the mailing of such accounting.

10.03 Amendment: The Depositor, Designated Beneficiary and Responsible Individual irrevocably delegates to the Custodian the right and power to amend this Custodial Agreement. Except as hereafter provided, the Custodian will give the Designated Beneficiary (or Responsible Individual) 30 days prior written notice of any amendment. In case of a retroactive amendment required by law, the Custodian will provide written notice to the Designated Beneficiary (or Responsible Individual) of the amendment within 30 days after the amendment is made, or if later, by the time that notice of the amendment is required to be given under regulations or other guidance provided by the IRS. The Depositor, Designated Beneficiary and Responsible Individual shall be deemed to have consented to any such amendment unless the Designated Beneficiary (or Responsible Individual)
10.04 Resignation and Removal of Custodian:
(a) The Trustee may resign and appoint a successor trustee or custodian to serve under this agreement or under another governing agreement selected by the successor trustee or custodian by giving the Depositor written notice at least 30 days prior to the effective date of such resignation and appointment, which notice shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and the related disclosure statement. The Depositor shall then have 30 days from the date of such notice to either request a distribution of the entire account balance or designate a different successor trustee or custodian and notify the Custodian of such designation. If the Depositor does not request distribution of the account balance or notify the Custodian of the designation of a different successor trustee or custodian within such 30 day period, the Depositor shall be deemed to have consented to the appointment of the successor trustee or custodian and the terms of any new governing instrument, and neither the Depositor nor the successor shall be required to execute any written document to complete the transfer of the account to the successor trustee or custodian. The successor trustee or custodian may rely on any information, including beneficiary designations, previously provided by the Depositor to the Custodian.
(b) The Depositor may at any time remove the Custodian and replace the Custodian with a successor trustee or custodian of the Depositor’s choice by giving 30 days notice of such removal and replacement. The Custodian shall then deliver the assets of the account as directed by the Depositor. However, the Custodian may retain a portion of the assets of the ESA as a reserve for payment of any anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor trustee or custodian upon satisfaction of such fees and expenses.
(c) The Custodian may resign and demand that the Depositor appoint a successor trustee or custodian of this ESA by giving the Depositor written notice at least 30 days prior to the effective date of such resignation. The Depositor shall then have 30 days from the date of such notice to designate a successor trustee or custodian, notify the Custodian of the name and address of the successor trustee or custodian, and provide the Custodian with a successor trustee or custodian of this ESA. The Custodian shall then deliver the assets of the account as directed by the Depositor.

10.05 Custodian’s Fees and Expenses:
(a) The Depositor, Designated Beneficiary and Responsible Individual agree that the Custodian shall be entitled to receive any and all fees specified in the Custodian’s current published fee schedule for establishing and maintaining this Coverdell ESA, including, but not limited to, any fees for distributions from, transfers to, and terminations of this Coverdell ESA. The Custodian may change its fee schedule at any time by giving the Designated Beneficiary (or Responsible Individual) 30 days prior written notice.
(b) The Depositor, Designated Beneficiary and Responsible Individual agree that the Custodian shall be entitled to reimbursement for any expenses incurred by the Custodian in the performance of its duties in connection with the account. Such expenses include, but are not limited to, administrative expenses, such as legal and accounting fees, and any taxes of any kind whatsoever that may be levied or assessed with respect to such account.
(c) All such fees, taxes, and other administrative expenses charged to the account shall be collected either from the assets in the account or from any contributions to or distributions from such account if not paid by the Depositor, Designated Beneficiary or Responsible Individual, but the Depositor, Designated Beneficiary and Responsible Individual shall be responsible for any deficiency.
(d) In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the Custodial Funds, the Custodian reserves the right to withhold any payment from the Custodial Account, to request a court ruling to determine the disposition of the Custodial assets, and to charge the Custodial Account for any expenses incurred in obtaining such legal determination.

10.06 Withdrawal Requests: All requests for withdrawal, distribution, or payment from the account shall be in writing on a form provided and accepted by the Custodian. Such written request must also specify the reason for the withdrawal, distribution, or payment and the desired method or form of withdrawal, payment, or distribution.

10.07 Responsibilities: The Depositor, Designated Beneficiary and Responsible Individual represent that all information and instructions given to the Custodian by the Depositor, Designated Beneficiary and Responsible Individual is complete and accurate and that the Custodian shall have no responsibility for any incomplete or inaccurate information provided by the Depositor, Designated Beneficiary or Responsible Individual. The Depositor, Designated Beneficiary and Responsible Individual agree to be responsible for all tax consequences arising from contributions to and distributions from this Custodial Account and acknowledges that no tax advice has been provided by the Custodian.

10.08 Change of Designated Beneficiary:
(a) If elected in the Adoption Agreement, while the Designated Beneficiary is a minor or otherwise lacks legal capacity, the Responsible Individual may at any time change the Designated Beneficiary for this Coverdell ESA to any member of the family under the age of 30 of the original Designated Beneficiary or direct the Custodian to roll over or transfer the funds in this Coverdell ESA to a Coverdell ESA for any member of the family under the age of 30 of the original Designated Beneficiary. If elected in the Adoption Agreement, when the Designated Beneficiary has legal capacity, the Designated Beneficiary may at any time change the Designated Beneficiary for this Coverdell ESA to any member of the family under the age of 30 of the original Designated Beneficiary or direct the Custodian to roll over or transfer the funds in this Coverdell ESA to a Coverdell ESA for any member of the family under the age of 30 of the original Designated Beneficiary.
(b) Any change of Designated Beneficiary under this Coverdell ESA agreement shall not be treated as a distribution, if the new Designated Beneficiary is a Member of the Family (as defined under section 10.10) and such new Designated Beneficiary has not attained the age of 30, as of the date of such change.
(b) Notwithstanding Section 3.01, a new Designated Beneficiary may be named within 30 days after the Designated Beneficiary attains the age of 30.

10.09 Designated Beneficiary’s Minority or Incapacity: The following provisions apply while the Designated Beneficiary is a minor or lacks legal capacity:
(a) The Responsible Individual shall have, to the exclusion of the Designated Beneficiary, all of the rights, powers, and responsibilities granted to the Designated Beneficiary under this Custodial Agreement, including, without limitation, the right to receive accountings and notices of
amendment and resignation, the power to remove and replace the Custodian, the power to direct investments, the power to request withdrawals, distributions, and payments, and the power to direct a rollover or transfer to the trustee or custodian of a Coverdell ESA for the Designated Beneficiary or another member of the family of the Designated Beneficiary.

In the event the Responsible Individual dies, becomes disabled, or otherwise fails or refuses to act and no successor Responsible Individual has been appointed, or no duly appointed Responsible Individual is willing or able to serve, then a parent of the Designated Beneficiary or the legal guardian or conservator of the estate of the Designated Beneficiary may appoint a Responsible Individual in writing on a form acceptable to and filed with the Custodian.

10.10 Member of the Family: The term "member of the family of the Designated Beneficiary" includes the Designated Beneficiary's: spouse, children, grandchildren, sibling, parent, niece or nephew, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; and spouses of the foregoing. A first cousin, but not his or her spouse, is also a family member.

10.11 Designated Death Beneficiary: In accordance with Article 3.02 of this Agreement and if permitted by the Custodian, the Depositor, Designated Beneficiary or Responsible Individual shall have the right to name a Designated Death Beneficiary(ies) on a form provided by and acceptable to the Custodian. In the event of the Designated Beneficiary's death, such Designated Death Beneficiary(ies) shall be entitled to the remaining interest in the account. If any such Designated Death Beneficiary is not a member of the family (as defined in Article 10.10 of this Agreement), the remaining balance in the account shall be distributed to the Designated Beneficiary's family, or a corporation controlled by any Designated Beneficiary through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or of 50 percent or more of the total value of shares of all classes of stock of such corporation.

11.01 Investment of Contributions: At the direction of the Designated Beneficiary (or the direction of the Depositor or the Responsible Individual, whichever applies) the Custodian shall invest all contributions to the account and earnings thereon in investments acceptable to the Custodian, which may include marketable securities traded on a recognized exchange or "over the counter" (excluding any securities issued by the Custodian), covered call options, certificates of deposit, and other investments to which the Custodian consents, in such amounts as are specifically selected and specified in orders to the Custodian in such form as may be acceptable to the Custodian, without any duty to diversify and without regard to whether such property is authorized by the laws of any jurisdiction as a custodial account investment. The Custodian shall be responsible for the execution of such orders and for maintaining adequate records thereof. However, if any such orders are not received as required, or, if received, are unclear in the opinion of the Custodian, all or a portion of the contribution may be held under liability for loss of income or appreciation, and without liability for interest pending receipt of such orders or clarification, or the contribution may be returned. The Custodian may, but need not, establish programs under which cash deposits in excess of a minimum set by it will be periodically and automatically invested in interest-bearing investment funds. The Custodian shall have no duty other than to follow the written investment directions of the Designated Beneficiary (or the Depositor or Responsible Individual), and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Designated Beneficiary.

11.02 Registration: All assets of the account shall be registered in the name of the Custodian or of a suitable nominee. The same nominee may be used with respect to assets of other investors whether or not held under agreements similar to this one or in any capacity whatsoever. However, each Designated Beneficiary's account shall be separate and distinct; a separate account therefor shall be maintained by the Custodian, and the assets thereof shall be held by the Custodian in individual or bulk segregation either in the Custodian's vaults or in depositories approved by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

11.03 Investment Advisor: The Designated Beneficiary (or Depositor or Responsible Individual) may appoint an Investment Advisor, qualified under Section 3(38) of the Employee Retirement Income Security Act of 1974, to direct the investment of this Coverdell ESA. The Designated Beneficiary shall notify the Custodian in writing of any such appointment by providing the Custodian a copy of the instruments appointing the Investment Advisor and evidencing the Investment Advisor's acceptance of such appointment, an acknowledgement by the Investment Advisor that it is a fiduciary of the account, and a certificate evidencing the Investment Advisor's current registration under the Investment Advisor's Act of 1940. The Custodian shall comply with any investment directions furnished to it by the Investment Advisor, unless and until it receives written notification from the Designated Beneficiary, Depositor or Responsible Individual that the Investment Advisor's appointment has been terminated. The Custodian shall have no duty other than to follow the written investment directions of such Investment Advisor and shall be under no duty to question said instructions, and the Custodian shall not be liable for any investment losses sustained by the Designated Beneficiary.

11.04 No Investment Advice: The Custodian does not assume any responsibility for rendering advice with respect to the investment and reinvestment of this Coverdell ESA and shall not be liable for any loss which results from the Designated Beneficiary's exercise of control over his account. The Custodian and Designated Beneficiary (or Depositor or Responsible Individual) may specifically agree in writing that the Custodian shall render such advice, but the Designated Beneficiary, Depositor or Responsible Individual shall still have and exercise exclusive responsibility for control over the investment of the assets of the account, and the Custodian shall not have any duty to question investment directives.

11.05 Prohibited Transactions: Notwithstanding anything contained herein to the contrary, the Custodian shall not lend any part of the corpus or income of the account to; pay any compensation for personal services rendered to the account to; make any part of its services available on a preferential basis to; acquire for the account any property, other than cash, from; or sell any property to, any Designated Beneficiary, any member of a Designated Beneficiary's family, or a corporation controlled by any Designated Beneficiary through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or of 50 percent or more of the total value of shares of all classes of stock of such corporation.

11.06 Unrelated Business Income Tax: If the Designated Beneficiary, Depositor or Responsible Individual directs investment of the account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Designated Beneficiary, Depositor or Responsible Individual to so advise the Custodian and to provide the Custodian with all information necessary to prepare and file any required returns or reports for the account. As the Custodian may deem necessary, and at the Designated Beneficiary's (or Depositor's or Responsible Individual's) expense, the Custodian may request a taxpayer identification number for the account, file any returns, reports, and applications for extension, and pay any taxes or estimated taxes owed with respect to the account. The Custodian may retain suitable accountants, attorneys, or other agents to assist it in performing such responsibilities.

11.07 Disclosures and Voting: The Custodian shall deliver, or cause to be executed and delivered, to the Designated Beneficiary, Depositor or Responsible Individual all notices, prospectuses, financial statements, proxies and proxy soliciting materials relating to assets credited to the account. The Custodian shall not vote any shares of stock or take any other action, pursuant to such documents, with respect to such assets except upon receipt by the Custodian of adequate written instructions from Designated Beneficiary, Depositor or Responsible Individual.
11.08 **Miscellaneous Expenses:** In addition to those expenses set out in Section 10.05 of this plan, the Designated Beneficiary, Depositor or Responsible Individual agrees to pay any and all expenses incurred by the Custodian in connection with the investment of the account, including expenses of preparation and filing any returns and reports with regard to unrelated business income, including taxes and estimated taxes, as well as any transfer taxes incurred in connection with the investment or reinvestment of the assets of the account.

11.09 **Nonbank Custodian Provision:** If the Custodian is a nonbank custodian, the Designated Beneficiary, Depositor or Responsible Individual shall substitute another trustee or custodian in place of the Custodian upon receipt of notice from the Commissioner of the Internal Revenue Service or his delegate that such substitution is required because the Custodian has failed to comply with the requirements of Income Tax Regulations Section 1.408-2(e), or is not keeping such records, making such returns, or rendering such statements as are required by applicable law, regulations, or other rulings. The successor trustee or custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury pursuant to Section 408(a)(2) of the Code. Upon receipt by the Custodian of written acceptance by its successor of such successor’s appointment, Custodian shall transfer and pay over to such successor the assets of the account (less amounts retained pursuant to Section 10.04 of the Custodial Agreement) and all records (or copies thereof) of the Custodian pertaining thereto, provided that the successor trustee or custodian agrees not to dispose of any such records without the Custodian’s consent.

