Safra Securities

DISCLOSURE DOCUMENT

Safra Securities LLC ("SSL"), a subsidiary of Safra National Bank of New York ("SNBNY" or the "Bank"), is an SEC-registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). As such it offers brokerage services to its clients and acts in such a capacity in its dealings with clients. This document provides important disclosures required by regulation, rule, law, or accepted market practice.

As a condition to SSL's acceptance of your instructions, you represent that you will undertake to comply with and fulfill all of your obligations under applicable laws and regulations (including, in particular, those relating to short sales) and will not breach such applicable laws or regulations. You also agree to provide us promptly with all information necessary for us to perform our obligations under applicable law and regulation.

Specific additional disclosures that may apply, such as those contained on your transaction confirmation, or within a prospectus or offering document will be transmitted to you as appropriate. Other disclosures that may apply when trading on certain markets will be posted on SSL's website at www.safrasecurities.com from time to time.

1. SEC Regulation Best Interest ("Reg BI")

The United States Securities and Exchange Commission ("SEC") enacted Reg BI to more closely align the legal standard due clients of broker-dealers with those due clients of investment advisors. When making recommendations to you regarding investment strategies and/or products, registered representatives of Safra Securities LLC, an SEC-registered broker-dealer, need to act in your best interest, meaning they cannot put their interests or SSL's interests ahead of your own. In developing an investment strategy and/or recommending investment products, a registered representative takes information supplied by you at the account opening process, and thereafter as appropriate. This information, generally referred to as your "investment profile", is comprised of such information such as your investment objectives, risk tolerance, time horizon, age, annual income, net worth and liquid net worth, marital status, number of dependents, investment experience, and other investment holdings. These data points are important to develop recommendations that are in your best interest.

2. Relationship with Safra National Bank of New York

SSL is a wholly-owned subsidiary of SNBNY. SSL and SNBNY are affiliated with J Safra Asset Management Corp ("JSAM"), an SEC-registered investment advisor. Registered representatives of SSL are also account officers at SNBNY, but are not jointly registered with JSAM. Clients of SSL are required to first have an account with SNBNY.

3. Services Offered by SSL

As a registered broker-dealer, SSL offers brokerage services to its clients which is primarily execution of registered securities transactions. It may, through its registered representatives, offer recommendations regarding such security transactions. Such recommendations are wholly incidental to the execution services provided, and will be offered only after considering a client's investment profile and available products. SSL and its registered representatives do not offer ongoing account monitoring; however, SSL and its registered representatives may, at their sole discretion, provide ad hoc account reviews. Such reviews may or may not lead to further recommendations.

4. Accounts Available Through SSL

Clients of SNBNY who wish to engage in investment products available at SNBNY may do so in their bank custodial account. Clients who wish to engage in and receive recommendations for registered security transactions, which fall outside available products/transactions at SNBNY may do so by establishing an account with SSL.

Generally, in order to maintain an account or accounts with SSL, a client will need to maintain a minimum of $1 million across SNBNY and SSL. Such a minimum may be across relationships and may be waived at the sole discretion of SSL.

Clients interested in transacting in registered fixed income products and/or registered structured products may do so by establishing a DVP/RVP account ("Delivery Versus Payment/Receipt Versus Payment"; also referred to as a "COD", or "Cash On Delivery" account) at SNBNY and at SSL; execution services will be provided by SSL while custody services will be provided by SNBNY. In doing so, you may be charged execution fees at SSL for any transaction you engage in, such as a commission, disclosed mark-up/markdown, or selling concession (as disclosed in a prospectus or offering document). Bank fees are separate and distinct and will be applied by SNBNY, at SNBNY.

Clients interested in transacting in domestic (US) mutual funds, listed options, and/or equities may do so by establishing a Cash/Margin account at SSL; both execution services and custody services will be provided by SSL. In doing so, you may be charged execution fees at SSL for any transaction you engage in, such as a commission, disclosed mark-up/markdown, or selling concession (as disclosed in a prospectus or offering document). Additional fees imposed by SSL may also apply.

5. Products Offered Through SSL

Clients of SSL are able to transact in a myriad of investment products through their SSL accounts, including equities, fixed income, domestic mutual funds, exchange traded funds, listed options and structured notes. Each product has different features and different risks. A general discussion of the products offered and some of the inherent risks that these products may contain is included later in this document. Additionally, SSL may, from time to time, have a position in the securities discussed and may buy or sell such securities in the course of its regular business. Investors are advised to review alternatives with their financial advisors prior to making an investment decision.

6. Use of Leverage/Margin

SSL offers clients the ability to use borrowed funds to help pay for investments purchased. Using leverage, or trading on margin, can lead to increased returns, but can also lead to increased losses, including more than one's initial investment. Initial margin requirements are set by the United States Federal Reserve under Regulation T, and maintenance margin requirements are set by the self regulatory organizations. There are generally different margin requirements based on asset class. Before using margin or any leverage in your portfolio, you should understand the terms and conditions of margin as disclosed in SSL's Margin Agreement and Margin Disclosure Documents.

