

*Investment Advisor "IA" Information (This portion to be completed by IA.)*

IA Firm Name (Please print.) \_\_\_\_\_  
IA Master Account Number \_\_\_\_\_ ISG Team \_\_\_\_\_

Please complete this form if you wish to convert a Schwab brokerage account to a Schwab One account. To add an additional account holder, please complete an Account Application.

**1. Current Account Information** (For information about Schwab's privacy policy, see Section 6.) As required by federal law, Schwab will use the information provided below to verify your identity.

Schwab Account Number \_\_\_\_\_

**Account Holder**

First Name \_\_\_\_\_ Middle \_\_\_\_\_ Last \_\_\_\_\_ Are you known by another name? (Specify) \_\_\_\_\_

Home Street Address (No P.O. boxes please) \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Home Telephone Number \_\_\_\_\_

Mailing Address (If different from above, and P.O. boxes may be used) \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Social Security/Tax ID Number \_\_\_\_\_ Passport Country of Issue (if not a U.S. citizen) \_\_\_\_\_ Passport Number (if not a U.S. citizen) \_\_\_\_\_

Date of Birth (mm/dd/yy) \_\_\_\_\_  USA  Other \_\_\_\_\_  Other \_\_\_\_\_  USA  Other \_\_\_\_\_  
Country(ies) of Citizenship (Must list all) \_\_\_\_\_ Country of Legal Residence \_\_\_\_\_

Employer Name/Industry (If self-employed, indicate nature of business.) \_\_\_\_\_ Occupation/Position \_\_\_\_\_ Yes  No  Yes  No   
Not Employed? \_\_\_\_\_ Retired? \_\_\_\_\_

Business Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Business Telephone Number \_\_\_\_\_

I am employed by, affiliated with, or am either a director or owner of one or more securities firms. Yes  No  If yes, list \_\_\_\_\_ I am a director, 10% shareholder or policy-making officer of one or more publicly traded companies. Yes  No  If yes, list \_\_\_\_\_

**Additional Account Holder**

First Name \_\_\_\_\_ Middle \_\_\_\_\_ Last \_\_\_\_\_ Are you known by another name? (Specify) \_\_\_\_\_

Home Street Address (No P.O. boxes please) \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Home Telephone Number \_\_\_\_\_

Mailing Address (If different from above, and P.O. boxes may be used) \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Social Security/Tax ID Number \_\_\_\_\_ Passport Country of Issue (if not a U.S. citizen) \_\_\_\_\_ Passport Number (if not a U.S. citizen) \_\_\_\_\_

Date of Birth (mm/dd/yy) \_\_\_\_\_  USA  Other \_\_\_\_\_  Other \_\_\_\_\_  USA  Other \_\_\_\_\_  
Country(ies) of Citizenship (Must list all) \_\_\_\_\_ Country of Legal Residence \_\_\_\_\_

Employer Name/Industry (If self-employed, indicate nature of business.) \_\_\_\_\_ Occupation/Position \_\_\_\_\_ Yes  No  Yes  No   
Not Employed? \_\_\_\_\_ Retired? \_\_\_\_\_

Business Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Business Telephone Number \_\_\_\_\_

I am employed by, affiliated with, or am either a director or owner of one or more securities firms. Yes  No  If yes, list \_\_\_\_\_ I am a director, 10% shareholder or policy-making officer of one or more publicly traded companies. Yes  No  If yes, list \_\_\_\_\_

(Continued on page 2.)

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Account Number \_\_\_\_\_ Date (mm/dd/yy) \_\_\_\_\_

Print Name of Approver \_\_\_\_\_ Signature \_\_\_\_\_



**2. Type of Account** (Select only one.)

If you are converting an existing brokerage account to a Schwab One® account, you agree and acknowledge that: (a) the options, authorization and designations you select in Sections 2 through 5 will supercede any designations previously made in your existing brokerage account, and (b) such account will be governed by the Account Agreement in Section 6.

- Convert a Schwab brokerage account to a Schwab One account.
- Convert a Schwab brokerage account to a Schwab One with Margin account.