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### General Instructions

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

#### Purpose of Form

Form 5305-EA is a model custodial account agreement that meets the requirements of section 530(b)(1) and has been pre-approved by the IRS. A Coverdell education savings account (ESA) is established after the form is fully executed by both the Depositor and the Custodian. This account must be in the United States for the exclusive purpose of paying the qualified elementary, secondary, and higher education expenses of the Designated Beneficiary.

If the model account is a trust account, see Form 5305-E, Coverdell Education Savings Trust Account.

Do not file Form 5305-EA with the IRS. Instead, the Depositor must keep the completed form in its records.

#### Definitions

**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. Any person who may serve as a Custodian of a traditional IRA may serve as the Custodian of a Coverdell ESA.

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

**Designated Beneficiary.** The Designated Beneficiary is the individual on whose behalf the custodial account has been established.

**Family member.** Family members of the Designated Beneficiary include his or her spouse, child, grandchild, sibling, parent, niece or nephew, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law, and the spouse of any such individual. A first cousin, but not his or her spouse is also a “family member”.

**Responsible Individual.** The Responsible Individual, generally, is a parent or guardian of the Designated Beneficiary. However, under certain circumstances, the Responsible Individual may be the Designated Beneficiary.

#### Identification Numbers

The Depositor and Designated Beneficiary’s social security numbers will serve as their identification numbers. If the Depositor is a nonresident alien and does not have an identification number, write “Foreign” in the block where the number is requested. The Designated Beneficiary’s social security number is the identification number of his or her Coverdell ESA. If the Designated Beneficiary is a nonresident alien, the Designated Beneficiary’s individual taxpayer identification number is the identification number of his or her Coverdell ESA. An employer identification number (EIN) is required only for a Coverdell ESA for which a return is filed to report unrelated business income. An EIN is required for a common fund created for Coverdell ESAs.

#### Specific Instructions

**Note:** The age limitation restricting contributions, distributions, rollover contributions, and change of beneficiary are waived for a designated beneficiary with special needs.

**Article X.** Article X and any that follow may incorporate additional provisions that are agreed to by the Depositor and Custodian to complete the agreement. They may include, for example, provisions relating to: definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the Custodian, Custodian’s fees, state law requirements, treatment of excess contributions, and prohibited transactions with the Depositor, Designated Beneficiary, or Responsible Individual, etc. Attach additional pages as necessary.

**Optional provisions in Article V and Article VI.** Form 5305-EA may be reproduced in a manner that provides only those optional provisions offered by the Custodian.
Coverdell Education Savings Accounts (Coverdell ESAs) were established under the Taxpayer Relief Act effective in 1998. This type of account was originally called an Education Individual Retirement Account and the annual contribution limit per Designated Beneficiary for 1998 through 2001 was $500. Effective for contributions made for tax year 2002, the annual contribution limit is increased to $2,000 per Designated Beneficiary. The Economic Growth and Tax Relief Reconciliation Act increased the annual contribution limit, as well as made other important changes that are described in the following questions and answers.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended the changes made to Coverdell ESAs under EGTRRA through 2012. Amounts deposited in the account grow tax-free until distributed, and the Designated Beneficiary will not owe tax on any withdrawal from the account if the Designated Beneficiary's qualified education expenses at an eligible educational institution for the year equal or exceed the amount of the withdrawal. If the Designated Beneficiary does not need the money for educational purposes, the account balance can be rolled over to a Coverdell ESA of certain family members who can use it for their education. Amounts withdrawn from a Coverdell ESA that exceed the Designated Beneficiary's qualified education expenses in a taxable year are generally subject to income tax and an additional tax of 10 percent.

There are potentially three (or more) parties involved in the establishment of, making contributions to, and directing distributions from the account. These parties are referred to in the following questions and answers, and include the:

**Depositor:** The Depositor is the initial contributor who establishes the Coverdell ESA by executing the Adoption Agreement and who contributes the initial contribution. Subsequent contributions to the account may be made by the original Depositor or by other eligible contributors. The Depositor may also be the Designated Beneficiary and/or the Responsible Individual.

**Designated Beneficiary:** The Designated Beneficiary is the individual for whose benefit the Coverdell ESA is established. Except for "special needs designated beneficiaries", no contribution can be made after the Designated Beneficiary's 18th birthday. The Designated Beneficiary may also be the Depositor and/or the Responsible Individual.

**Responsible Individual:** The Responsible Individual is the individual who generally controls all decisions regarding the account, including authorizing payments from the account. There can be only one Responsible Individual at any time and generally must be a parent or legal guardian of the Designated Beneficiary. However, in certain cases the Designated Beneficiary may automatically become his or her own Responsible Individual. The Responsible Individual may also be the Depositor.

Q1: **What is a Coverdell Education Savings Account (Coverdell ESA)?**
A1: A Coverdell ESA is a trust or custodial account that is created or organized in the United States exclusively for the purpose of paying the qualified education expenses of the Designated Beneficiary of the account. The account must be designated as a Coverdell ESA when it is created in order to be treated as a Coverdell ESA for tax purposes.

Q2: **For whom may a Coverdell ESA be established?**
A2: A Coverdell ESA may be established for the benefit of any child under the age of 18. Contributions to a Coverdell ESA is not permitted after the Designated Beneficiary reaches his/her 18th birthday.

Q3: **Where may an individual open a Coverdell ESA?**
A3: An individual may open a Coverdell ESA with any bank, or other financial institution that has been approved to serve as a nonbank trustee or custodian of an individual retirement account (IRA), and the bank or entity is offering Coverdell ESAs.

Q4: **When may a taxpayer start contributing to a Coverdell ESA?**
A4: A taxpayer may start making contributions on January 1, 1998, or at any time thereafter.

Q5: **How much may be contributed to a Coverdell ESA on behalf of a Designated Beneficiary?**
A5: For tax years 1998 through 2001, the maximum contribution limit per year was $500 in aggregate contributions made for the benefit of any Designated Beneficiary. For tax year 2002 and thereafter, the maximum contribution limit per year is $2,000 in aggregate contributions made for the benefit of any Designated Beneficiary. Contributions may be made into a single Coverdell ESA or into multiple Coverdell ESAs for the benefit of any one Designated Beneficiary.

Q6: **What happens if more than the maximum annual contribution limit is contributed to a Coverdell ESA on behalf of a Designated Beneficiary for a particular calendar year?**
A6: Aggregate contributions for the benefit of any one Designated Beneficiary in excess of annual limit for a particular calendar year are treated as excess contributions. If the excess contributions (and any earnings attributable to them) are not withdrawn from the ESA that received the excess contribution by May 31st of the calendar year following the calendar year in which the excess was made, the excess contribution is subject to a 6 percent excise tax for each year the excess amount remains in the account. If the excess contributions (and any earnings) are timely withdrawn, no 6 percent excise tax applies. However, any earnings distributed in such a corrective distribution will be taxable to the Designated Beneficiary, but no 10% additional tax applies to the earnings.

Q7: **May contributions other than cash be made to a Coverdell ESA?**
A7: No. Coverdell ESAs are permitted to accept contributions made in cash only.

Q8: **May contributors take a deduction for contributions made to a Coverdell ESA?**
A8: No. Contributions to a Coverdell ESA are not deductible. Therefore, contributions to a Coverdell ESA create "basis" in the account. This means that any distributions that are not used for qualified education expenses are taxable only with respect to any earnings on the contributions.
Q9: Are there any restrictions on who can contribute to a Coverdell ESA?

A9: Any individual may contribute to a Coverdell ESA if the individual's modified adjusted gross income for the taxable year for which the contribution is made is no more than $95,000 ($190,000 for married taxpayers filing jointly). For purposes of this section, "modified AGI" means the AGI of the taxpayer for the taxable year increased by amounts excluded from gross income under sections 911 (foreign earned income); 931 (income from Guam, American Samoa, or Northern Mariana Islands); and 933 (income from Puerto Rico). The maximum annual contribution per Designated Beneficiary is gradually reduced for individuals with modified adjusted gross income between $95,000 and $110,000 (between $190,000 and $220,000 for married taxpayers filing jointly).

For example, an unmarried taxpayer with modified adjusted gross income of $96,500 could make a maximum contribution for the year per Designated Beneficiary of $1,800 ($110,000 - $96,500 X .1333 = $1,800). A married individual filing jointly with modified adjusted gross income of $215,000 could make a maximum contribution for the year per Designated Beneficiary of $350 ($220,000 - $215,000 X .07 = $350). Taxpayers with modified adjusted gross income above $110,000 ($220,000 for married taxpayers filing jointly) cannot make contributions to anyone's Coverdell ESA.

Q10: May a Designated Beneficiary contribute to his/her own Coverdell ESA?

A10: Yes.

Q11: Does a taxpayer have to be related to the Designated Beneficiary in order to contribute to the Designated Beneficiary's Coverdell ESA?

A11: No.

Q12: Can entities make contributions to the Designated Beneficiary's Coverdell ESA?

A12: Yes. Any entity can make contributions to the Designated Beneficiary's Coverdell ESA without regard to such entity's adjusted gross income. For example, Century Computer Services, Inc. decides to make Coverdell ESA contributions on behalf of any child under the age of 18 of their employees in the amount of $500. Century Computer Services, Inc. qualifies as a contributor regardless of the company's adjusted gross income, but the company cannot take a deduction for such contributions. Also, other contributions up to $1,500 could be made into the same Coverdell ESA or another Coverdell ESA on behalf of any one these employees' children.

Q13: Is the contributor to a Coverdell ESA required to have compensation or earned income in order to make contributions?

A13: No. The contributor (whether an individual or an entity) is not required to have earned income or compensation.

Q14: What is the deadline for making contributions to a Coverdell ESA for a particular tax year?

A14: Beginning for contributions made for tax year 2002, the deadline to make contributions is the tax filing deadline for such year not including extensions. Thus, in most cases, the deadline to make contributions for a tax year is the following April 15th. The contributor should designate in writing to the trustee or custodian the tax year for which the contribution is being made.

Q15: Are there any special reporting requirements for a Coverdell ESA?

A15: Yes. The trustee or custodian will issue an annual Form 5498-ESA to the IRS and to the Designated Beneficiary reporting contributions made for the tax year, and any rollover contributions or transfers received during the tax year. The trustee or custodian will also issue Form 1099-Q to the IRS and to the Designated Beneficiary whenever distributions or transfers are paid from the account. The Designated Beneficiary is responsible for determining whether or not a distribution is taxable and to file Form 5329 with the IRS if excess contributions have been made to the account or if distributions were made that exceed the qualified education expenses for the year. If a rollover or transfer is made from the Coverdell ESA of one Designated Beneficiary to another eligible family member of the Designated Beneficiary, certain statements must be attached to the tax returns of both the original Designated Beneficiary and the eligible family member to which the account was rolled over or transferred (see Form 1040 instructions). Taxable distributions from a Coverdell ESA are included in gross income on the "Other Income" line of Form 1040. The trustee or custodian is not required to report the taxable amount of any distribution from the ESA, except for earnings that are distributed on a returned contribution. Instead, the trustee or custodian will report the December 31st fair market value on Form 1099-Q. The Designated Beneficiary will use the worksheet in IRS Publication 970 to figure the earnings, basis and taxable amount of any ESA distributions.

Q16: How many Coverdell ESAs may a Designated Beneficiary have?

A16: There is no limit on the number of Coverdell ESAs that may be established for a particular Designated Beneficiary. However, for any given taxable year the total aggregate contributions to all the accounts for a particular Designated Beneficiary may not exceed the annual contribution limit described in Q & A 5.

Q17: May a Designated Beneficiary take a tax-free withdrawal from a Coverdell ESA to pay qualified education expenses if the Designated Beneficiary is enrolled less than full-time at an eligible educational institution?

A17: Yes. Whether the Designated Beneficiary is enrolled full-time, half-time, or less than half-time, he/she may take a tax-free withdrawal to pay qualified education expenses.

Q18: What happens when a Designated Beneficiary withdraws assets from a Coverdell ESA to pay for qualified education expenses?

A18: Generally, the withdrawal is tax-free to the Designated Beneficiary to the extent the amount of the withdrawal does not exceed the Designated Beneficiary's qualified education expenses.

Q19: What are "qualified education expenses"?

A19: "Qualified education expenses" mean qualified higher education expenses for tuition, fees, books, supplies, and equipment required for the enrollment or attendance of the Designated Beneficiary at an eligible educational institution. Qualified higher education expenses also include room and board (generally the school's posted room and board charge, or $2,500 per year for students living off-campus and not at home) if the
Designated Beneficiary is at least a half-time student at an eligible educational institution. A student will be considered to be enrolled at least half-time if the student is enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled.