7. Fees

Maintaining an account and/or trading in securities with SSL includes certain fees to you as an account holder, e.g. disclosed commissions or disclosed markups/markdowns for execution services. Additionally certain products have fees embedded in them (e.g. new issue structured products, domestic mutual funds) that are disclosed through that product's offering document or prospectus. Still others have ongoing fees that reduce the net asset value of that product (e.g. domestic mutual funds, exchange traded funds) that are also disclosed in that product's offering document or prospectus. Furthermore, SSL may charge certain maintenance and other fees depending on activity.

Please refer to SSL's Fee Schedule for a discussion of the fees applicable to the accounts, products and services offered under each arrangement.

8. Conflicts of Interest: Introduction

As a broker-dealer, SSL faces a number of conflicts of interest, both real and perceived, in the regular course of business. However, there are a number of conflicts faced by the industry that SSL does not face, by virtue of its chosen business model. SSL does not conduct any sales contests, or maintain any sales quotas, bonuses or non-cash compensation that is tied to the sale of any specific security or security type. Nor does SSL utilize any preferred securities/funds lists, trade from inventory, produce security specific research reports (although it may provide access and/or distribute both independent and affiliated third party research reports), underwrite securities or make markets. Below is a discussion of the conflicts of interest that may impact the quality of recommendations received, and the processes by which SSL attempts to mitigate them. There conflicts are routinely reviewed and updated as needed.

9. Conflicts of Interest: Registered Representative Compensation

SSL's registered representatives compensation is paid through SNBNY and is based on two components: a negotiated base salary; and, a discretionary annual bonus. General factors that contribute toward the base salary and discretionary bonus include: service to clients; growth of assets; revenues produced; and, adherence to SSL and SNBNY's policies and procedures. Revenue produced would include the commissions and fees charged to clients at SSL; however, it is but one component in a larger calculation.

SSL registered representatives are not compensated as a percentage of commissions charged, nor is compensation differentiated based on product sold. However, given that commission and fee revenue generated at SSL is included in the calculation, registered representatives may be conflicted in the advice they provide. They may be incentivized to recommend higher trading levels that may lead to more commissions being charged; they may recommend higher cost products than alternatives available in the marketplace.

SSL, in an effort to mitigate these compensation conflicts of interest, has put into place policies and procedures to review client activity and the justification for certain products or strategies.

10. Conflicts of Interest: Higher Fee Products

In line with, and in furtherance of, the discussion regarding registered representative compensation, registered representatives may be incentivized to promote products with a higher cost or fee structure for their clients in an effort to increase revenue attributed to the registered representative to, in turn, increase his/her overall compensation. Such products may include mutual funds and the appropriate underlying share class, and structured notes, which, even with reduced selling concessions capped to be in-line with permissible secondary market commissions, may include higher margins than comparable secondary market commissions. However, with respect to structured notes, the product is generally customized to fit a need or desire that a client or clients have traditionally requested. In both instances, prospectuses and/or offering memoranda are provided to customers which disclose the pertinent cost structure.

SSL, in an effort to mitigate these product conflicts of interest, has put into place policies and procedures to review client activity and the justification for certain product recommendations.

11. Conflicts of Interest: Allocation of New Issues

On some occasions, SSL may have access to some security offerings, generally as a selling group member or as a placement agent. Some of these offerings may be in high demand, and SSL's final allocation may be less than its indication. As such, there may be an incentive to allocate high-demand, scarce securities to more favored clients, based on relationships, assets or revenue generated. In some instances, particularly fixed income offerings, SSL and its parent company, SNBNY, may also be competing for an allocation if legally permitted. When an allocation that is less than its aggregate indication is received, SSL generally pro-rates the account-level allocations, but may be forced to cut some allocations to zero to preserve an ordered distribution (e.g. ensuring that a minimum quantity is met). Additionally, clients' registered representatives are not involved in the allocation process and have no influence in such decisions.

12. Conflicts of Interest: Outside Business Activities

Some of SSL's registered representatives may engage in business activities outside of their responsibilities at SSL and SNBNY. Such activities need to be approved by SSL supervisory and compliance personnel and disclosed on a registered representative's Form U4. Potential conflicts caused by outside business activities, including loss of time focused on SSL matters, material relationships with public entities, etc. are factors that are considered prior to approval. Registered representatives are prohibited from recommending securities in which they may have a material relationship with, including via an outside business activity.