**Note:** Margin feature is not available for Custodial, Pension Trust, Conservatorship or Guardianship accounts. Schwab One privileges are not available for all account registrations. Please contact your Institutional Client Service Team to confirm availability.

**3. Electronic Trade Confirmations Enrollment**

By providing your email address, you consent to receiving Schwab eConfirms® (trade confirmations sent to your email address detailing any purchase or sale of a security). Mutual fund prospectuses for initial fund purchases and trade terms and conditions will be available on the web by link from the eConfirm. Unless you check the circle below, we will soon send you an email to the address below with more information about eConfirms and your consent, and to verify your email address. Later, if you decide you do not want eConfirms, you may change your election and receive paper trade confirmations through the U.S. mail. If we cannot verify your email address or are unable to deliver email to you at that address, we will send you paper trade confirmations through the U.S. mail.

Email address: \_\_\_\_\_  No, at this time I do not want eConfirms.

**4. Change or Add an Income Feature** (Select one.)

You may seek to have the cash balance in your Schwab One account earn income by choosing one of the options listed below. Your request for a money fund prospectus is an indication of interest only, and you are not obligated to buy any shares. Please read the prospectus carefully before you invest. To obtain a prospectus, check one of the circles below. Each of our state-specific municipal money funds, listed below, is designed to generate tax-exempt income for taxpayers of that state. Income may be subject to federal and state alternative minimum tax (AMT).

**Please note: Your current money fund will remain unchanged unless you select a new money fund from the choices provided below.**

Select one:

- Taxable Income**
- Schwab One taxable interest\*
  - Schwab Money Market Fund (Taxable Income)
  - Schwab U.S. Treasury Money Fund (Taxable Income)
  - Schwab Government Money Fund (Taxable Income)
- Tax-Free Income**
- Schwab Municipal Money Fund–Sweep Shares™
  - Schwab State-Specific (CA, FL, MA, NJ, NY, PA) Municipal Money Fund–Sweep Shares
- Indicate state: \_\_\_\_\_ (Default will be state of domicile on account.)

\*This is not a money market fund and will be used unless you specify otherwise.

**5. Optional Checks and Visa® Debit Card**

**Note:** Schwab One Visa privileges are not available for Custodial, Estate, Investment Club, Pension Trust, Conservatorship, Guardianship or Testamentary Trust accounts.

**Checking.** If you would like to order personal checks, indicate how the name and address should read. Also, please sign in Section 7.

Account Holder \_\_\_\_\_ Additional Account Holder \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Special Information (if any)

**Visa.** If you would like to order a Schwab One Visa debit card, indicate the name that should appear on the card. Also, please sign in Section 7.

Account Holder \_\_\_\_\_ Additional Account Holder \_\_\_\_\_

Number of Visa cards desired for Account Holder:  1  2 Number of Visa cards desired for Additional Account Holder:  0  1

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*For Charles Schwab Use Only*  
\_\_\_\_\_  
Account Number

## 6. Agree to Terms

**This Agreement is effective only upon Schwab's acceptance and approval of this application.**

I hereby request that Charles Schwab & Co., Inc. ("Schwab") make a change to the account listed in Section 1 of this application. I agree to read and be bound by the terms of the Schwab Account Agreement booklet or the Schwab One® Account Agreement booklet (which includes information on the Cash Account and, if applicable, the Schwab Sweep Funds, the Margin and Short Account, Disclosure of Credit Terms and Policies, the Schwab StockBuilder Plan® and other written agreements between me and Schwab that refer to my brokerage account). I agree that the relevant booklet, together with this application and any appendices or addenda, as currently in effect and as they may be amended from time to time, collectively constitute my Account Agreement. If, in the future, I add features to this Account governed by the foregoing agreements (e.g., a money fund or margin trading), I agree to be bound by their terms and conditions. If I do not receive or understand the Schwab Account Agreement booklet or the Schwab One Account Agreement booklet, I will notify Schwab.