The standards for determining whether a student is enrolled at least half-time are the same as those used for the Hope Scholarship Credit. A student is eligible for the Hope Scholarship Credit if: (1) for at least one academic period (e.g., semester, trimester, quarter) beginning during the calendar year, the student is enrolled at least half-time in a program leading to a degree, certificate, or other recognized educational credential and is enrolled in one of the first two years of postsecondary education, and (2) the student is free of any conviction for a Federal or State felony offense consisting of the possession or distribution of a controlled substance. For purposes of the Hope Scholarship Credit, a student will be considered to be enrolled at least half-time if the student is enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled. The institution’s standard for a full-time workload must equal or exceed the standards established by the Department of Education under Higher Education Act and set forth in 34 CFR 674.2(b).

Beginning in 2002, qualified education expenses also include qualified elementary and secondary education expenses for tuition, fees, academic tutoring, special needs services in the case of a special needs beneficiary, books, supplies, and other equipment which are incurred in connection with the enrollment or attendance of the Designated Beneficiary as an elementary or secondary school student at a public, private or religious school.

Such expenses also include room and board, uniforms, transportation, and supplementary items and services (including extended day programs) which are required or provided by a public, private or religious school in connection with such enrollment or attendance, and expenses for the purchase of any computer technology or equipment or Internet access and related services, if such technology, equipment, or services are to be used by the Designated Beneficiary and the Designated Beneficiary’s family during any of the years the Designated Beneficiary is in school.

Qualified education expenses also include amounts contributed to a qualified state tuition program. Also, qualified education expenses are reduced by any amount provided by scholarship, educational assistance allowance, or any other payment (other than a gift or bequest) which is excludable from gross income under any law of the United States.

Q20: What is an eligible educational institution?
A20: For purposes of qualified higher education expenses, an eligible educational institution is any college, university, vocational school, or other postsecondary educational institution that is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) and, therefore, eligible to participate in the student aid programs administered by the Department of Education. This category includes virtually all accredited public, nonprofit, and proprietary postsecondary institutions. (The same eligibility requirements for institutions apply for the Hope Scholarship Credit, the Lifetime Learning Credit, and early withdrawals from IRAs for qualified higher education expenses).

For purposes of elementary and secondary education expenses, an eligible education institution means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under state law.

Q21: What happens if a Designated Beneficiary withdraws an amount from a Coverdell ESA but does not have any qualified education expenses to pay in the taxable year he/she makes the withdrawal?
A21: Generally, if a Designated Beneficiary withdraws an amount from a Coverdell ESA and does not have any qualified education expenses during the taxable year, a portion of the distribution is taxable. The taxable portion is the portion that represents earnings that have accumulated tax-free in the account. The taxable portion of the distribution is also subject to a 10 percent additional tax unless an exception applies. Form 5329 is required to be filed with the IRS by the Designated Beneficiary. The 10 percent additional tax does not apply to distributions made: (1) to a death beneficiary (or to the estate of the Designated Beneficiary) after the death of the Designated Beneficiary; (2) attributable to the Designated Beneficiary become disabled within the meaning of section 72(m)(7) of the Internal Revenue Code; or (3) made on account of a scholarship, allowance or payment to the extent such payment or distribution does not exceed the amount of such scholarship, allowance or payment.

Q22: Is a distribution from a Coverdell ESA taxable if the distribution is contributed to another Coverdell ESA?
A22: Any amount distributed from a Coverdell ESA and rolled over to another Coverdell ESA for the benefit of the same Designated Beneficiary or certain members of the Designated Beneficiary's family is not taxable. An amount is rolled over if it is paid to another Coverdell ESA on a date within 60 days after the date of the distribution. Members of the Designated Beneficiary's family include the Designated Beneficiary's spouse, children, grandchildren, sibling, parent, niece or nephew, son-in-law, daughter-in-law, father-in-law, mother-in-law, or sister-in-law, and the spouse of any such individual. A first cousin, but not his or her spouse is also a family member of the Designated Beneficiary. The annual contribution limit to Coverdell ESAs does not apply to these rollover contributions. For example, an older brother who has $5,000 left in his Coverdell ESA after he no longer needs the account for education purposes can roll over the full $5,000 balance to a Coverdell ESA for his younger sister who is still in high school without paying any tax on the transfer or rollover. The eligible family member to whose Coverdell ESA such amount is rolled over or transferred must be under the age of 30. Only one rollover between Coverdell ESAs is permitted during a 12-month period.

Q23: What happens to the assets remaining in a Coverdell ESA after the Designated Beneficiary finishes his/her education?
A23: There are two options. The amount remaining in the account may be withdrawn for the Designated Beneficiary. The Designated Beneficiary will be subject to both income tax and the additional 10 percent tax on the portion of the amount withdrawn that represents earnings if the Designated Beneficiary does not have any qualified education expenses in the same taxable year he/she makes the withdrawal. Alternatively, if the amount in the Designated Beneficiary’s Coverdell ESA is withdrawn and rolled over (or transferred) to another Coverdell ESA for the benefit of an eligible member of the Designated Beneficiary’s family, the amount rolled over or transferred will not be taxable.

Q24: Rather than rolling over money from one Coverdell ESA to another, may the Designated Beneficiary of the account be changed from one Designated Beneficiary to another without triggering a tax?
A24: Yes, provided: (1) the terms of the particular trust or custodial account permit a change in designated beneficiaries, and (2) the new Designated Beneficiary has not attained age 30 and is a member of the previous Designated Beneficiary’s family.

Q25: May a student or the student’s parents claim the Hope Scholarship Credit or Lifetime Learning Credit for the student’s expenses in a taxable year in which the student receives money from a Coverdell ESA on a tax-free basis?
A25: Yes, effective for tax year 2002. If a student is receiving a tax-free distribution from a Coverdell ESA in a particular taxable year (beginning in 2002), the student’s expenses may generally be claimed as the basis for a Hope Scholarship Credit or Lifetime Learning Credit for that same year, provided however that the distributed amount from the Coverdell ESA is not used for the same educational purposes as the tax credit.
Q26: May contributions be made to both a qualified state tuition program and a Coverdell ESA on behalf of the same Designated Beneficiary in the same taxable year?

A26: Yes, beginning in tax year 2002. The excise tax prohibiting contributions to both a Coverdell ESA and a qualified state tuition program was repealed for 2002 and forward. Therefore, contributions may be made to a Coverdell ESA on behalf of a Designated Beneficiary during the same taxable year in which any contributions are made to a qualified state tuition program on behalf of the same Designated Beneficiary. However, if distributions from a Coverdell ESA and a qualified state tuition program exceed the Designated Beneficiary's qualified education expenses for the year, the Designated Beneficiary is required to allocate the expenses between the distributions to determine the amount includible in gross income, if any.

Q27: What happens to the assets remaining in the Coverdell ESA after the death of the Designated Beneficiary?

A27: Generally within 30 days after the death of the Designated Beneficiary, distribution is made to the Designated Beneficiary's estate; or the Responsible Individual may change the name of the Designated Beneficiary to an eligible family member under the age of 30 of the original Designated Beneficiary, if the agreement permits. Alternatively, if the agreement permits the naming of a Designated Death Beneficiary, any remaining balance in the account on the date of death of the Designated Beneficiary shall become payable to such Designated Death Beneficiary. If the Designated Death Beneficiary is not an eligible family member of the Designated Beneficiary, the entire balance must be distributed within 30 days of the death of the Designated Beneficiary. If the Designated Death Beneficiary is an eligible family member of the Designated Beneficiary, the entire balance may be rolled over or transferred tax free to a Coverdell ESA on behalf of such Designated Death Beneficiary. Any distributions paid after the date of death of the Designated Beneficiary are taxable to the extent such distribution represents earnings, unless the account is rolled over or transferred to a Coverdell ESA on behalf of an eligible family member of the Designated Beneficiary.

Q28: What happens to the assets remaining in the Coverdell ESA after the Designated Beneficiary attains the age of 30?

A28: Any balance remaining in the Coverdell ESA when the Designated Beneficiary attains the age of 30 must be distributed to such Designated Beneficiary within 30 days. However, if permitted under the Agreement, the remaining balance may be rolled over or transferred to a Coverdell ESA on behalf of an eligible family member.

Q29: Do the age requirements described above apply to "special needs" Designated Beneficiaries?

A29: No. A Coverdell ESA established on behalf of any Designated Beneficiary with special needs (as determined by IRS regulations) may continue to receive contributions after the Designated Beneficiary's 18th birthday. In addition, any remaining balance in a Coverdell ESA on behalf of any Designated Beneficiary with special needs is not required to be distributed within 30 days after the Designated Beneficiary attains the age of 30.

Q30: Does the Internal Revenue Service provide a publication that contains more information on Coverdell ESAs?

A30: Yes. IRS Publication 970, Tax Benefits for Higher Education, contains information regarding the Coverdell ESA, as well as claiming the Hope Credit, Lifetime Learning Credit, student loans, penalty-free withdrawals from IRAs for certain education expenses, employer-provided educational assistance and qualified state tuition programs. The Custodian recommends that the Depositor, Designated Beneficiary and/or Responsible Individual read Publication 970 before making contributions to or taking distributions from a Coverdell ESA. Publication 970 can be downloaded from the IRS web site at www.irs.gov.

Q31: Can payments received from a military death gratuity or a payment from Servicemember’s Group Life Insurance (SGLI) be contributed to a Coverdell ESA?

A31: Yes, if you received a military death gratuity or a payment from the SGLI after October 6, 2001, you may roll over all or part of the amount received to one or more Coverdell ESAs for the benefit of members of the beneficiary’s family. Such payments are made to an eligible survivor upon the death of a member of the armed forces. The contribution to a Coverdell ESA from survivor benefits received after June 16, 2008, cannot be made later than 1 year after the date on which you receive the gratuity or SGLI payment. If you received survivor benefits before June 17, 2008, with respect to a death from injury occurring after October 6, 2001, you could have contributed to a Coverdell ESA no later than June 17, 2009. The amount contributed from the survivor benefits is treated as part of your basis in the Coverdell ESA and will not be taxed when distributed. Also, the one rollover per Coverdell ESA during a 12-month period does not apply to a military death gratuity or SGLI payment.

Q32: Are the changes to the Coverdell ESA rules made under the Economic Growth and Tax Relief Reconciliation Act of 2001 that were effective in 2002 subject to EGTRRA’s sunset provision?

A32: Yes. Certain rules are scheduled to expire after 2010 as part of EGTRRA’s sunset provision. These rules include: the maximum annual Coverdell ESA contribution; the AGI limits of the contributor; the definition of qualified education expenses; the deadline for making a contribution for a given year; the coordination of the rules between Coverdell ESAs and the Hope Scholarship Credit or Lifetime Learning Credit. However, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended the changes made to Coverdell ESAs under EGTRRA through 2012 and the American Taxpayer Relief Act of 2012 extended the EGTRRA provisions on a permanent basis.
Coverdell Education Savings Account Application

1. Funding Information

- Regular Contribution for tax year: ________________
- ESA Rollover (Must also complete ESA Rollover Form)
- Transfer from another ESA (Must also complete Account Transfer Form)

2. Designated Beneficiary Information

<table>
<thead>
<tr>
<th>Full Name of Applicant (First, Middle, Last)</th>
<th>Social Security #</th>
<th>Date of Birth (Month/Day/Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Physical/ Home Address (P.O. Box is not acceptable)</th>
<th>City</th>
<th>State/Province</th>
<th>Country</th>
<th>Zip</th>
</tr>
</thead>
</table>

3. Responsible Individual’s Information

<table>
<thead>
<tr>
<th>Full Name of Applicant (First, Middle, Last)</th>
<th>Social Security #</th>
<th>Date of Birth (Month/Day/Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Physical/ Home Address (P.O. Box is not acceptable)</th>
<th>City</th>
<th>State/Province</th>
<th>Country</th>
<th>Zip</th>
<th>Years at Residence</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Mailing Address (P.O. Box is acceptable if physical address provided above)</th>
<th>City</th>
<th>State/Province</th>
<th>Country</th>
<th>Zip</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Home Phone Number</th>
<th>Cell Phone Number</th>
<th>Fax Number</th>
<th>Email Address</th>
</tr>
</thead>
</table>

The Responsible Individual (☐ shall / ☐ shall not) continue to serve as the Responsible Individual after the Designated Beneficiary attains the age of majority pursuant to section 5.02 of the Custodial Agreement.

The Responsible Individual (☐ may / ☐ may not) change the beneficiary designated under this Custodial Agreement pursuant to Section 6.01 of the Custodial Agreement.

☐ I acknowledge that I am aware that if the designated beneficiary is changed, a new account must be set up.

(Note: The Responsible Individual may be the Grantor, but generally must be a parent or legal guardian of the Designated Beneficiary.)