13. Conflicts of Interest: Registered Representative Personal Trading

Some of SSL's registered representatives may engage in the trading and investing of securities in their personal accounts for their personal benefit, either where they are the beneficial owner or maintain a control relationship over. SSL maintains policies and procedures in place regarding the personal trading of its registered representative, including training, surveillance and supervision. Such policies and procedures include the prohibition of making recommendations in any security for which they may hold a material position, based on the size of the position and the liquidity available in the marketplace, excluding exchange-traded funds, given their liquidity and derivative nature.

14. Conflicts of Interest: Business Entertainment

Registered representatives and other SSL employees may seek to entertain their clients in a variety of ways; however, business entertainment should be limited in scope and in no way be considered extravagant. Registered representatives may feel that increased business entertainment will lead to increased business and therefore may be incentivized to entertain their clients. Private banking, however, in which SSL is intertwined with, is traditionally "relationship" based and registered representatives generally focus significant time on building relationships that increase client loyalty to the institution and specifically to the registered representative. SSL maintains policies and procedures, including training, surveillance and supervision, regarding business entertainment and the requirement that such entertainment is neither excessive nor extravagant.

15. Conflicts of Interest: Gifts

Registered representatives and other SSL employees may receive and/or bestow gifts from/to clients. Such gifts may be seen as attempts to induce the registered representative to give preferential treatment to a client or to induce more business from the client, respectively. FINRA regulations and SSL policy limits these gifts to $100 per person per year. Registered representatives are required to report any gifts, given or received, to compliance personnel. Additionally, SSL maintains training and surveillance regarding the receipt and/or bestowal of gifts, to ensure they are within the confines of Firm policy and industry regulations.

16. Conflicts of Interest: Charitable Donations

Similar to gifts, registered representatives and other SSL employees may make charitable donations to foundations and causes that contain significance to their clients in an effort to ingratiate themselves with their clients and increase business. SSL maintains policies and procedures, including training and surveillance, regarding charitable donations made in furtherance of business interests, particularly that such donations are not excessive in number or value.

17. Conflicts of Interest: Political Contributions

Registered representatives and other SSL employees may make contributions to certain political campaigns in an effort to ingratiate themselves with a candidate in the hope that once that candidate wins political office, he/she may be in a position to direct business or influence others to direct business to SSL. SSL requires all registered representatives to disclose any political contributions made, and maintains policies and procedures, including training and surveillance, to ensure that such contributions are not excessive in number or value.

18. Conflicts of Interest: Confidentiality

SSL's registered representatives, by virtue of their responsibilities at SSL, SNBNY or otherwise, are in a unique situation to know the positions, trading activities and intentions of their clients with respect to securities and investments. Although unlikely, such knowledge has the potential to be used to front-run, either for personal gain or for preferred clients' gain, other clients' orders. Furthermore, registered representatives may have access to material, non-public information and may attempt to trade, or induce clients to trade, upon such information so as to produce immediate, observable results. SSL maintains policies and procedures, including training and surveillance, regarding the need to keep client information, and other material, non-public information, confidential.

19. Safra Securities, LLC Privacy Policy
(SEC Regulation S-P; the Gramm-Leach-Bliley Act)

SSL is dedicated to protecting your privacy and handling any personal information we receive from you with care and respect. When you use an SSL service, you should understand when and how your personal information is collected, used, disclosed, and protected.

SSL Privacy Policy: In providing financial services to you, SSL collects certain personal information about you. SSL's policy is to keep this information strictly safeguarded and confidential, and to use or disclose it only as necessary and/or customary in order to conduct its business, provide its services to you, and as otherwise permitted by law. SSL's Privacy Policy is available on the Safra Securities website at www.safrasecurities.com.

Information Collected: Non-public personal information ("NPI") is individual information about you or your family that is necessary in order to provide any or all of SSL's services to you. NPI may include your name, address, telephone number, employment, income, family members, assets, liabilities, investment objectives, and personal financial situation. SSL collects NPI from sources such as applications, forms or other communications, including electronic communications, and transactions with SSL as well as from credit reporting agencies and other non-reporting third parties.

Information Disclosed: SSL discloses NPI about you only as permitted by law or authorized by you. SSL may use personal information in order to operate its business and service you, such as: service and maintain accounts and transactions; verify income and assets; monitor and archive communications; and verify your identity in accordance with the USA Patriot Act of 2001.

SSL may disclose or share personal information about you to its affiliates, such as banks or investment advisers in order for its affiliates to provide and service accounts and transactions, such as custodial services, data processing and loan servicing, as well as to service providers to maintain accounts and transactions (such as an executing broker). SSL may also share personal information as required by law. SSL also requires its vendors to adhere to its privacy policy.

SSL does not sell your information to any companies so that they may solicit you.

Security Policy: SSL considers your information to be confidential. Only those individuals who need your information to perform their jobs are authorized to have access to that information. SSL also maintains physical, electronic, and/or procedural safeguards with respect to your information in order to protect the confidentiality of your information.