In accordance with Section 6, page 6, of the Brokerage Account Agreement booklet and Section 7, page 25, of the Schwab One Account Agreement booklet, I agree that all debts and other obligations owed to Schwab by any party to the Account Agreement will be secured by a lien on all Securities and Other Property now or hereafter held, carried or maintained in any of my present or future brokerage accounts with Schwab, whether individually or jointly held with others, or in any brokerage account at Schwab in which I have an interest.

**I agree to settle by arbitration any controversy between myself and Schwab and/or any Schwab officers, directors, employees or agents relating to the Account Agreement, my brokerage account or account transactions, or in any way arising from my relationship with Schwab as provided in Section 17, pages 11–13, of the Brokerage Account Agreement booklet and Section 23, pages 32–34, of the Schwab One Account Agreement booklet. The following disclosures are made pursuant to applicable self-regulatory organization rules: (1) arbitration is final and binding on all parties; (2) the parties are waiving their right to seek remedies in court, including the right to a jury trial; (3) pre-arbitration discovery is generally more limited than and different from court proceedings; (4) the arbitrators' award is not required to include factual findings or legal reasoning, and any party's right to appeal or seek modification of rulings by the arbitrators is strictly limited; (5) the panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**

**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: (1) the class certification is denied; (2) the class is decertified; or (3) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.**

**Checks and Visa® Conditions.** I agree that each Account Holder is authorized to write checks and/or engage in Visa transactions. I further request PNC Bank to issue checks and Visa debit card(s) as indicated on this Account Agreement. I authorize Schwab to make inquiries for the purpose of verifying my creditworthiness and the creditworthiness of my spouse if I am married and live in a community property state. Such inquiries may include verifying information I have given in my Account Agreement, contacting my employer and obtaining credit reports. I further authorize Schwab to disclose information to others about me and my Accounts when it is necessary for completing transactions; to comply with a government agency request or court order, such as the IRS or the SEC; to verify the existence and condition of my Account for a third party, such as a credit bureau or merchant; and as otherwise authorized by the Schwab One Account Agreement. For Account Holders with more than one account at Schwab: This authorization further authorizes Schwab to direct transfers between your accounts at Schwab when no written authorization is requested.

**Trading Authorization.** If the Account already grants the Investment Advisor ("IA") named above (which I understand may be referred to as "Investment Manager" or "IM" in other documentation relating to my Account) trading authorization, the IA will have the authority to direct Schwab to execute trades in my Account. I authorize Schwab to accept instructions from IA regarding my Account, and to take all other actions necessary or

incidental to the execution of such instructions, as IA shall direct. If my Account has a margin feature, Schwab is authorized to accept instructions from IA to trade on margin, to sell short, to borrow securities, to otherwise cause credit to be extended through the Account, and to secure the performance of obligations in the Account with any assets held in the Account (the "Account Assets"). If my Account is authorized for option trading, Schwab is authorized to accept instructions from IA to purchase and sell (write) index participation contracts and covered and uncovered option contracts on securities and securities-related indexes, up to my approved level of options trading strategy. Schwab, and other people to whom Schwab has given instructions in order to implement the IA's instructions, may rely on IA's instructions without obtaining my approval, counter-signature or co-signature. IA's authority will include, without limitation, the authority to give instructions for transactions in securities and financial instruments, including the buying and selling of stocks, bonds, debentures, notes, subscription warrants, stock purchase warrants, covered and uncovered options (if I have authorized trading covered and uncovered options, and only up to my approved level of options trading strategy), mutual fund shares, evidences of indebtedness and any other securities, instruments or contracts relating to securities.

I authorize Schwab to take such actions as Schwab deems reasonably necessary to carry out instructions Schwab receives from me and/or IA. I further authorize Schwab, acting upon IA's instructions, to aggregate transaction orders for my Account with orders for one or more other accounts over which IA has trading authorization or to accept or deliver assets in transactions executed by other broker-dealers where IA has so aggregated orders. I agree that if any such aggregated order is executed in more than one transaction, my portion of such order may be deemed to have been executed at the weighted average of the prices at which all of such transactions were executed.