4. Customer Identification

USA PATRIOT Act - Important Information About Opening A New Account

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

For Individual Primary Applicant:

- Driver’s License
- Passport/Visa
- Other

Issuer: ____________________________ ID Number: ____________________________

Date of Issuance (If applicable): ____________________________ Date of Expiration (If applicable): ____________________________

5. Customer Profile

<table>
<thead>
<tr>
<th>Marital Status:</th>
<th>Single ☐ Married ☐ Divorced ☐ Widowed ☐</th>
<th>Number of Dependents: ____________</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Citizenship Status:</th>
<th>U.S. Citizen ☐ Resident Alien (Note: Non-Resident Aliens are NOT permitted to open ESA Accounts.) ☐</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Country of Citizenship if Non-U.S.</th>
</tr>
</thead>
</table>

Employment Information: (Please specify if self-employed, unemployed, retired, homemaker, student or other):

<table>
<thead>
<tr>
<th>Employer (If self-employed or retired, specify type of business.)</th>
<th>Occupation/Job Title</th>
<th>Business Telephone</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Employer’s Address</th>
<th>City</th>
<th>State/Province</th>
<th>Country</th>
<th>Zip</th>
</tr>
</thead>
</table>
Customer Affiliations and Disclosures

<table>
<thead>
<tr>
<th></th>
<th>Self</th>
<th>Family Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Employed by or associated with the securities industry or a financial regulatory agency? (If yes, please specify the entity name and address to which duplicate account mailings should be sent, as well as including a letter from employer approving this account.):</td>
<td>☐ No</td>
<td>☐ Yes</td>
</tr>
<tr>
<td>B. An officer, director or 10% (or more) shareholder in a publicly-owned company? (If yes, please specify company name and trading symbol.):</td>
<td>☐ No</td>
<td>☐ Yes</td>
</tr>
<tr>
<td>C. A senior military, governmental or political official in either the U.S. or foreign jurisdiction? (If yes, identify the name of the official, office held, and country.):</td>
<td>☐ No</td>
<td>☐ Yes</td>
</tr>
</tbody>
</table>

Have you granted account trading authorization to another party? (If yes, please specify the agent name and provide a copy of the written agreement conferring trading and account authority.) ☐ Yes ☐ No

Financial Institution References: Reference 1: ___________________ Reference 2: ___________________

Customer Investment Objectives and Risk Tolerance

Select the categories that best describe your investment objectives 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)

<table>
<thead>
<tr>
<th>Capital Preservation</th>
<th>Select One Primary Investment Objective with Your Associated Risk Tolerance (Check one box only)</th>
<th>Select One Secondary Investment Objective with Your Associated Risk Tolerance (Check one box only)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Income</td>
<td>☐ Low</td>
<td>☐ Low</td>
</tr>
<tr>
<td></td>
<td>☐ Moderate</td>
<td>☐ Moderate</td>
</tr>
<tr>
<td></td>
<td>☐ High</td>
<td>☐ High</td>
</tr>
<tr>
<td>Growth</td>
<td>☐ Low</td>
<td>☐ Low</td>
</tr>
<tr>
<td></td>
<td>☐ Moderate</td>
<td>☐ Moderate</td>
</tr>
<tr>
<td></td>
<td>☐ High</td>
<td>☐ High</td>
</tr>
<tr>
<td>Speculation</td>
<td>☐ Low</td>
<td>☐ Low</td>
</tr>
<tr>
<td></td>
<td>☐ Moderate</td>
<td>☐ Moderate</td>
</tr>
<tr>
<td></td>
<td>☐ High</td>
<td>☐ High</td>
</tr>
</tbody>
</table>

Investment Objective Descriptions

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

Risk Tolerance Descriptions

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

Customer Financial Information

Financial Information

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.

<table>
<thead>
<tr>
<th>Investment Experience (Include Years of Experience)</th>
<th>Annual Income(^1) (From All Sources)</th>
<th>Net Worth(^2) (Exclusive of Residence)</th>
<th>Liquid Net Worth(^3) (Cash, Securities, etc.)</th>
<th>Federal Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Stocks</td>
<td>☐ Under $25,000</td>
<td>☐ Under $50,000</td>
<td>☐ Under $50,000</td>
<td>☐ 10%</td>
</tr>
<tr>
<td>☐ Bonds</td>
<td>☐ $25,000-$49,999</td>
<td>☐ $50,000-$99,999</td>
<td>☐ $50,000-$99,999</td>
<td>☐ 15%</td>
</tr>
<tr>
<td>☐ Options</td>
<td>☐ $50,000-$99,999</td>
<td>☐ $100,000-$249,999</td>
<td>☐ $100,000-$249,999</td>
<td>☐ 25%</td>
</tr>
<tr>
<td>☐ Commodities</td>
<td>☐ $100,000-$249,999</td>
<td>☐ $250,000-$499,999</td>
<td>☐ $250,000-$499,999</td>
<td>☐ 28%</td>
</tr>
<tr>
<td>☐ Futures</td>
<td>☐ $250,000-$499,999</td>
<td>☐ $500,000-$999,999</td>
<td>☐ $500,000-$999,999</td>
<td>☐ 33%</td>
</tr>
<tr>
<td>☐ Mutual Funds</td>
<td>☐ $500,000-$999,999</td>
<td>☐ $1,000,000-$3,000,000</td>
<td>☐ $1,000,000-$3,000,000</td>
<td>☐ 35%</td>
</tr>
<tr>
<td>☐ Other (List)</td>
<td>☐ $1,000,000-$3,000,000</td>
<td>☐ Over $3,000,000</td>
<td>☐ Over $3,000,000</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Annual Income includes all income from various sources.\n\(^2\) Net Worth is calculated as the difference between the value of all assets and the value of all liabilities.\n\(^3\) Liquid Net Worth includes all liquid investments such as cash, securities, and other easily convertible assets.
### Additional Customer Information

<table>
<thead>
<tr>
<th>Annual Expenses $4</th>
<th>Special Expenses $5</th>
<th>Description of Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000 and under</td>
<td>$50,000 and under</td>
<td>1. Annual income includes income from sources such as employment, alimony, social security, investment income, etc.</td>
</tr>
<tr>
<td>$50,001-100,000</td>
<td>$50,001-100,000</td>
<td>2. Net worth 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.</td>
</tr>
<tr>
<td>$100,001-250,000</td>
<td>$100,001-250,000</td>
<td>3. Liquid net worth 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.</td>
</tr>
<tr>
<td>$250,001-500,000</td>
<td>Over $250,000</td>
<td>4. Annual expenses might include mortgage payments, rent, long-term debts, utilities, alimony or child support payments, etc.</td>
</tr>
<tr>
<td>Over $500,000</td>
<td></td>
<td>5. Special expenses might include a home purchase, remodeling a home, a car purchase, education, medical expenses, etc.</td>
</tr>
</tbody>
</table>

#### The investments in this account will be: (Check one) (Use additional pages if needed)

<table>
<thead>
<tr>
<th>Special Expense:</th>
</tr>
</thead>
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<td>Within 2 years</td>
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<td>3-5 years</td>
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<tr>
<td>6-10 years</td>
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<tr>
<td>11 years or more</td>
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#### Timeframe for Special Expenses

- Less than 1/3 of my financial portfolio
- Roughly 1/3 to 2/3 of my financial portfolio
- More than 2/3 of my financial portfolio

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

- Under 3 years
- 3-5 years
- 6-10 years
- 11-20 years
- Over 20 years
- Unknown

#### I plan to use this account for the following (Check all that apply)

- Generate income for current or future expenses
- Partially fund my retirement
- Wholly fund my retirement
- Steadily accumulate wealth over the long term
- Preserve wealth and pass it on to my heirs
- Pay for educational expenses
- Market speculation
- Other: _______________________________

#### What is your source of funds for this account (Check all that apply)

- Income from Earnings
- Investments/ Transfer from Brokerage Account
- Gift
- Sale of Business or Real Estate
- Inheritance
- Pension/ IRA/ Retirement Savings
- Spouse/ Parent/ Relative
- Legal/ Insurance Settlement
- Lottery/Gaming
- Other: _______________________________

### Other Investment Information (Optional) - Please consider providing us with additional information about your other investments to help us more fully understand your financial situation and the types of investments or strategies that may be appropriate for your total investment portfolio. (Use additional pages if needed)

**Investment Type/Description** | **Firm Holding Your Investment** | **Amount of Investment**
--- | --- | ---

### 6. Beneficiary Designation

In the event of my death, pay the full value of my account (in equal proportions in the case of multiple beneficiaries unless I indicate otherwise) to the primary beneficiary(ies) as designated and fully identified below. I understand that if a primary beneficiary(ies) predeceases me, the remaining portion will be divided proportionately among any surviving primary beneficiaries.

If my primary beneficiary(ies) predecease me, pay the full value of my account to the named contingent beneficiary(ies) designated below. I understand that if a contingent beneficiary predeceases me, the remaining portion will be divided proportionately among any surviving named contingent beneficiaries. Contingent beneficiaries and per stirpes heirs will only inherit assets if there are no surviving primary beneficiaries at the time of the account holder's death.

If I do not designate a beneficiary or if all of my beneficiaries predecease me, pay the full value of my account to my estate. Should all my beneficiaries disclaim my assets, predecease me, or not survive me by 120 hours, the assets will be distributed to my estate.

I understand that I may change or revoke this designation at any time by completing a Change of Beneficiary Form, which will become effective after HTS confirms receipt of my properly completed Change of Beneficiary Form.

I understand that if HTS determines that my beneficiary designation is not clear with respect to the amount of the distribution, the date on which the distribution shall be made, or the identity of the beneficiary(ies) who will receive the distribution, regardless of the assistance of my Authorized Agent designated below or lack thereof, HTS has the right, in its sole discretion, to consult counsel and to institute legal proceedings to determine the proper distribution of my, all at the expense of my account, before distributing or transferring my assets.

For any named primary beneficiary(ies), I understand that I may either select to name a contingent beneficiary(ies) or select per stirpes, but I cannot choose both for the same primary beneficiary. If both are selected, I understand and agree that HTS will only honor my named beneficiaries, whether primary or contingent. I am aware that per stirpes selection applies to natural and adopted children, but does not include stepchildren. Additionally, per stirpes may not be designated as a primary beneficiary.

It is extremely important that you clearly indicate the percentage each beneficiary is to receive; make sure the percentages add up to 100% for the primary beneficiary.
beneficiaries and 100% for named contingent beneficiaries. If you do not indicate percentages in the primary or contingent beneficiary sections or if they do not equal 100%, my assets shall be divided equally among the surviving beneficiaries in the respective class.

HTS’ Definition of Per Stirpes Distribution

If you indicate per stirpes distribution to your predeceased primary beneficiary(ies), you agree that the definition of per stirpes in this form will govern how HTS will distribute your account assets. Note that the definition of per stirpes in this form will be followed even though HTS’ definition may differ from the definition of per stirpes under your particular state’s laws and/or your Will or Trust. Please carefully review the definition of per stirpes below. Before completing and submitting this form to HTS, consult an attorney if you have any questions about per stirpes.

If a primary beneficiary with per stirpes selected as his or her contingent beneficiary predeceases me, HTS will distribute the primary beneficiary’s share to his or her living children (natural or legally adopted; stepchildren are not legally defined as descendants for these purposes) if any, in equal shares. If you wish to include any stepchildren, you should name and fully identify your natural, legally adopted, and stepchildren as contingent beneficiaries rather than selecting per stirpes. If the predeceased primary beneficiary has no living natural or legally adopted children, that primary beneficiary’s portion will be distributed to the other primary beneficiaries, if any, in equal shares. If all per stirpes beneficiaries predecease me, HTS will distribute my account assets to my estate. I understand that per stirpes cannot be named as a primary beneficiary. I also understand and agree that I may either select to name a contingent beneficiary(ies) or select per stirpes as the secondary beneficiary of a named primary beneficiary, but I cannot choose both. If both are selected, I understand and agree that HTS will only honor my named beneficiaries, whether primary or contingent.

Authorized Party

If I indicate per stirpes, HTS will require the Authorized Party designated herein to assist HTS with the identity of the per stirpes beneficiary(ies) prior to distributing my account assets. I understand and agree that I will keep my designated Authorized Party up to date and will notify HTS should I wish to change my Authorized Party or should my Authorized Party predecease me or elect not to serve as my Authorized Party.

HTS is entitled to rely on my authorized agent when distributing my account assets. However, I also agree that HTS has no obligation to locate or identify any beneficiary(ies) or to independently verify any information submitted by my Authorized Party prior to distributing my account assets. I, my estate, and my successors in interest further understand and agree that, notwithstanding this Beneficiary section and any information or instructions provided by my Authorized Party, HTS may, in its sole discretion, require additional documentation, consult, or institute legal proceedings in order to determine the proper identity of my beneficiaries, all of which shall be at the expense of my account.

Cash Investment: You must make ONE selection below. This type of account may not retain excess cash balances in Credit Interest (CIP). Excess cash balances must sweep to one of the funds or bank insured deposit options below. Applications without a selection will be rejected.