SSL will adhere to the policies and practices described in this notice for both current and former clients of SSL, which will be reviewed periodically (or as required by regulation), and will assign certain SSL personnel with the responsibility for data privacy, and will inform employees of their privacy responsibilities. If you have any questions regarding our privacy policy, please contact us at (212) 704-5500.

Website Privacy Policy: Visitors to the SSL website, www.safrasecurities.com, will remain anonymous. SSL does not collect personal identifying information about visitors to its site.

SSL's servers collect standard non-identifying information about visits to the site, such as date and time visited, IP address, city, state, and country. This information is used to compile standard statistics on site usage. If you have provided personal identifying information via e-mail (such as name and address), the information will only be used to communicate with you to handle your request. It is not sold or transferred to other parties.

20. Securities Investor Protection Corporation
("SIPC") (FINRA Rule 2266)

SSL is a member of the Securities Investor Protection Corporation ("SIPC"), which protects securities of its members up to $500,000 (including $250,000 for claims for cash). For additional information regarding SIPC, including obtaining a copy of a SIPC brochure, please contact SIPC at (202) 371-8300 or by emailing asksipc@sipc.org. Also, please visit the SIPC website at www.sipc.org.

21. Investor Education and Protection
(FINRA Rule 2267)

An investor brochure that includes information describing FINRA BrokerCheck may be obtained from FINRA. The FINRA BrokerCheck Hotline Number is (800) 289-9999 and the FINRA website address is www.finra.org.

22. Routing of Client Orders
(SEC Regulation NMS Rule 606)

SSL currently routes equity and option executions to certain third party market makers, market centers and exchanges in accordance with its best execution policies unless you have instructed SSL to route your orders to certain venues. Information about SSL's order execution is available on SSL's website (www.safrasecurities.com) via the "Disclosures: Order Routing Information" link.

23. Payment for Order Flow
(SEC Regulation NMS Rule 607)

SSL sends certain equity orders to exchanges, electronic communications networks, or broker-dealers during normal business hours and during extended trading sessions. In certain instances, SSL may receive payment for order flow, or discounts, rebates, reductions of fees, or credits from the venues to which it routes client orders for execution. SSL may be also charged access fees depending upon the characteristics of a particular order and any subsequent execution. The details of these payments and fees are available upon written request.

24. Business Continuity Plan
(FINRA Rule 4370)

To address interruptions to its normal course of business, SSL maintains a business continuity plan, which includes geographically dispersed data centers and alternate processing facilities. The plan is reviewed annually and updated as necessary.

The plan outlines the actions SSL will take in the event of a building, city, or regional incident, including: continuous processing support by personnel located in unaffected facilities; relocating technology or operational personnel to alternate regional facilities; and relocating technology data processing to an alternate regional data center.

All SSL operational facilities are equipped for resumption of business and are tested. Regarding all circumstances within its control, SSL's recovery time objective for business resumption, including those involving a relocation of personnel or technology is four (4) hours, depending upon the availability of external resources.

In the event that SSL experiences a significant business interruption, you may contact SSL to process limited trade-related transactions, cash disbursements, and security transfers. Instructions must be in writing and transmitted via email or by postal service as follows:

Safra Securities LLC
546 Fifth Avenue
New York, NY 10036

With respect to both email and postal instructions, no guarantee can be made to timely processing given the manner in which the instructions are transmitted.

For additional information about how to request funds and securities when SSL cannot be contacted due to a significant business interruption, please visit: www.safrasecurities.com or www.safra.com, or call (212) 704-5500 for recorded instructions.

25. Account Opening Information and Anti-Money Laundering Background Check

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

What this means for you: if you are an individual opening an account, SSL will ask for your name, address, date of birth, and other information that will allow it to identify you. SSL will also ask to see your driver's license, passport or other government issued identifying documents.

If you are a business, SSL will ask for your business name, a street address and a tax identification number. SSL will also ask to see government-issued documents that will allow it to establish your existence.

If you are an advisor and/or otherwise acting as an agent for underlying clients, you may also be required to represent that you are able to provide documentation as to the identities of your underlying clients (and in some cases, the beneficial owners of the securities) if requested by regulators or other entities that participate in the order execution process for trades that you have placed with SSL.

Federal regulations also require financial institutions to develop, implement and enhance procedures for identifying and knowing all of their clients. Pursuant to those requirements, SSL account-related activities are subject to review. In order to ensure compliance with the law, SSL must ask you questions regarding your occupation, the nature of your business and the expected activity on your account. There may be circumstances where SSL may need to inquire about transactions placed through your account in order to understand the purpose and ensure the validity of such transactions. SSL appreciates your anticipated understanding and cooperation. Notwithstanding the above, SSL reserves the right to close your account and take any other reasonable and necessary actions that SSL deems warranted.