**Role of Charles Schwab & Co., Inc.** I acknowledge and agree that: Schwab will merely carry out transactions as directed by me and/or IA as the case may be; I (and not Schwab) am responsible for investigating and selecting IA; IA is not affiliated with or controlled or employed by Schwab; and Schwab has no duty to supervise or monitor trading by me or by IA in my Account. Schwab will send me written confirmations of my trades executed through Schwab and monthly statements of all activity in my Account. If my IA and/or I direct Schwab to act as custodian of nonpublicly traded assets, I acknowledge and agree: (1) that nonpublicly traded assets generally lack a liquid market and that the value of such assets may be difficult to ascertain; (2) that any estimated value reflected on my account statement or other communication from Schwab is for informational purposes only and may be significantly different from the actual market value or the liquidation value of such assets; (3) that Schwab has no responsibility for, nor does Schwab guarantee the accuracy of, any such valuation of assets, even if the assets have been valued by a pricing service selected by Schwab; (4) that Schwab may require that I sign an addendum to my Account Agreement if Schwab agrees, in the exercise of its discretion, to accept custody of any nonpublicly traded assets in my Account. I authorize Schwab to obtain from IA, and IA to provide to Schwab, information regarding my Account as Schwab may reasonably request. If any of IA's employees is associated with a member of the NASD, NYSE or affiliate, Schwab is authorized to deliver information concerning my Account to such member upon request. Schwab may provide IA, at no fee or at a discounted fee, with research, software and other technology, information and consulting services and other products and services that benefit IA. These products and services may not necessarily benefit my Account.

**Schwab's Privacy Policy and Disclosure of Information.** Schwab respects your privacy. Schwab will use the information you provide to open and service your Account, to communicate with you when necessary, to provide you with additional information about products and services and to provide to your IA, and certain third parties as your IA directs Schwab, information as provided in this form. Pursuant to your Account Agreement, Schwab may disclose information about you and your Account to certain other third parties. Please call Schwab at 1-800-515-2157 for a copy of Schwab's privacy policy.

**Accounts with Margin Features.** I understand that when I buy securities on margin or enter into short sales or short options, or when my IA, if I have granted this authority to my IA, does so for my Account, I am borrowing money from Schwab for part of that transaction(s). All securities and other assets in my Schwab Account(s) are pledged as collateral to secure this loan. I acknowledge that margin transactions are riskier and involve the possibility of greater loss than transactions where I am not borrowing money. If the value of my securities and other assets falls, I acknowledge that I may

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For Charles Schwab Use Only

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



**6. Agree to Terms** (Continued)

be required to deposit more assets (a margin call) to secure this loan or that securities and other assets held in my Account may be sold to pay down or pay off my loan without prior notice and at a loss or at lower prices than under other circumstances. I agree to carefully consider my own financial condition, tolerance for risk and investment objectives, as well as market conditions, before I decide to use margin credit or grant this authority to my IA. By placing an order on margin, or by granting this authority to my IA, I acknowledge that I have considered all of these factors and have decided that margin financing is appropriate for me.

All securities and other assets now or hereafter held in this Account may be pledged, replighted or otherwise used as collateral, separately or together with securities of other customers, for the amount I owe Charles Schwab & Co., Inc. or for a larger amount.

Interest on debit balances will be charged and compounded in accordance with the Account Agreement and as permitted under the laws of the state of California.

**Termination of Authorizations.** The authorizations I have granted in this Account Agreement will remain effective until I or IA have revoked or terminated any of them by giving notice to Schwab, either by mail, telephone, facsimile, telegraph, messenger, electronic mail, voice mail or otherwise, provided, however, that Schwab reserves the right to require written notice or confirmation that such authorization has been terminated or revoked. I understand that I may revoke or terminate all authorizations or designations conferred herein at any time. Unless revoked or terminated by me, all authorizations and designations conferred herein to IA shall continue to apply to IA's successors or assigns. Such revocation will not affect my obligation resulting from transactions initiated prior to Schwab's receipt of such notice. I understand that if Schwab terminates its Investment Manager Service Agreement with IA, Schwab will not be obligated to honor any further instructions from IA; I will have exclusive control over, and responsibility for, my Account; and unless Schwab notifies me otherwise, my Account will become a Schwab retail brokerage account subject to all terms and conditions applicable thereto, including fees and commissions, investment products and other services available to Schwab retail customers. Schwab will notify me as soon as reasonably possible after any such termination.