- Sweep to Bank Insured Deposit (FDIC Insured Deposit Account)
- Sweep to Dreyfus General Money Market Fund
- Sweep to Dreyfus General Muni Fund
- Sweep to Dreyfus General Government Fund
- Sweep to Dreyfus General Treasury Prime Fund
- Sweep to Dreyfus California Muni Fund
- Sweep to Dreyfus Minnesota Muni Fund
- Sweep to Dreyfus New York Muni Fund
- Sweep to Dreyfus Govt Obligations CS Fund
- Sweep to Dreyfus Muni Obligations CS Fund
- Sweep to Dreyfus Prime Obligations CS Fund
The sweep program is provided by HTS to its customers offering you the option of automatically transferring excess cash balances in your securities account to either an account at a bank whose deposits are insured by the FDIC or a money market mutual fund product. A sweep of your excess cash balance allows you to earn interest on the funds while retaining the flexibility to quickly access that cash to purchase securities or withdraw it. HTS may change the products available under the sweep program, however you will receive 30 days notice before certain specified changes are made. For existing accounts, please notify your Financial Advisor if you wish to sweep cash balances to the Bank Insured Deposit, Dreyfus General Money Market Fund, or other selection. Individual retirement accounts and qualified retirement plan accounts may not retain excess cash balances in CIP. Therefore, these specific types of accounts must affirmatively select either the money market fund option or Bank Insured Deposit option. The Bank Insured Deposit is a program which involves a series of FDIC-insured bank accounts maintained at various participant banks, including PlainsCapital Bank, an affiliate of Hilltop Securities Inc. (HTS). Bank deposits are generally insured up to $250,000 per account holder, while your IRA and other qualifying self-directed retirement funds on deposit are separately insured up to $250,000. Balances in Bank Insured Deposit up to $5 million may be covered depending on the number of participant banks in the program. Account balances in excess of the combined coverage limits of the participant banks will be swept by HTS to a money market fund. A list of participant banks is available at www.hilltopsecurities.com. Deposits you may have directly placed with any participant bank should be taken into account when assessing your FDIC coverage. If you have a deposit with one of the participant banks that is separate from a balance in the Bank Insured Deposit, please notify your Financial Advisor if the combined deposits are in excess of $250,000.

I acknowledge that I have been notified of the general terms and conditions of the products available through the sweep program. I acknowledge that the terms and conditions of my sweep selection will be mailed to me. Information regarding FDIC coverage is available at www.fdic.gov. Cash balances invested in the Bank Insured Deposit are not covered by SIPC or excess-SIPC coverage. Please consult your Financial Advisor, as certain types of accounts may not be eligible to invest in the Bank Insured Deposit. HTS or your Financial Advisor may receive a fee or compensation with respect to the Bank Insured Deposit. For more information concerning your cash account options, please contact your Financial Advisor. For complete sweep account disclosures please see the Customer Information Brochure.

8. Option Account Agreement (Please read, complete and sign below if you wish to trade options)

<table>
<thead>
<tr>
<th>Investment Objective</th>
<th>Prior Option Activity Has Been</th>
<th>Prior Option Trading Frequency</th>
<th>Prior Option Trading Occurred In What Account Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Income Specification</td>
<td>□ No Activity</td>
<td>□ No Trading</td>
<td>□ Cash</td>
</tr>
<tr>
<td>□ Speculation</td>
<td>□ Buying</td>
<td>□ Infrequent</td>
<td>□ Margin</td>
</tr>
<tr>
<td></td>
<td>□ Writing</td>
<td>□ Moderate</td>
<td>□ Both</td>
</tr>
<tr>
<td></td>
<td>□ Uncovered (Sales)</td>
<td>□ Active</td>
<td>□ Neither</td>
</tr>
</tbody>
</table>

Option Strategy Levels Requested: (Check the strategy level that you wish to utilize in this account)

- □ Level 1: Covered Option Writing – Writing calls fully covered by underlying stock or security convertible into underlying stock or writing puts fully covered by cash.
- □ Level 2: Level 1 plus buying calls and/or puts.

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

X

Responsible Individual’s Signature Date

9. Account Agreement and Special Instructions (Please read and sign)

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

By signing this Application, you authorize HTS to invest or transfer on an ongoing basis any excess cash balances to another account or institution as per the sweep account option selected above. You also acknowledge that you have read, understand, and agree to be bound by all terms as contained in the Customer Information Brochure relating to sweep accounts. You agree to notify your Financial Advisor should you wish to change your sweep account selection. You also authorize HTS to transfer your interest in the selected sweep option to another product in its sweep program upon 30 days written notice.

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

- □ Yes, I object to the disclosure of such information.

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

Please check all boxes that apply, and sign and date below:

<table>
<thead>
<tr>
<th>Primary Applicant</th>
<th>Co-Applicant</th>
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<tbody>
<tr>
<td></td>
<td>U.S. Person: Under penalties of perjury, I certify that: (1) the number shown on this form is my correct taxpayer identification number; (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding; or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the IRS has notified me that I am no longer subject to backup withholding; (3) I am a U.S. person (including a U.S. resident alien); and (4) the Foreign Account Tax Compliance Act (FATCA) code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.</td>
</tr>
<tr>
<td></td>
<td>Certification Instructions: You must check this box if you cannot certify to item (2) above, meaning that you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.</td>
</tr>
<tr>
<td></td>
<td>Non-Resident Alien: I certify that I am not a U.S. citizen, U.S. resident alien, or other U.S. person for U.S. tax purposes, and I am submitting the applicable Form W-8BEN with this form to certify my foreign status and, if applicable, claim tax treaty benefits.</td>
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By signing and dating this form, all applicants authorize the disclosure of their names, security position(s) and contact information, for purposes of receiving official communications concerning municipal securities, if relevant, to (a) an issuer of municipal securities; (b) a trustee for an issue of municipal securities in its capacity as trustee; (c) a state or federal tax authority; or (d) a custody agent for a stripped coupon municipal securities program in its capacity as custody agent. (For additional information, please see MSRB Rules G-8(a)(xi) and G-15(g)(iii)(A).)

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup and FATCA withholding. For IRS Form W-9 instructions please use the following link: http://www.irs.gov/pub/irs-pub/irs-pdf/iw9.pdf.

In consideration of the firm accepting an account for me/us, I/We ("I") acknowledge that I have read, understand and agree to be bound by the HTS Cash Account Agreement terms as contained in the Customer Information Brochure, that I acknowledge receiving at the time the account was opened. I further acknowledge that I have read and understand the pre-dispute arbitration clause contained in the Cash Account Agreement section of the Customer Information Brochure and agree to resolve any disputes arising out of my account by arbitration. I certify that the foregoing client information is accurate and I am aware that the information is relied upon by the financial advisor in servicing my account, and as such, I agree to notify the Firm in writing of any material changes, including those to the holder's financial situation or investment objectives.

Under penalties of perjury, I certify that the above information (including my social security number and the Designated Beneficiary’s and Responsible Individual’s social security number) is correct. I hereby agree to participate in the Coverdell Education Savings Custodial Account offered by the Custodian. I hereby irrevocably elects to treat this contribution as a rollover contribution. If the Responsible Individual Information is completed above, I appoint the above-named person as Responsible Individual with the rights, powers, and responsibilities set out in the Coverdell Education Savings Custodial Account Agreement. The Custodian of this account is Hilltop Securities Inc. Notice of revocation must be delivered or mailed to Hilltop Securities Inc. / 1201 Elm Street, Suite 3500 / Dallas, TX 75270 / Phone #: (214) 859-1800.

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<th>Responsible Individual’ Signature</th>
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**FOR BROKERAGE USE ONLY**

Characteristics and Risks of Standardized Options Delivered: _____/_____/_____

Special Statement for Uncovered Option Writers Delivered: _____/_____/_____

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

- Level 1
- Level 2
- None

X Registered Options Principal Signature

X Registered Options Principal Printed Name

| Customer Information Brochure Delivered: | _____/_____/_____
| Privacy Policy Delivered: | _____/_____/_____
| Copies of all Written Agreements Delivered: | _____/_____/_____

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<th>Authorized Printed Name of Custodian</th>
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Covdell ESA Agreement (6/15/2016)
Customer Agreement and Information Brochure

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

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

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

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

WEBSITE ADDRESS

Hilltop Securities Inc.’s website www.hilltopsecurities.com is referenced throughout this Customer Agreement. The website of Southwest Securities, Inc., the former name of Hilltop Securities Inc., is www.swst.com and may remain active after October 5, 2015 or it may direct you to www.hilltopsecurities.com.

TAX and LEGAL ADVICE

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

CASH ACCOUNT AGREEMENT

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

1. Applicable Rules and Regulations. All transactions made for you are subject to the constitution, rules, regulations, customs, usages, rulings and interpretations of the exchange or market, and its clearing house, if any, where the transactions are executed, as well as the mandates of the NYSE, FINRA, the United States Securities and Exchange Commission (SEC), and the Federal Reserve Board. The transactions shall also be subject to all applicable federal and state laws, rules and regulations, and will be construed in accordance with the laws of the State of Texas. It is important that you understand that your property may be transferred to the applicable State if no activity occurs in your account within the time period specified by State law.

2. Capacity to Contract, Customer Affiliation. You represent being of legal age, and not an employee of any exchange, member firm of an exchange or FINRA, bank, insurance company, or trust company, and that HTS will be promptly notified upon such association. You also represent that no one has an interest in this account or your other accounts with HTS, other than those signing the appropriate account documents.

3. Binding Upon Customer’s Estate. You hereby agree that the Customer Agreement will be binding upon Customer’s heirs, executors, administrators, personal representatives and assigns, and that any successor will be notified of the Customer Agreement’s provisions.
4. Important Information About Procedures for Opening a New Account. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

5. Agreement Contains Entire Understanding/Assignment. The Customer may not assign the rights and obligations in the Customer Agreement without first obtaining the prior written consent of a duly authorized officer of HTS.

6. Severability. If any provision of the Customer Agreement is held to be unenforceable by any law, rule, administrative order or judicial decision, that determination shall not affect the validity of the remaining provisions.

7. Waiver and Modification. Except as specifically permitted in the Customer Agreement, no provision may be waived or amended unless it is agreed to in writing and signed by a duly authorized officer of HTS. You further understand that the failure to exercise any right or obligation granted by the Customer Agreement will not be considered as a waiver of that right or obligation.

8. Opening an Account. Before an account can be opened, you must furnish your Financial Advisor with certain information, including your name, address, Social Security number or tax identification number, citizenship, age, occupation, bank or other brokerage reference, as well as your financial situation (net worth, income, investment experience, investment objective). Your Financial Advisor has the responsibility for opening, approving and monitoring your account. Your Financial Advisor must obtain and is responsible for necessary account and customer identification information, new account approval or rejection, determining the commission charged, review of orders and accounts, supervision of orders and accounts, furnishing of investment advice, handling and supervision of discretionary accounts, and the handling of accounts for employees of member organizations, self-regulatory organizations and other financial institutions. Each account opened is subject to HTS’s acceptance and HTS reserves the right to close or restrict an account or reject a transaction at any time. HTS and your Financial Advisor reserve the right to conduct background checks on account holders at any time, including obtaining credit reports. If requested, you will sign a separate release authorizing the release of credit information.

9. Back-up Withholding. Federal law requires, for U.S. persons, a specified percentage of reportable interest, dividends, and proceeds from the sale of securities be withheld, unless you furnish a correct taxpayer identification number. To avoid this “back-up withholding” complete and return the New Account Application, which includes the substitute W-9 Form, certifying that the taxpayer number you are furnishing is correct and that you are not subject to back-up withholding. For most individuals, your taxpayer identification number and Social Security number are the same. Foreign persons claiming foreign status must complete the IRS W-8BEN Form (for non-residents, an affiliate of HTS) and submits a W-8BEN.

10. FATCA Withholding. Due to the enactment of the Foreign Account Tax Compliance Act (FATCA), if HTS cannot reliably associate a payment with valid documentation from the foreign person(s), HTS must presume the account is domestic, back-up withhold and produce a 1099 tax statement for the period of time the foreign account is not properly documented. Foreign Financial Institutions (FFIs) and Non-Financial Foreign Entities (NFFE) must submit a valid IRS Form W-SBEN-E. If HTS does not receive valid documentation, FFIs and NFFE are subject to 30% FATCA withholding. In addition, if the account is classified as a United States Financial Institution (USFI) and HTS does not receive a valid IRS Form W-9, HTS is required to test the USFI to foreign, subject to FATCA withholding and produce a 1042-S tax statement for the period of time the USFI is not properly documented.

11. Cash Account. Your brokerage cash account does not provide for the extension of credit (margin), and you must pay in full for any security that you purchase. Regulation T of the Federal Reserve Board and certain Exchange rules require settlement of the purchase or sale of securities on the settlement date, which is usually three (3) business days following the transaction.

When you buy a security, prompt payment in cash or by personal check, wire transfer, cashier’s check or money order payable in U.S. funds to the order of HTS must be received into your account. Your Financial Advisor can tell you the amount due shortly after any purchase. HTS will prepare and send a confirmation to you as soon as possible after execution of your order. You should not wait for the arrival of the confirmation before paying, since funds must be received by the settlement date. Federal Regulation T requires HTS to liquidate securities for which prompt payment is not received. In that event, you will be responsible for any resulting loss, will not be entitled to any gain, and your account will be restricted for 90 days.

When you sell stock it is essential that you deliver the certificate promptly to your account at HTS. The proceeds of a sale cannot be paid to you until HTS’s receipt of your stock certificate in good, deliverable form by the settlement date. If HTS does not receive the securities that you sold within a reasonable amount of time after settlement date, your Financial Advisor is required to purchase the securities in the open market. Again, you will be responsible for any resulting loss, will not receive any gain, and your account will be restricted for 90 days.

The proceeds of a sale will be either retained in your account or, if you so request, the funds will be mailed to you. You may also request that sale proceeds, dividends and interest be automatically deposited to your bank account by electronic funds transfer. In general, it is HTS’s policy that funds cannot be withdrawn against a deposited check within ten (10) business days of the date of deposit.

12. Interest on Cash Balances. For your account to be credited with interest, you must sign the New Account Application that specifies funds left with HTS are pending investment. Interest will be paid on those balances that accrue $1.00 or greater of interest during the month. Please refer to Section 38 “Securities Industry Protection Corporation (SIPC) and Excess SIPC Coverage” for a discussion of your account protection.