26. Complaints

Client complaints concerning services provided by SSL may be directed to:

Safra Securities LLC
Attn: Compliance Department
546 Fifth Avenue
New York, NY 10036
Phone: (212) 704-9317

27. SSL Order Placement and Routing

With respect to U.S. stock, you may place orders with SSL telephonically or electronically (via email or instant message); SSL will not accept orders via facsimile, text message or voicemail. SSL will route such orders based on its best execution policy (and ongoing review and analysis of best execution results) to its network of market centers, executing brokers or alternative trading venues unless you instruct us to route orders for some products or particular trades to a designated venue. Orders are not deemed "accepted" by SSL until an acknowledgment has been sent or otherwise communicated to you.

28. "Not Held" Orders

Generally, SSL will treat orders for institutional accounts and other orders of "material" size, based on quantity and market liquidity, as generally placed on a "Not Held" basis, unless otherwise notified to treat the order as "held". "Not Held" orders provide time and price discretion in the execution of the orders; "held" orders do not permit SSL to exercise time and price discretion. A market order requires immediate execution at the prevailing market price, while a limit order can only be executed at the limit price (or better).

With respect to "not held" orders, SSL will "work the order" to endeavor to obtain the best fill for the client, considering all the agreed-upon terms of the trade and the market conditions surrounding the order. Please feel free to discuss how you your orders will be treated with your registered representative.

29. Stop Orders Disclosure
(FINRA Rule 5350)

All stop or stop limit orders accepted by SSL trigger on the last sale subject to any corporate actions.

30. Extended Hours Trading

SSL strives to provide its clients with the best execution possible in all its securities transactions. As such, SSL strongly discourages the placement of orders during extended hours trading sessions. Extended hours trading sessions are defined as both pre-market hours trading (before 9:30 AM ET) and after-market hours trading (after 4:00 PM ET) in US equities. SSL, as an accommodation, may grant an occasional exception to clients due to extraordinary market conditions.

Extended hours trading orders will be classified as DAY orders, i.e. will only be in force for the day the order is given; Good-Till-Cancelled (GTC) and Good-Till-Date (GTD) orders will not be accepted. Additionally, if unexecuted, extended hours trading orders will expire at the end of such trading session, i.e. pre-market trading session orders will expire at 9:29:59 AM ET, regular market trading session orders will expire at 4:00:00 PM ET and after-market trading session orders will expire at 8:00:00 PM ET, unless otherwise instructed.

Trading during extended hours includes a number of added risks, including but not limited to:

- Risk of Lower Liquidity;
- Risk of Higher Volatility;
- Risk of Changing Prices;
- Risk of Unlinked Markets;
- Risk of News Announcements;
- Risk of Wider Spreads.

SSL reserves the right to reject acceptance of any extended hours trading order or change the hours of acceptance of any extended hour trading notice at its discretion, without prior notice.

31. Trading Halts; Limit Up/Limit Down
(FINRA Rule 6190)

When a trading halt is in effect (for example if a "Limit Up/Limit Down" halt has been triggered) for a security, a client may still submit orders for such security. Such orders will be accepted and routed for execution, but they will only be executed on a best-efforts basis upon the resumption of trading in such security which may be at a higher or lower price. Clients are encouraged to use limit orders to protect themselves against significant pricing changes upon the resumption of trading.

32. Indications of Interest and Post-Trade Advertisements
(FINRA Rule 5210)

SSL uses certain vendors to advertise indications of interest ("IOI") which are transmitted over FIX protocol to institutional clients (or through direct communication to client order management systems). They indicate an interest in buying or selling securities. IOIs will include many of the following elements; security symbol, side of the market, size, capacity and/or price, consistent with regulatory guidance. When publishing IOIs, SSL will adhere to guidelines published by the service provider and applicable regulatory guidelines, including when and whether SSL will designate an IOI as natural, i.e. a mandate from another client to search for the contra-side, as opposed to SSL committing capital. Typically, these are good for the trading day. Any posted IOI will not indicate the size of the order that you have submitted to SSL and the IOI will be cancelled when the order is filled. Clients from whom IOIs have been sourced may include affiliates of SSL. Please contact your registered representative with any questions.

SSL may also disseminate post-trade information in the form of trade advertisements through vendors that are based on the executed volume associated with your orders. SSL may also share order and post-trade data on an aggregated or anonymous basis within the Safra group for bona fide business purposes.

33. Short Sales Disclosure and Procedures

You will advise SSL prior to entering a short sale order if you do not own the security or are unable to deliver the security in a timely manner.

Short sales must be executed in a margin account.

Short sales are subject to regulatory controls or cannot be executed under certain market conditions.

When you make a short sale it is necessary to borrow securities to make delivery and SSL cannot guarantee that shares will be available to facilitate a short sale. By submitting a short sale order, you agree to pay all charges for borrowing the shares for as long as you hold the short position.