**Indemnification.** I agree to indemnify and hold harmless Schwab, its affiliates and their directors, officers, employees and agents from and against all claims, actions, costs and liabilities, including attorneys' fees, arising out of or relating to: (1) their reliance on this Account Agreement, and (2) Schwab's execution of IA's instructions.

**Verification.** I authorize Schwab to inquire from any source, including a consumer reporting agency, as to my identity (as required by federal law), creditworthiness and ongoing eligibility for the Account (and that of my spouse, if I live in a community property state) at Account opening, at any time throughout the life of the Account, and thereafter for debt collection or investigative purposes.

**Suitability.** From time to time, Schwab may make available investment research and information ("Schwab research"). I agree and acknowledge that my IA and I are responsible for the transactions in my Account, including assessing the suitability of transactions for my Account, even if Schwab research was used in making the investment decisions for my Account. By signing below, I acknowledge receipt of the Day-Trading Risk Disclosure Statement included in this form, and I represent that I do not intend to use, nor do I intend my IA to use, this Account for the purpose of engaging in a strategy involving the transmission of intraday orders to buy or sell the same security or securities (a "Day-Trading Strategy").

**Account Ownership.** For accounts held as Joint Tenants with Right of Survivorship, on the death of either party, the entire Account shall vest in and belong to the surviving joint tenant(s). For accounts held as Tenants in Common, each party shall be deemed to own an equal interest in the Account unless otherwise specified, and on the death of either party, the decedent's interest shall vest in and be distributed to that party's estate. For accounts held as Community Property, all rights shall be governed by applicable state law. For Custodial accounts governed by the Uniform Transfers to Minors Act (UTMA) or the Uniform Gifts to Minors Act (UGMA), I agree that the Account is irrevocably vested in and belongs to the minor, to be used for the sole benefit of the minor, and delivered to the minor promptly upon attaining the age of majority (or other age specified for termination under applicable state law).

**Account Handling Instructions.** Schwab will automatically hold all securities purchased, as well as all sale proceeds, dividends and interest, unless you specify otherwise.

**BY SIGNING THIS AGREEMENT, HOLDERS OF SCHWAB ONE® ACCOUNTS WITH MARGIN FEATURES ACKNOWLEDGE THAT CERTAIN OF THEIR SECURITIES MAY BE LENT TO SCHWAB AS PRINCIPAL OR LENT OUT TO OTHERS AND ACKNOWLEDGE RECEIPT OF THE MARGIN DISCLOSURE STATEMENT.**

Additionally, by signing this Agreement, each Account Holder consents to Schwab's: (i) sending, by mail, electronic delivery and/or other means, duplicate copies of account trade confirmations, account statements and any other information relating to the Account Holder and the Account to Account Holder's IA, if and in such manner as requested by Account Holder's IA; (ii) sending such information about the Account Holder and the Account to third parties (such as CPAs or performance reporting companies) as Account Holder's IA shall direct Schwab; and (iii) disclosure of information about Account Holder and the Account to other third parties as provided in this application and the Account Agreement.

Please note that the Account Agreement contains a pre-dispute arbitration agreement, which is set forth in Section 17, pages 11-13, of the Brokerage Account Agreement booklet and in Section 23, pages 32-34, of the Schwab One Account Agreement booklet.

I certify under penalty of perjury that (1) the number shown on this application is my correct taxpayer identification number and (2) I am not subject to back-up withholding because (a) I am exempt from back-up withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to back-up withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified me that I am no longer subject to back-up withholding, and (3) I am a U.S. person (including a U.S. resident alien). (I understand that if I have been notified by the IRS that I am subject to back-up withholding as a result of dividend or interest underreporting and I have not received a notice from the IRS advising me that back-up withholding is terminated, I must strike or cross out the information contained in item 2 above.) The IRS does not require my consent to any provision of this document other than the certifications required to avoid back-up withholding.