13. Compensation to HTS. HTS may receive compensation for establishing relationships through which investment products are made available. This compensation may include non-cash items such as reciprocal arrangements, discounts, rebates or reductions or credits against fees that would otherwise be payable in full by your Financial Advisor or HTS.

14. Sweep Program. Sweep Program is a service provided by HTS to its customers offering you the option of automatically transferring excess cash balances in your securities account to either an account at a bank whose deposits are insured by the FDIC or a money market mutual fund product. A sweep of your excess cash balance allows you to earn interest on the funds while retaining the flexibility to quickly access cash that you can use for additional investments. To participate in the HTS sweep program, you must select a sweep option upon opening HTS may change the products available under the sweep program. For existing accounts, please notify your Financial Advisor if you wish to sweep cash balances to the Bank Insured Deposit, Dreyfus General Money Market Fund, or other selection. If you decline participation in the sweep program, HTS may make a sweep program election, or if your account is ineligible to sweep, excess cash balances must be retained in an interest-bearing SIPC insured investment credit investment pending (CIP) account held at HTS.

Unlike cash accounts, individual retirement accounts and qualified retirement plan accounts may not retain excess cash balances in CIP. Therefore, the above specific types of accounts must affirmatively select either the money market fund option or Bank Insured Deposit option.

HTS must provide any customer participating in its sweep program at least thirty (30) days written notice of (1) changes to the terms and conditions of the sweep program and any products currently available through the sweep program, (2) any changes, additions or deletions of products available through the sweep program, and (3) changing customer’s investment through the sweep program from one product to another.

The Bank Insured Deposit is a program which involves a series of FDIC-insured bank accounts maintained at various capital banks, including balance accounts and sweep program accounts, and a list of participant banks is available on our website at www.hilltopsecurities.com. Additions and changes to this list will also be posted on this website. Please consult your Financial Advisor, as certain types of accounts may not be eligible to invest in the Bank Insured Deposit. If your account is ineligible, excess cash balances will be retained in an alternate fund or CIP. It is important that you understand the unique nature, insurance coverage and risk associated with each type of account. SIPC coverage does not protect cash balances created and maintained solely for the purpose of earning interest, so funds in money market or CIP accounts must be intended for future reinvestment.

HTS may temporarily suspend or discontinue the sweep arrangement, or change the timing or frequency of the sweep, anytime without advance notice to you. If HTS fails to sweep your uninvested funds in the manner described in the Customer Agreement, HTS’s liability is limited to the actual amount of the dividends or interest you would have earned had the sweep been performed. HTS may automatically sweep funds from your sweep account to your brokerage account anytime without advance notice to you to pay for securities transactions and wire transfer any funds you are entitled to pay you. Should you wish to modify your sweep arrangements, discounts, rebates or reductions or credits against fees that would otherwise be payable in full by your Financial Advisor or HTS.

With ongoing changes to the rates of return for the available sweep options, your personal financial circumstances and market conditions, you should always consider all of your investment options.

a. Bank Account. HTS anticipates receiving fees, including fees for administrative services, and other financial benefits for providing sweep funds to our sweep program administrator and participant banks, including our affiliate PlainsCapital Bank. HTS anticipates the participant banks will receive a financial benefit from the use of sweep funds, such as net interest income. A portion of fees received may be paid to your Financial Advisor. The FDIC insures bank deposit accounts such as checking, interest bearing checking and savings accounts, money market deposit accounts, and certificates of deposit (CDs) if an insured bank or savings association fails. Your bank deposits are generally insured up to $250,000 per account holder, while your IRA and other qualifying self-directed retirement funds on deposit are separately insured up to $250,000. The FDIC does not insure the money you invest in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if you purchased those products from an insured bank. Other accounts you maintain at a participant bank may affect your FDIC insurance coverage. If your funds on deposit exceed
Further, the custodian represents and warrants that the assets in the account belong to the minor and that all such property so transferred will be done in compliance with such applicable statutes. There will be good faith under the Uniform Transfers to Minors Act (UTMA), or similar state statutes will be properly created and that the liquidation of the account, or the adjustment of the interests of the respective parties.

b. Money Market Funds. Money market mutual funds, including the Dreyfus General Money Market Fund, which may also be available as a customer- selected sweep option, are registered with the SEC pursuant to the Investment Company Act of 1940, and are treated as securities. Please refer to Section 38 “Securities” of this Financial Advisor Agreement.

HTS anticipates receiving fees or other financial benefits based on your sweep account balance. For money market funds, those benefits can include annual payments based on the amount you invest in the sweep account. A portion of fees received may be paid to your Financial Advisor. Please note that shares in a money market fund are not FDIC-insured, not guaranteed by the federal government, and are not deposits or obligations of any bank or guaranteed by any bank. There can be no assurance that a money market fund will be able to maintain a stable net asset value of $1 per share. Tax-exempt money market funds may be subject to the alternative minimum tax. See the money market fund prospectus for more complete information, including terms, management fees and expenses. You cannot march, purchase, or sell fractional shares in an investment account.

You should consider the fund’s investment objectives, risks, and expenses carefully before investing.

15. Joint Accounts. Joint account customers agree, that the signatories, jointly and severally, have the authority on behalf of the account to do all acts and have all rights, responsibilities and obligations that an individual account holder may have. Joint account customers, jointly and severally, agree that each joint account customer will have authority on behalf of the account to buy, sell and otherwise deal in securities; to receive on behalf of the joint account demands, notices, confirmations, reports, statements of account, and communications from the financial advisor; to follow all of the terms of this agreement; and completely as if the Customer alone were interested in the account. Your Financial Advisor is authorized to follow the instructions of any of the joint account holders in every respect concerning the joint account. In the event of deliveries of securities or payments to any of the joint account parties, your Financial Advisor will be under no duty or obligation to inquire into those deliveries or payments. Joint authority will remain in force until your Financial Advisor receives written notice of revocation. Your Financial Advisor, however, is authorized, at the account holders’ discretion, to follow all of the terms of this agreement; and completely as if the Customer alone were interested in the account.

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

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

16. Custodial Accounts. It is agreed that all accounts opened under the Uniform Gift to Minors Act (UGMA), the Uniform Transfers to Minors Act (UTMA), or similar state statutes will be properly created and that all property so transferred will be done in compliance with such applicable statutes. There will be good faith reliance upon the instructions given, representations made and actions taken by a transferor or custodian.

Further, the custodian represents and warrants that the assets in the account belong to the minor and that all such assets, whether or not transferred out of the UGMA or UTMA account, will only be used for the benefit of the minor.

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

18. New Issues. In connection with certain public offerings of securities, after a registration statement has been filed, you may be permitted to enter a conditional offer expressing your offer to purchase securities “when and if issued.” You understand that a conditional offer is an offer to purchase public offering securities which (i) cannot be accepted until such time (the “Time of Effectiveness”) as the public offering securities have been effectively registered, but (ii) may be accepted, in whole or in part, immediately upon such Time of Effectiveness, if it is your offer on your conditional offer at any time prior to the time that the Time of Effectiveness has occurred and your offer accepted.

Each conditional offer or subscription will be authorized by you and accepted with the understanding that an actual purchase is intended and that it is your obligation to pay for the purchase upon our demand. HTS and your Financial Advisor’s processing of any conditional offer or subscription will be subject to certain rules and regulations, which are subject to change at any time without notice. You understand that entering a conditional offer or a subscription in no way entitles you to purchase any securities, and that HTS and your Financial Advisor have no obligation to do so. You agree that you will be liable for any further action on your conditional offer at any time prior to the time that the Time of Effectiveness has occurred and your offer accepted.

19. Callables. HTS, in accordance with FINRA Rule 4340 (Callable Securities), has a lottery process in place which will allocate among its customers, on a fair and impartial basis, the securities to be redeemed or selected as called in the event of a partial redemption or call. You may access the firm’s allocation procedures on the firm’s website at www.hilltopsecurities.com. HTS will provide hard copies of the allocation procedures upon request.

20. Restricted Securities. You agree to advise HTS and your Financial Advisor as to the status of any securities that are “restricted” under Rule 144, 144A, 145, 148, and 701 of the Securities Act of 1933, as amended. If you intend to time deliver the appropriate paperwork to ensure clear legal transfer and good delivery of such securities.

21. Foreign Income Tax Withholding. When dividends and interest are paid on foreign securities, foreign tax is generally withheld from the payment by the paying agent at a tax rate known as the statutory, or maximum, rate and paid to the foreign taxing authority. In many cases investors are resident for tax purposes in countries that have tax treaties with the security's country of issuance. For specific types of investors, these treaties often allow for a favorable rate of withholding, less than the statutory rate. If you invest in foreign securities and are eligible for a favorable rate of withholding on dividends and interest, a residency certification is usually required. Most countries require IRS Form 6166 for US residents. To request a Form 6166, a taxpayer or an authorized representative must submit Form 8802 to the IRS. If your account is eligible for the favorable tax rate, and HTS secures the distribution at the favorable rate at source, the payment will be paid to your account less fees assessed by the depository.

22. Customer’s Responsibility Regarding Certain Securities. Certain securities may grant the customer valuable rights that may expire unless you take action. These securities include, but are not limited to, warrants, stock purchase rights, convertible securities, bonds and securities subject to a tender or exchange offer. You are responsible for knowing the rights and terms of all securities in your account. HTS and your Financial Advisor are not obligated to notify you of any upcoming expiration or redemption dates, or to take any other action on your behalf, without specific instructions from you, except as required by law and applicable rules of regulatory authorities.

Similarly, you are responsible for knowing about reorganizations related to securities that you hold, including but not limited to stock splits and reverse stock splits. HTS and your Financial Advisor are not obligated to notify you of any such reorganizations. If, due to a reorganization, you sell more shares of a security than you
23. Delivery of Securities. Without abandoning any of HTS’s or your Financial Advisor’s rights under any other portion of the Customer Agreement, and subject to any indebtedness of the Customer to the financial advisor, the Customer is entitled, upon appropriate demand, to receive physical delivery of fully paid, transferable securities in the Customer’s account.

If transferable physical securities are deposited in an account within ten (10) business days prior to a transfer, such shares will not be released by HTS until the ten-day period has lapsed. In addition, transferable securities purchased for and held for by check will not be released for transfer until ten (10) business days subsequent to the deposit of the check.

24. Agency and Principal Transactions. Many stocks and bonds are not traded on a securities exchange but in what is known as the over-the-counter market (OTC). When you buy or sell a security in this market, your Financial Advisor may act as an agent or as a principal. The confirmation, which you receive, will designate the capacity in which your Financial Advisor acted. When your Financial Advisor acts as a principal, HTS is selling securities to you that it either owns or expects to buy shortly, or is buying securities from you for its own account. When your Financial Advisor acts in an agency capacity for you in purchasing or selling securities in the OTC market, your Financial Advisor is dealing on your behalf with another Broker/Dealer, which could be HTS, or a customer of HTS. In such a case, the commission will be reflected on your confirmation. Orders that exceed specified criteria may undergo additional review by your Financial Advisor and/or HTS.

25. Transactions and Settlements. All customer orders for the purchase or sale of securities and other property will be executed with the understanding that an actual purchase or sale is intended and that it is the Customer’s intention and obligation to deliver securities or the necessary funds by settlement date. If the Customer fails to deliver the financial advisor any securities and other property sold at the Customer’s direction, the financial advisor is authorized to borrow the securities and other property necessary to enable the financial advisor to complete the transaction. Unless the financial advisor agrees to be responsible for any cost or loss the financial advisor may incur, or the cost of obtaining the securities and other property which the financial advisor is unable to borrow. The financial advisor is the Customer’s agent to complete all such transactions and is authorized to make advances and expend monies as required.

Please be advised that certain orders, at HTS’s or your Financial Advisor’s discretion, may be subject to manual review and entry, which may cause delays in the processing of your orders. You should be aware that with respect to any order, you would receive the price at which your order was actually executed in the marketplace, which may be different from the price at which the security or option is trading when your order is entered. You understand that HTS may not be held liable for acting upon false oral instructions or forged documents.

26. Execution of Orders/Erroneous Reports. Your Financial Advisor can execute your orders to buy or sell securities, or forward them to HTS for execution. Stock and option exchanges have rules governing erroneous reports of executions. The price at which an order is executed will be binding, notwithstanding that an erroneous report may have been rendered or no report was received from the exchange. Also, a report will not be binding if an order was not actually executed but was reported in error.

27. Cancellation Requests; Late and Corrected Reports. When you place a request to cancel an order, the cancellation of that order is not guaranteed. Your order will only be canceled if your request is received in the marketplace prior to the time your order is executed. During market hours, it is rarely possible to cancel your market order. Do not assume that any order has been executed or cancelled until you have received confirmation from HTS or your Financial Advisor. Please be advised that HTS and your Financial Advisor may, from time to time, receive late reports from exchanges and market makers reporting the status of transactions. Accordingly, you may be subject to late reports related to orders that were previously unreported to you or reported to you as being expired, cancelled, or executed. Further, any reporting or posting errors, including errors in execution reports, will be corrected to reflect what actually occurred in the marketplace.