Short sales can be subject to a buy-in from the applicable settlement date and thereafter. SSL does not guarantee a minimum time to short a position.

If SSL is not able to borrow (or re-borrow) the stock sold short, it may cover your position by buying the stock at the current market price at SSL's discretion and without notice to you; you agree to be liable for any resulting debit balance.

Margin accounts are marked-to-market daily and any increase in the value of a short position will result in that unrealized loss being added to your debit balance, with interest charged as described below. Conversely, a drop in the value of the short position will decrease your debit balance. Short Sale proceeds help secure our loan and may not be withdrawn. You are liable for any dividends paid on securities you have sold short.

If market conditions change, if the lenders should call in your borrowed securities for any reason (e.g. a tender offer), if the closeout requirements of Regulation SHO become applicable, and you cannot cover in time to make delivery, SSL may need to purchase securities in the open market at current market price and market conditions. You will be responsible for any resulting loss, short rebate expense, or associated costs incurred by us in connection with short transaction.

Further information about initial margin and maintenance margin requirements are set forth in the Safra Securities LLC Margin Agreement.

34. Failure to Deliver Securities Sold
(SEC Regulation SHO)

When you enter an order to sell an equity security long you represent to SSL that: (i) you own the securities being sold without restriction; and that the securities are in custody (with the Bank or SSL); or (iii) that you will deliver them to SSL by the settlement date. Failure to deliver such securities on the settlement date, may result in the cancellation of the sale order (at SSL's discretion) or if the securities are not received by SSL before the commencement of trading on the third settlement day after the original settlement date, SSL may enter an order to purchase the like kind and quantity of securities (which will be charged to your account) to close out the sale transaction.

If you enter an order to sell a security short, and you fail to deliver the securities to SSL by the settlement date, your sale transaction will be marked as a fail-to-deliver position. Regulation SHO requires that any fail-to-deliver position in equity securities be closed out by the opening of trading on T+4 settlement days.

SSL may initiate a buy-in or a borrow to close-out the transaction which means that SSL will purchase or borrow shares of like kind and quantity (in either case, charged to your account) to close-out the sale transaction. Please note that if a limit-up/limit down circuit breaker has been triggered, SSL may not be able to submit a short-sale order unless it is and can be marked as short-exempt under the rule.

35. Callable Securities

To the extent SSL holds on behalf of any customer account, securities which, by their terms, may be called or redeemed prior to maturity ("callable securities") and a partial call or redemption involving such securities occurs, the following procedures will be followed: SSL will generally administer the partial call or redemption via an impartial lottery system by which it will allocate among its customers the securities to be selected as called or redeemed.

36. Clearly Erroneous Disclosure

(FINRA Rule 11890)

If the SEC, an SRO or other applicable regulatory body determines that an executed trade is clearly erroneous or must otherwise be cancelled, SSL will be required to cancel the trade and will not be able to honor the executed price, any price guarantee or other terms associated with such trade.

37. SSL Statement of Financial Condition

(SEA Rule 17a-5; FINRA Rule 2261)

A complete copy of the SSL's most recent Statement of Financial Condition filed with FINRA is available at www.safrasecurities.com.

38. Unclaimed Property

Each state has laws that govern when accounts are considered inactive or unclaimed and when SSL is required to send a client's funds or securities to the state. We encourage you to make sure your accounts remain active so you receive regular statements, have the full use of your accounts, and avoid the potential of having your account assets transferred to the state as unclaimed property. SSL will send you a letter in advance if your account assets may be transferred to the state as unclaimed property.

39. Lost or Stolen Securities

(SEC Rule 17F-1)

All lost or stolen securities must be reported to the Securities Information Center (SIC).

Lost Securities: if your periodic client statement indicates that securities were forwarded to you and you have not received them, you should immediately notify SSL. If you later discover the securities, you should immediately inform SSL in order to avoid problems with any stop transfer notice regarding the lost securities. If you request a replacement certificate you may be charged for an indemnity bond to protect against loss in the event an innocent purchaser acquires the lost certificate. If notification is received within 120 days after the mailing date, as reflected on your periodic statement, replacement will be made free of charge; thereafter, a fee for replacement may apply.

40. Monthly Statement Securities' Pricing

Securities, primarily illiquid fixed income securities (including brokered CDs) and structured notes where there is no active marketplace, may be priced using evaluations, which may be matrix or model-based, and do not necessarily reflect actual trades. These price evaluations suggest current estimated market values, which may be significantly higher or lower than the amount you would pay (receive) in an actual purchase (sale) of the security. These estimates, which are obtained from various sources, assume normal market conditions and are based on large volume transactions.