▶ \_\_\_\_\_ Date \_\_\_\_\_  
Signature: Account Holder/Trustee/Custodian/Executor (mm/dd/yy)

▶ \_\_\_\_\_ Date \_\_\_\_\_  
Signature: Additional Account Holder/Co-Trustee/Co-Executor (mm/dd/yy)

▶ \_\_\_\_\_ Date \_\_\_\_\_  
Signature: Additional Account Holder/Co-Trustee/Co-Executor (mm/dd/yy)

▶ \_\_\_\_\_ Date \_\_\_\_\_  
Signature: Additional Account Holder/Co-Trustee/Co-Executor (mm/dd/yy)

**Please note: All account holders must sign.**

(Continued on page 5.)

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Account Number

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**7. Checking and Visa® Signature Authorization**

All account holders authorized to write checks and/or engage in Visa transactions must sign below. If you would like to have additional persons authorized to write checks, please contact your Investment Advisor for details.

▶ _____ Signature: Account Holder/Trustee/Custodian/Executor	Date _____ (mm/dd/yy)
▶ _____ Signature: Additional Account Holder/Co-Trustee/Co-Executor	Date _____ (mm/dd/yy)
▶ _____ Signature: Additional Account Holder/Co-Trustee/Co-Executor	Date _____ (mm/dd/yy)
▶ _____ Signature: Additional Account Holder/Co-Trustee/Co-Executor	Date _____ (mm/dd/yy)

Remember to sign Section 6, "Agree to Terms," on page 4.

<i>For Charles Schwab Use Only</i>	
_____	_____
Account Number	DDA Number



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**If you are considering adding a margin feature to your account, it is important that you fully understand the rules and risks involved in trading securities on margin.**

Please review the following overview of using margin. While the use of margin can be effective for the experienced investor, there are certain risks that always accompany the use of a margin account. You should consider how the use of margin fits your own investment philosophy.

**Margin trading increases your level of market risk.** Margin trading increases your buying power, allowing you to purchase a greater amount of securities with your investing dollar. Therefore, your exposure to market volatility increases—a declining market could result in even greater losses. A decline in the value of your securities that you purchase on margin may require you to provide additional funds to Schwab in order to avoid the forced sale of those securities or other securities in your account.

**The downside is not limited to the collateral value in your margin account.** If the securities in your account decline in value, so does the value of the collateral supporting your loan. When the value of the collateral falls below the maintenance margin requirements, or Schwab's higher "house" requirements, Schwab can move to protect its position. In order to cover margin deficiencies, Schwab may issue you a margin call—a request for additional cash—or sell securities from your account. If a sale does not cover the deficiency, you will be responsible for any shortfall.

**Schwab may initiate the sale of any securities in your account, without contacting you, to meet a margin call.** Schwab will attempt to involve you in the case of margin deficiency; however, market conditions may require the firm to quickly sell any of your securities without your consent. Because the securities are collateral for the margin loan, Schwab has the right to decide which security to sell in order to protect its interests. Even if Schwab has contacted you and provided a specific date by which you can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without prior notice to you.

**Schwab may increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice.** Changes in Schwab's policy regarding "house" maintenance margin requirements often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause Schwab to liquidate or sell securities in your account.

**You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

If you have any questions, please call 1-800-515-2157 or contact your Investment Advisor.

**Please retain for your files.**

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a "day-trading strategy" means an overall trading strategy characterized by the regular transmission by a customer of intraday orders to effect both purchase and sale transactions in the same security or securities.

**1. Day trading can be extremely risky.**

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

**2. Be cautious of claims of large profits from day trading.**

You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

**3. Day trading requires knowledge of securities markets.**

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

**4. Day trading requires knowledge of a firm's operations.**

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

**5. Day trading will generate substantial commissions, even if the per-trade cost is low.**

Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs \$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$111,360 just to cover commission expenses.

**6. Day trading on margin or short selling may result in losses beyond your initial investment.**

When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

**7. Potential registration requirements**

Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisers Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.