28. Dividend Reinvestment Program (DRIP Program). With this feature, all dividends paid by eligible securities that you designate for reinvestment are automatically reinvested in additional shares of the same security. (For purposes of the Dividend Reinvestment Program, "dividends" means cash dividends and capital gain distributions, late ex-dividend payments, optional dividend distributions and special dividend payments, but not cash-in-lieu payments.) To be eligible for this program, a security must be held, in the account, in street name by HTS or at a securities depository on its behalf. Open orders for securities are not eligible for dividends.

In designating any eligible security for reinvestment, you authorize us to purchase shares of that security for your account. Participation in the DRIP Program may be terminated at any time by giving notice to HTS. The termination will take effect with the next eligible cash distribution provided the notice to terminate was received prior to the record date of the distribution.

All eligible cash distributions will be reinvested on all eligible securities that have been enrolled in the DRIP Program without commission charges provided the securities were held on the record date and the dividend payable date.

All rights accruing to partial shares of an eligible security that are subject to the DRIP Program will be sold in the event of a rights offering. Proceeds from the sale will be used to purchase additional shares of the eligible security. In the event of a transfer, liquidation, or request to issue a certificate, the partial shares will be liquidated at prevailing market prices without a commission charge. Shares purchased through the DRIP Program will generally be placed in your account as of the dividend payable date. Note, however, that the stock price at which your reinvestment occurs is not necessarily the same as the price that is in effect on the dividend payable date. This is because HTS may buy the shares of domestic companies with a business day or less before the dividend payable date and sell them at the market price in effect at the time, in order to help ensure that HTS has shares on hand to place in your account on the dividend payable date. Other factors may require the purchase of the shares on a different business day, which may be before, or on the after the dividend payable date, e.g., dividends of foreign companies. Also, shares of securities that have an unusual ex-dividend date are purchased on the ex-dividend date and placed in our account on the first business day following the dividend payable date. Therefore, you may end up receiving more or fewer shares than if you had purchased those shares yourself.

In such a case, the commission will be reflected on your confirmation. Orders that exceed specified criteria may undergo additional review by your Financial Advisor and/or HTS.

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

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

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

When feasible, HTS will participate in a program offered by the Depository Trust Company (DTC) that offers a share price discount. Note that the availability of any given security through this program may change without notice. Also note that DTC program transactions sometimes take longer to process: although the transactions are effective as of the dividend payable date, they may not be posted to your account until 10-15 days after the payable date. If you sell your dividend-generating shares before the posting date, the dividend will not be reinvested.

If Instructions are not received prior to the record date there is no guarantee that your cash will be reinvested for that pay date. Dividend reinvestment does not ensure a profit on your investments and does not protect against loss in declining markets.

29. Losses Due to Extraneous Events. HTS is not responsible, and you agree not to hold HTS liable, for losses that occur indirectly by conditions beyond our control, including, but not limited to: war, natural disasters, government restrictions, exchange or market rulings, strikes, interruptions of communications or data processing services, news or analysts’ reports, trading volumes, market volatility or disruptions in ordering trading.

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

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

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

32. Non-Transferable Securities Certificates. Any worthless or non-transferable securities certificates for which transfer agent services are not available and have not been available for six years (6) will be moved to the internal Depository Trust Company (DTC) Position Removal (PREM) account for destruction by DTC. You acknowledge that your HTS trade confirmation will be your only notice that worthless securities will be destroyed by DTC.

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

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

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

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

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

Please note that if you own securities which are subject to the 2011 1099 B cost basis reporting rules and you do not want your 1099 B long or short term gain/loss reported using FIFO for a specific security, you must notify your Financial Advisor on or before settlement date of the sale of the security as to which tax lot you wish sold. Please be advised if you currently have standing instructions for the accounting method used for “noncovered” securities, HTS needs new, separate additional standing instructions for the accounting method for your “covered” securities acquired in 2011.

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

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


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

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

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

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

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

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

38. Securities Industry Protection Corporation (SIPC) and Excess SIPC Coverage. HTS is, and your Financial Advisor may be, a member of SIPC, which protects securities customers of its members up to $500,000 (including $250,000 for claims of cash). An explanatory brochure is available at www.sipc.org or by calling (202) 371-8300. In addition, HTS has purchased Excess SIPC Insurance which covers the net equity of customers’ accounts up to an aggregate of $150 million from underwriting syndicates at Lloyd’s of London. The customer securities component, which restricts coverage with respect of any one customer, is a maximum of $25,000,000 with the aggregate coverage of cash set at $900,000. SIPC and Excess SIPC covers accounts of the member firm in the event of a member’s bankruptcy or insolvency. Coverage does not apply to losses due to market fluctuation or any decline in market value of your securities.

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

40. Satisfaction of Indebtedness. Your securities and other property, in any account in which you have an interest, will be subject to a lien for the discharge of any and all indebtedness or any other obligations. All securities and other property of yours will be held by HTS or your Financial Advisor as security for the payment of any such obligations or indebtedness in any account that you may have an interest, subject to applicable law. HTS or your Financial Advisor may, at any time and without prior notice to you, use and/or transfer any or all securities and other property in any account(s) in which the Customer has an interest.
Further, you agree to satisfy, upon demand, any indebtedness, and to pay any debit balance remaining when the account is closed. Customer account(s) may not be closed without the financial advisor first receiving all securities and other property for which the account is short, and all funds due for all securities and other property in which the account(s) are long. You further agree to reimburse the financial advisor for any and all expenses.

41. Indemnification and Limitation of Liability. You agree to indemnify and hold harmless HTS, and its officers, directors, employees, agents, financial advisors, and representatives (Indemnified Parties), the company through which your independent brokerage firm clears from any and all claims, losses, liabilities, costs, damages, and expenses, including reasonable attorney’s fees, that may be brought, made, or assessed against any of the Indemnified Parties caused by, arising out of, or resulting from (i) your failure or refusal to follow any directions or instructions from the Indemnified Parties regarding your Accounts, or (ii) the use in any manner by you of the services provided by HTS pursuant hereto, except where such results from the gross negligence or willful misconduct of the Indemnified Parties. In no event shall the Indemnified Parties be liable to you, or anyone claiming by, under, or through you, or on your behalf, for any indirect, incidental, consequential, or special damages arising from this Customer Agreement.

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

- **All Parties to this Agreement are Giving Up the Right to Sue Each Other in Court, Including the Right to a Trial by Jury, Except as Provided by the Rules of the Arbitration Forum in Which a Claim is Filed.**
- **Arbitration Awards are Generally Final and Binding. A Party’s Ability to Have a Court Reverse or Modify an Arbitration Award is Very Limited.**
- **The Ability of the Parties to Obtain Documents, Witness Statements and Other Discovery is Generally More Limited in Arbitration than in Court Proceedings.**
- **The Arbitrators Do Not Have to Explain the Reasons for Their Award.**
- **The Panel of Arbitrators Will Typically Include a Minority of Arbitrators Who Were or Are Affiliated With the Securities Industry.**
- **The Rules of Some Arbitration Forums May Impose Time Limits for Bringing a Claim in Arbitration. In Some Cases, a Claim That is Ineligible for Arbitration May Be Brought in Court.**
- **The Rules of the Arbitration Forum in Which the Claim is Filed, and Any Amendments Thereto, Shall be Incorporated into the Customer Agreement.**

The Customer Agrees, and, by carrying an account for the customer, the financial advisor agrees, that all controversies that may arise among the customer, the financial advisor, and HTS concerning any transaction or the construction, performance, or breach of this or any other agreement among the customer, the financial advisor and HTS pertaining to securities and other property, whether entered into prior to or after the date hereof, shall be determined by arbitration. Any arbitration under this agreement shall be conducted pursuant to the federal arbitration act before finra or the municipal securities rulemaking board and in accordance with the rules then prevailing at the selected organization. The customer may elect in the first instance whether arbitration shall be by finra or the nyse, but if the customer fails to make such election by registered letter or by overnight courier addressed to the financial advisor at the financial advisor’s main office, before the expiration of ten (10) days after receipt of a written request from the financial advisor to make such election, then the financial advisor may make such election. The award of the arbitrators, or of the majority of them, shall be final, and judgment upon the award rendered may be entered in any court, state or federal, having jurisdiction. Further, no person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action, or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under the customer agreement except to the extent stated herein.

MARGIN DISCLOSURE STATEMENT

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

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

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

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

MARGIN & SHORT ACCOUNT AGREEMENT

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

1. The terms and provisions of the Customer Agreement apply to accounts of HTS and the 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.

2. One of the services provided, is to permit you to maintain a margin account and borrow money on marginable securities using credit extended by HTS. Not all securities are marginable. If you do not know whether the security you plan to purchase is marginable, please consult with your Financial Advisor before you make the purchase.

3. A margin account involves HTS extending credit to you based on the marginable securities in your account as collateral. Margin is the amount you pay when you use HTS’s credit to purchase a security. At the time
that you open a margin account, you must furnish your Financial Advisor with the information required for all other accounts, as well as a signed Margin Agreement which contains loan terms and provisions, enabling HTS to pledge or lend securities carried for your account.

4. Margin requirements are twofold. First, there is an initial margin requirement at the time of purchase; and second, there is a minimum margin equity that must be maintained in your account. In most cases, the minimum amount due initially is established by the Federal Reserve Board in accordance with Regulation T. This requirement is expressed as a percentage of the purchase price and it may change from time to time. For example, if the margin requirement is 50%, and you purchase a stock costing $5,000.00 plus commission, you are only required to deposit 50% of that amount. Under Regulation T, your margin must be deposited into the account at the 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 Advisor 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 is $1,400, you will have to deposit $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 obligation. HTS will not have 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 orders; and/or close any or all outstanding contracts to meet any obligations to HTS. This is at the discretion of HTS and may be done without further notice to or contact with you. HTS reserves the right to select the securities to be sold.

In addition, market conditions may make it difficult for HTS to send you a margin call. The volatility of the market may require HTS to take immediate action without demand for additional collateral, or prior notice of sale or purchase, or other notice or advertisement, to protect HTS’ interests. HTS can unilaterally force the sale of securities in a customer’s account at 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 to 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 advance 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 charges 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 satisfaction of your indebtedness and may be used to meet obligations to HTS. This lien is equal to the amount of money that you owe HTS or your Financial Advisor.

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 and the short sale is required to settle the transaction. 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 Advisor 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 difference. 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 Advisor. When your Financial Advisor sets the rate, you will receive an additional disclosure brochure from your Financial Advisor. 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 on HTS’s settled margin balance may vary from the HTS Base Rate, depending on the amount of the settled debit balance in your account. Each day this interest is accumulated into a monthly total. The normal interest period ends on the last business day of the monthly statement cycle. Interest is computed by multiplying the daily debit balance by the daily interest rate (1/360 of the annual interest rate) times the number of days in the interest period. If during any interest period there is a change in interest rates, applicable to your account, separate computations will be made for each interval in which there is a change in the rate during the interest period. When the rate changes during an interest period, interest will be calculated according to the number of days each interest rate is in effect during that period.

15. I acknowledge that I have read, understand, and agree to be bound by the pre-dispute Arbitration Clause contained herein.

OPTION ACCOUNT AGREEMENT

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

1. The terms and provisions of the Customer Agreement apply to accounts of HTS and the Broker/Dealers for which it clears. This provision of the Customer Agreement shall be considered supplementary to the Cash and Margin Agreement(s) (if applicable) that you have signed. Except as specifically amended by the Customer Agreement, all the terms and conditions set forth in the Cash Account Agreement and the Margin & Short Account Agreement shall remain effective with respect to your option account.

2. By signing the Option Agreement, you acknowledge your understanding of the risks involved in dealing in options. When the term “option” is used, this includes all standardized Put and Call options issued by the Options Clearing Corporation.

3. You acknowledge receipt of the current Options Clearing Corporation Disclosure Document and the Special Statement for Uncovered Option Writers, if applicable, and confirm that all your option transactions are subject to the rules and regulations of the Options Clearing Corporation, the appropriate option exchange, FINRA, and any additional terms and conditions which may be imposed.
4. You agree that acting alone or in concert with others, you will not exceed the position and exercise limits imposed by the Options Clearing Corporation or other regulatory bodies. You further understand that it may be necessary to report your position in a class of options having the same underlying security to the proper regulatory authority, indicating your name, address, and Social Security number.

5. You acknowledge that you have furnished your Financial Advisor with your financial information and investment objectives. Should your financial situation or investment objectives change, you will notify your Financial Advisor immediately. HTS or your Financial Advisor reserve the right to deny, revoke or discontinue option privileges on any account.

6. You acknowledge that HTS or your Financial Advisor have the right to determine whether an order is acceptable, as well as, the position limits that HTS or your Financial Advisor are prepared to undertake for your account.

7. You acknowledge that both the purchase and sale (writing) of Put and Call options involve a high degree of risk and are not suitable for all investors. You are aware that you should not purchase an option unless you are able to sustain a total loss of the premium (cost of option) and the costs associated with purchasing the option. Further, you are aware that you should not sell (write) an option unless you own the underlying security or are in a position to assume the substantial risks inherent in writing “naked” options. You agree not to hold the financial advisor liable for any loss incurred due to the purchase or sale of such securities.

8. You are aware that when you purchase an option, you must pay the full premium and that an option purchase cannot be margined. In addition, there are special margin requirements governing the sale of options with which you will become familiar before commencing an option program. Complete details on the margin requirements for options are available through your Financial Advisor.