41. Investing in Equity Securities

An investment in an equity security generally represents an ownership stake in the underlying company. As an owner, your investment is at risk of going to zero in the event the company is unable to execute on its business strategy and generate sustainable revenues or, alternatively raise capital. The types of equities one may invest in vary widely, from highly speculative start-ups to more established companies with stable cash flows. Investors in equity securities are generally looking for growth and/or speculation, with some equity securities offering growth and/or income, depending on the nature of the company and its business.

42. Investing in Listed Options

Listed options offer the holder the right, but not the obligation, to either buy the underlying instrument (in the case of a call option) or sell the underlying instrument (in the case of a put option) at set terms during a set time period. The short seller, however, has the obligation to either sell the underlying instrument (in the case of a call option) or buy the underlying instrument (in the case of a put option) at set terms during a set time period, if the holder exercises the option. Options have a finite life, and can be used to hedge a portfolio or for speculation. As such investors can protect positions in their portfolio, enhance the income of the portfolio, or speculate on the price movements of the underlying instrument, depending on the strategy employed. Clients interested in investing in options should read SSL's Option Disclosure Agreement and the Option Clearing Corporation's Characteristics and Risks of Standardized Options before engaging in option activity.

43. Investing in Fixed Income Securities

An investment in a fixed income security generally represents a loan you have made to the underlying entity, making you a creditor to that entity. As a creditor, you generally receive periodic interest payments and a repayment of face principal at maturity. However, an entity may default on its interest payment and/or be unable to repay the face principal at maturity, and your investment may suffer as a result, potentially losing its full amount. The entities that issue fixed income securities vary widely, and range from the United States government, to municipalities, to other sovereign entities, to corporations. The creditworthiness of these entities also varies widely, from highly rated to non-investment grade and beyond (defaulted). Investors in fixed income securities are generally looking for income, and, depending on where they invest along the creditworthiness spectrum, either preservation of capital (e.g. US T-bills) to speculation (e.g. junk bonds).

44. Investing in Structured Notes

Structured notes is a general term encompassing a wide variety of products that often offer varying coupon rates and outcomes based on observable, independent market events regarding some underlying instrument (e.g. an equity security, a basket of equity securities, commodity prices, interest rates, etc.). Most structured notes are underwritten by independent, unaffiliated investment banks, based on criteria relayed by SSL to meet an explicit or perceived need among its client base. Often, these investment banks utilize derivatives and other sophisticated techniques to create and/or hedge the risk of these structured notes. These structured notes that are registered with the SEC may be available to SSL clients. They are generally employed by investors with speculation and income as investment objectives. Before investing in a structured note, investors should read the product's offering memorandum to understand the features, risks and fees associated with the product.

45. Investing in Exchange Traded Funds (ETFs)

Exchange traded funds (ETFs) are pooled investment vehicles that trade on an exchange with liquidity provided by the marketplace. ETFs can track an index, a sector, or be actively managed to maintain a chartered investment strategy/objective. Some ETFs also attempt to offer leveraged and/or inverse daily returns for a particular index or sector. To achieve these leveraged and/or inverse returns, the ETF's sponsor generally engages in complex derivative strategies. The use of such products, along with daily target returns (rather than longer term time horizons) can cause these funds to be more volatile and subject to extreme price movements. As such, they are not meant to be long term investments and are for investors with a trading, or speculative, investment objective. Before investing in an ETF, traditional, leveraged or inverse, an investor should read the fund's prospectus to understand the fund's objective, strategy and cost structure.

46. Investing in Domestic Mutual Funds

Domestic mutual funds are open-end investment companies registered with the SEC. Generally they are pooled investments offered on a continuous basis priced off of the net asset value of its underlying investments. Mutual funds can offer the benefits of diversification and professional management and can be an easy and efficient way to invest. Most mutual funds offer various share classes with differing cost structures depending on the needs and time horizon of the investor. Mutual funds can track a particular index, or to be actively managed in order to maintain a chartered investment strategy objective. They can run the gamut to fairly staid funds to highly speculative funds, employing sophisticated tactics, e.g. the use of derivatives. As with all investments, mutual funds involve risk. Before investing in a mutual fund, an investor should read the fund's prospectus and other investment materials to understand the fund's objective, strategy and cost structure, including any discounts/breakpoints for certain volume threshold purchases.

Mutual funds are designed for long-term investors, not active traders who attempt to "time the market". Most mutual funds implement practices and procedures to protect shareholders from investors who seek to practice a market-timing strategy. Market timing involves the rapid buying and selling of mutual fund shares in an attempt to realize short term profits. This excessive trading of mutual fund shares may disrupt a fund's investment strategy and may also negatively influence a mutual fund's performance results. Mutual funds use a variety of techniques to discourage investors from using mutual funds to practice market timing, including imposing redemption fees, implementing trading restrictions, and identifying and isolating market timers.