9. As additional consideration for the opening sale of Call option(s) for your accounts, you agree that you will not sell, during the life of such option(s), the underlying collateralizing securities until such option(s) are closed, exercised, expire, or you have been approved for and have met the collateral requirements established by the financial advisor for carrying Uncovered Call options. You also agree that the financial advisor, in the financial advisor’s sole discretion, may refuse any orders to sell such underlying securities which the financial advisor receives from you or by means of a “give-up” basis through another financial advisor unless, prior to such sale, you have met the collateral requirements established by the financial advisor for carrying Uncovered Call options. The financial advisor has the right, at the financial advisor’s sole discretion, to permit you to apply the proceeds of such sale to collateral requirements.

10. Since option contracts are traded for a specified period of time and have no value upon expiration, you agree to advise your Financial Advisor if you wish to enter offsetting transactions by closing out your position or exercising the option prior to the expiration date. Failure to do this may result in the option expiring worthless, even though it might have a monetary value on the expiration date. You understand that you bear full responsibility for taking action to exercise or sell valuable options. In the absence of you notifying the financial advisor to exercise a valuable options contract by 3:00 PM, CST, on the last business day prior to expiration date of the options contract, you agree that the financial advisor may exercise the options contract on your behalf. This is in no way to be construed as an obligation on HTS’s part to sell or exercise such options on your behalf.

11. You acknowledge that you are aware that all short American-style option positions are subject to assignment at any time and that European-style option contracts are only exercisable on the option’s date of expiration. Since an American-style option provides an investor a greater degree of flexibility than a European-style option, the premium an American-style option is at least equal to or higher than the premium for a European-style option which otherwise has all the same features.

12. When HTS receives an exercise notice from the Options Clearing Corporation, HTS assigns the notice to a customer who is a writer of an identical option contract. Exercise assignment notices for option contracts are allocated among customer short positions pursuant to a procedure that randomly selects from among all customer short option positions that are subject to exercise. All short options positions are liable for assignment at any time. A more detailed description of HTS’s random allocation procedure is available upon request.

13. If an exercise notice is assigned to your account, you must deliver the underlying security to HTS in the case of a Call, and deposit funds or securities with HTS in the case of a Put, sufficient to properly margin the security promptly.

14. I acknowledge that I have read, understand, and agree to be bound by the pre-dispute Arbitration Clause contained herein.

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

MUTUAL FUND BREAKPOINT DISCOUNT DISCLOSURE STATEMENT
When investing in mutual funds it is important to understand sales charges, expenses, and management fees, as well as breakpoint discounts. For general information about these fees and discounts, please refer to the Mutual Fund Breakpoint Disclosure Statement located at www.hilltopsecurities.com. To request a copy of this disclosure by mail or fax, please contact your Financial Advisor.

SCHEDULE A: COMMISSIONS AND OTHER FEES
Your Financial Advisor will set the commissions or miscellaneous fees, if any, to be charged to you on security transactions reflected on your confirmation. You should consult your Financial Advisor for details of his commission charges. Commission and fees are subject to change without notice. Please contact your Financial Advisor with any questions. Additional fees may apply. Charges are for street name or customer name positions and securities delivered to HTS. If the securities are held in street name or customer name, the fee will be based on shares accepted for tender, not on returned (unaccepted) shares. For shares delivered to HTS for tender, the fee will be based on total shares tendered, including any pro-rated shares.

Customer charges and fees include:

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

MONEY MARKET

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
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</thead>
<tbody>
<tr>
<td>Vision Check - Reorders</td>
<td>$15</td>
</tr>
<tr>
<td>Vision Check - Rush Orders</td>
<td>$22.50</td>
</tr>
<tr>
<td>Vision Check - Stop Payment</td>
<td>$25</td>
</tr>
<tr>
<td>Vision Check - Returned Check</td>
<td>$25</td>
</tr>
<tr>
<td>Vision Check - Photocopy of canceled check</td>
<td>$10</td>
</tr>
<tr>
<td>Vision Check Writing Termination</td>
<td>$25</td>
</tr>
<tr>
<td>Visa Platinum Debit Card - Annual Fee</td>
<td>$50</td>
</tr>
</tbody>
</table>

ACCOUNT TRANSFER/DELIVERIES BETWEEN BROKER DEALERS OR OTHER AGENTS/MUTUAL FUND COMPANIES

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Transfer Fee (ACAT)</td>
<td>$100</td>
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<tr>
<td>Account Transfer Fee (Non-ACAT)</td>
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<tr>
<td>Delivery of Book Entry Securities (Per Issue)</td>
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<tr>
<td>Receipt/Delivery of Foreign Securities</td>
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GENERAL

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<tr>
<th>Service</th>
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<tbody>
<tr>
<td>Wire Transfer - US Bank</td>
<td>$20</td>
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<tr>
<td>Wire Transfer - Foreign Bank</td>
<td>$50</td>
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<tr>
<td>Prepay Fee</td>
<td>$20 plus interest calculated at margin debit rate</td>
</tr>
<tr>
<td>Cleared Check Copy</td>
<td>$20</td>
</tr>
<tr>
<td>Stop Payment</td>
<td>$25</td>
</tr>
<tr>
<td>Returned Deposit Item</td>
<td>$35</td>
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<tr>
<td>Returned Outgoing Wire Transfer Fee</td>
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DELIVERIES - MINIMUM FEES

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<tr>
<th>Service</th>
<th>Fee</th>
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<tbody>
<tr>
<td>Regular Next Day</td>
<td>$25</td>
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<tr>
<td>Priority Next Day</td>
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<tr>
<td>Saturday Delivery</td>
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<td>Foreign Address</td>
<td>$60</td>
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<td>USPS Priority Mail</td>
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CERTIFICATES, DRS, DWAC, W/T & PROCESSING

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<tr>
<th>Service</th>
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<tbody>
<tr>
<td>Low-Priced/Large Quantity Review/Processing Fee</td>
<td>$300*</td>
</tr>
<tr>
<td>Legal Transfer Fee</td>
<td>$50*</td>
</tr>
<tr>
<td>Non-Equity Physical Processing Fee</td>
<td>$150*</td>
</tr>
<tr>
<td>Service/Transaction Description</td>
<td>Fee</td>
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<tr>
<td>-------------------------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Non-DTCC Eligible Receipt/Delivery</td>
<td>$100*</td>
</tr>
<tr>
<td>RVP/DVP Fee</td>
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<tr>
<td>Certificate Handling Fee</td>
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<tr>
<td>DRS Deposit/Withdrawal</td>
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<tr>
<td>DTC/Non-DRS Participating Issuers Fee</td>
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<tr>
<td>DWAC Deposit/Withdrawal</td>
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</tr>
<tr>
<td>Exercising Employee Stock Options</td>
<td>$50*</td>
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<tr>
<td>Exercising Warrants or Rights Subscriptions</td>
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<tr>
<td>Canadian Deposit</td>
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</tr>
<tr>
<td>Foreign Deposit</td>
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<tr>
<td>Canadian Settlement</td>
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<tr>
<td>Foreign Settlement</td>
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<tr>
<td>Transfer Agent Fee</td>
<td>Pass through fees*</td>
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<td>DTCC Deposit</td>
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<tr>
<td>DTCC Legal Deposit</td>
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<td>DTCC Withdrawal by Transfer</td>
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<td>DTCC/TA Reject</td>
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<tr>
<td>DTCC DRS Reject</td>
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<tr>
<td>DTCC New York Window Settlement</td>
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<tr>
<td>DTCC Envelope Settlement Service</td>
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</table>

**OTHER FEES**

- Customer Research or Document Reproduction Fee: $25 per hour
- Annual Safekeeping Fee: $50 per position
- Bond Fees (Purchase or Sale): $5 for T-Bills and $15 for T-Notes, T-Bonds and other Government Instruments
- Bond Redemption / Termination: $25
- Corporate Action Deposits: $90
- Corporate Action Physical Certificates: $6*
- Equity Redemption or Tender: $0.04 per share; $4.00 Minimum up to $80 Maximum
- Foreign Tax Elections: $50
- Mandatory Corporate Action: $30 per event
- Mutual Fund Positions Networking Fee: $50
- Mutual Fund Transaction Fee: Service fees may be charged
- Non-Networked Mutual Fund Annual Maintenance Fee: $100 per position
- Option Reporting Fee: $0.04 per contract
- Other Regulatory Fees:
  - A regulatory fee may be assessed on the sell side of all applicable securities transactions
  - Private Placement /Limited Partnership Annual Safekeeping Fee: $100
  - Private Placement /Limited Partnership Re-registration of Any Kind: $75
  - Private Placement /Limited Partnership Transfer in Purchase and Sale: $75
  - Processing, Handling and Insurance:
    - All transactions are subject to a processing, handling and insurance charge
    - Voluntary Corporate Action: $95 per event

**TRADITIONAL IRA**

- Annual Fee: $45
- Account Termination: $50

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**OTHER RETIREMENT ACCOUNTS**

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Fee</th>
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<tbody>
<tr>
<td>Qualified Plans</td>
<td>$250 Primary Annual</td>
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<tr>
<td>Qualified Plans</td>
<td>$10 Secondary Participant</td>
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</table>

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

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

**Overview of Hilltop Securities Inc.**

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

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

Our business continuity planning (BCP) first insures the safety and security of HTS’s employees. The events of September 11, 2001 emphasized the unique skill sets of personnel who work in the securities industry and the need to put employees’ safety first so that after an interruption employees are available to continue serving HTS’s customers. In addition to protecting HTS’s personnel, HTS’s BCP and daily operations are focused on preserving HTS’s critical firm and customer data through regular back ups which are moved off-site either via media and/or real time and near real time electronic copies of HTS’s data at remote locations. In 1996, HTS added a second data center in one of the suburbs of Dallas which houses HTS’s backup hardware/software, real time data copies and back office recovery space. HTS has constructed high bandwidth networks between HTS’s two data centers allowing HTS to utilize the resources of both centers during normal production, as well as facilitating the real time movement of data from the primary data servers to the back up data servers. Finally, HTS’s industry is heavily interconnected with data connections ranging from dial-up modem communication, dedicated private lines, frame relay technology and, in many cases, the Internet, through encrypted sessions. Where mission critical systems are involved, HTS has installed, where possible, redundant connections to the exchanges, utilities and counterparties involved.

**Business Continuity Planning Response Scenarios**

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

**Scenario:** An event occurs that, like September 11, 2001, causes the complete shut down of securities trading, clearance/settlement or other banking services nationwide. (nationwide)

HTS plans to continue business during this type of event and will await the reopening of the affected institutions. Unless a securities industry holiday is declared, we plan to open each business day until full functionality is restored. The recovery time in this scenario will be dependent on the timing specified by the impacted organizations. HTS plans to be ready to open when securities trading clearance/settlement or other banking services nationwide reopen.

**Scenario:** A specific exchange is unable to trade. (nationwide)

HTS plans to continue business during this type of event and will route order flow away from that exchange to alternative exchanges for the securities that exchange trades. HTS’s recovery time objective for this scenario is less than one hour.
Scenario: One of HTS’s major telecommunications vendors loses a key central office or service offering. (nationwide and/or HTS only)

HTS plans to continue business during this type of event and will use alternative dialing plans (e.g. placing/receiving local calls through a long distance vendor different from the failed vendor, backup lines from a different vendor for mission critical data applications (e.g. use the Sprint backup connection to an exchange when AT&T is down). HTS’s planned recovery time objective is less than four hours.

Scenario: The power grid (ERCOT) that serves the majority of HTS’s Texas locations is down. (regional)

HTS plans to continue business during this type of event and will utilize the backup generators that are located at both the primary data center location and the backup data center location to power HTS’s operations during the outage. Where necessary, HTS will relocate personnel among HTS’s facilities to compensate for any workspace outages. HTS’s planned recovery time objective for power to HTS’s data centers from the backup generators is less than fifteen minutes. If HTS is required to activate our business resumption space for operations recovery, the planned recovery time objective is four hours for mission critical functions.

Scenario: HTS’s headquarters location is closed. (single building, city wide, business district)

HTS plans to continue business during this type of event and will transfer mission critical activities to the backup data center and HTS’s other offices and affiliate offices. Assuming no access to and no power to the building, the planned recovery time objective for mission critical activities is four hours.

HTS’s planned recovery times for business resumption may be negatively impacted by the unavailability of external resources and other circumstances beyond HTS’s control.

In the event of a significant business disruption, HTS will supply additional information at 866-797-5BCP (866-797-5227).

Updates to this disclosure

As HTS continues to test its plans and as conditions at HTS and in the industry change, HTS will continuously revise the plans as considered necessary. Whenever HTS updates this BCP disclosure document, HTS will promptly place a copy of it on its website. You may request a hard copy of this disclosure in its current version be sent to you at any time by mail or you may access it at HTS’s website at www.hilltopsecurities.com.

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

How We Protect Confidentiality

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

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

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The HTS’ Privacy Policy applies to anyone who is a current or former HTS brokerage or investment advisory client or who registers with one of our services or promotional offers. We provide you with a copy of this policy when you open an account, and we send you annual notifications thereafter. If we change our policy regarding the sharing of information, we will notify you in advance and give you the opportunity to "opt out" of such disclosure.

How We Obtain Information About You

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

Sharing Information With Whom and Why

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

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

Internet Security

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

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