47. Risks Involved in Security Investments

An investment in any of the securities featured above involves risk; that risk, however, varies across these asset classes and even within. Below is a brief discussion of some of the risks that may apply to your investments. This list is not intended to be exhaustive:

- Market Risk: Market risk refers to the risk that the price of your investment is priced in the marketplace at a price less than (greater than) than the price you purchased it at (sold short), thereby leading to a loss in your investment.

- Business Risk: Business risk refers to the risk that the corporate entity you've invested in may not be able to achieve its business plan and generate revenues to sustain its business, either due to competition, inept management, regulatory changes or other market forces. As such, the value of your investment may decrease, leading to a loss on your investment.

- Credit/Default Risk: Credit risk and default risk refer to an entity's ability to continue making interest payments on its outstanding obligations or return principal at maturity of those obligations. Generally, entities seen to have greater credit or default risk will be priced lower in the market. As such, the value of your investment may decrease, leading to a loss on your investment.

- Country/Geopolitical Risk: Country risk, or geopolitical risk, refers to the risk inherent in different countries or areas of the world, which may or may not have mature governments, legal frameworks or economies and may or may not be susceptible to political instability. Investments in entities in such jurisdictions may have increased risk as a result. As such, investments in entities located or doing business in these locations may decrease, leading to a loss in your investment.

- Foreign Exchange Risk: Foreign exchange risk refers to the risk involved with entities that have operations in foreign jurisdictions and the market impact of fluctuations in foreign exchange rates will have an adverse impact on their earnings. As such, investments with exposure to foreign exchange risk may be more susceptible to fluctuations in the foreign exchange market and lead to a loss in your investment.

- Interest Rate Risk: Interest rate risk refers to the sensitivity of certain investments to a movement in interest rates. Generally, when interest rates move up, interest-paying investments, and some dividend-paying investments, move down in price.

Additionally, the cost of funds for corporate entities becomes more expensive, making growth efforts more expensive. As such, investments sensitive to interest rates may lead to a losses during volatile interest rate environments.

- Counterparty Risk: Counterparty risk refers to the risk that the other side of a transactions may not able to meet its obligations when they come due. Specifically, on certain over-the-counter derivatives and in structured notes, it is the risk that the counterparty of the transaction cannot make the payments required of it at the time these payments are due, usually because of that party's financial problems. With respect to products offered by SSL, registered structured products underwritten by another investment bank has counterparty risk to the degree that the underwriting investment bank will be unable to meet the terms of the contract of the structured note as they are due. To the extent there is a secondary market (see liquidity risk), the value of such notes may decrease in value if there is significant counterparty risk, leading to a loss in your investment in such products.

- Liquidity Risk: Liquidity risk refers to the risk that you'll be able to sell your investment in the marketplace. This is no guarantee that there will be willing buyers for a security when you are looking to liquidate an investment; and, there is no guarantee that such buyers are at prices that would exist in a diverse and competitive marketplace. As such, liquidity risk may mean that the price of your investment is lower than it would be in more liquid securities and may lead to losses in your investment, especially under forced sale conditions (e.g. margin sellouts).

- Concentration Risk: Concentration risk refers to the risk that one's investments are centered on a particular entity or sector, and that adverse movements in that particular entity or sector will have an outsized impact on a concentrated portfolio rather than a well-diversified portfolio. As such, a concentrated portfolio may be more volatile than a diversified portfolio, and your investment may be susceptible to larger losses as a result.

- Inflation Risk: Inflation risk refers to the risk that payments received in the future, e.g. coupon payments from a fixed income product, will be worth less tomorrow due to the effects of inflation on those future payments. As such higher inflation rates may have an adverse effect on investments paying a set stream of future payments, and your investments in such securities may be susceptible to losses as a result.

- Reinvestment Risk: Reinvestment risk refers to the risk that rates of return on current investments cannot be replicated on future investments, e.g. a maturing fixed income investment.

48. Rejection of Requests

SSL reserves the right to decline to process or delay the processing of an request given: if SSL is unable to satisfy itself that the request has been properly authorized; or if the execution of such request would, in our reasonable opinion, be contrary to any applicable law, rule, or other regulatory requirement whether arising from any governmental authority, self-regulatory organization or from a relevant exchange, clearing house, settlement system or market.

49. Cancellation or Amendment of Requests

SSL shall use reasonable efforts to act on request to cancel or amend prior requests received, provided that such cancellation and/or amendment requests are received in a timely manner. However, SSL assumes no liability if the request for amendment or cancellation cannot be satisfied.

50. Errors

SSL assumes no responsibility for failure to detect any erroneous request. SSL's verification procedures are established for the purpose of authenticating requests only and not for the detection of errors in requests.

51. SSL's Liability for Unauthorized Requests

SSL shall not be liable for any loss, damage, liability or expense which may arise as a result of the fact that you did not properly authorize such request.