



# Customer Account Agreement

This is the agreement for your account with CNS Securities. It describes the features and policies associated with the account. Please review this document and keep it for your records. Do not return it with your application.

### Who's Who in This Agreement

In this document "us", "we", "CNS", and "our" refer to CNS Securities.

The terms "account owner" "you," and "your" refer to the owner(s) indicated on the account application. For joint accounts, these terms refer to all owners, collectively and individually. For accounts owned by entities, such as trust or business accounts, these terms refer both to the entity and to all account holders.

The term "holding company" applies to the custodian of your account (i.e. the mutual fund, variable annuity, or clearing firm company that your account is held at).

## COMMITMENTS BETWEEN YOU AND US

### Our Commitments to You

When we accept your account application, we are agreeing to serve as your broker and to open an account for you with a holding company. We agree, subject to our acceptance of an authorized order, to buy, sell, or otherwise dispose of securities for you according to your instructions. We also agree to provide various services and features, as described below.

### Your Commitments to Us

Many of these commitments are spelled out more completely on the following pages, but in general, when you sign the account application, you agree to the following:

- to accept full responsibility for the content and accuracy of all authorized instructions placed on your account, and for all results and consequences of these instructions; this includes all investment decisions and trading orders, and all instructions placed by you or any other person you authorize
- to pay all fees, charges, and expenses incurred in your account
- to maintain enough assets in your account to satisfy all obligations as they become due, and to authorize us to take whatever steps we may consider necessary to resolve unpaid debts or other obligations
- to authorize liquidating shares of an investment to satisfy any and all debits against your account
- to use the account and its features according to this agreement
- to let us monitor and/or record any phone conversations with you
- to let us verify the information you provide and obtain credit reports and other credit-related information about you at any time, such as payment and employment information (whether for margin or any other purpose)
- to let us share with third parties any information you provide, but only as required by law or as permitted by our privacy policy
- to resolve disputes concerning your relationship with us (other than class actions) through arbitration rather than in a court of law
- to understand that, whenever you invest in, or exchange into, any mutual fund you are responsible for obtaining and reading that fund's prospectus, including its description of the fund, the fund's fees and charges, and the operation of the fund
- to notify us in writing any time there is a material change in your financial circumstances or investment objectives
- to comply with all applicable laws and regulations concerning trading in restricted securities and securities of issuers of whom you are an affiliate
- to be bound by the current and future terms of this agreement, from the time you first use your account or sign your application, whichever happens first

## ACCOUNT REGISTRATION

### Joint Registration

With joint registration accounts, any obligations or liabilities resulting from one account owner's actions are joint and several (in other words, are the responsibility of each account owner, both individually and jointly). We may enforce this agreement against all account owners or against any owner individually.

Each owner of a joint account may act as if he or she were the sole owner

of the account, with no further notice or approval necessary from any joint owner. For example, a joint owner can — in his or her own name — write checks, buy and sell securities, withdraw or transfer assets, arrange for account statements to be sent only to them, or change the account's features and services (although no account owner may remove another's name from the account).

In addition, with joint accounts, the principle of "notice to one is notice to all" applies. We are legally considered to have fulfilled an obligation to you and the account if we fulfill it with respect to just one account owner (for example, sending statements or other required communications to just one account owner).

Note also that we do not have any obligation to question the purpose or propriety of any instruction of a joint account owner that appears to be authentic, or to let other owners know about any changes an owner has made to the account, unless we have received written notice to the contrary, in good order from another account owner we do reserve the right to require, at any time, the written consent of all account owners before acting on an instruction from any account owner, but we will use this right only at our own discretion and for our own protection.

Laws covering joint or community property vary by state. You are responsible for verifying that the joint registration you choose is valid in your state. You may want to consult your lawyer about this. Generally, for joint tenants with rights of survivorship and tenants by the entirety, on the death of an account owner the entire interest in the account goes to the surviving account owner(s), on the same terms and conditions. For tenants in common, a deceased account owner's interest (which equals that of the other account owner(s) unless specified otherwise) goes to that account owner's legal representative. Tenants in common are responsible for maintaining records of the percentages of ownership.

### Transfer on Death Registration

With transfer on death ("TOD") registration, you designate a beneficiary or beneficiaries who will receive all monies, securities, or other assets held in your account at the time of your death (or upon the death of the last surviving account holder if this is a joint account).

You can change your beneficiary designation at any time by filling out a new Beneficiary Designation form. We will rely on the latest Beneficiary Designation in our possession. You cannot change your beneficiary by will, codicil, or trust or other testamentary document. If we consider it necessary, we may request additional documents from any beneficiaries before we transfer assets to them from your account.

### Custodial Registration

For accounts opened under the Uniform Gifts/Transfers to Minors Acts, you, the account owner, are the custodian. By opening this type of account, you agree that all assets belong to the minor and that you will only use them for the minor's benefit — even after the assets have been removed from the account.

## INVESTMENT OBJECTIVES

Below are five common investment objectives. As the account owner, it is up to you to select the account's investment objective. We cannot assure you that any given investment or strategy will achieve your investment objective. Note that the typical investments listed are only examples of the types of investments historically associated with each objective. Also note that the options strategies listed under Trading Profits and Speculation require margin which is not an account type offered through CNS.

### Capital Preservation

- seek to maintain principal
- interested in investments with very low historical risk of loss of principal

### Typical Investments

- money market funds
- high quality short-term fixed income investments

### Income

- seek to generate income from investments
- interested in investments with low historical risk of loss of principal

#### Typical Investments

- high quality short- and medium-term fixed income investments
- short-term bond funds
- covered call options

#### Capital Appreciation

- seek to grow principal value over time
- willing to invest in securities with moderate to above-average historical risk of loss of principal

#### Typical Investments

- common stocks
- lower quality medium-term fixed income investments
- equity mutual funds or index funds

#### Speculation

- seek a significant increase in principal
- willing to accept a correspondingly greater degree of risk by investing in securities with high historical risk of loss of principal

#### Typical Investments

- lower quality long-term fixed income investments
- initial public offerings (IPOs)
- volatile or low-priced common stocks
- equity or index options strategies such as puts or calls, spreads, straddles, and combinations
- short-term or day-trading strategies

#### Trading Profits

- seek to take advantage of short-term trading opportunities (a high-risk strategy)

#### Typical Investments

- short-term purchases and sales of volatile or low-priced common stocks
- equity or index options strategies such as puts or calls, spreads, straddles, and combinations

### **POLICIES ON TRANSACTIONS**

#### Credits to Your Account

Any new deposits (including checks) and any proceeds from transactions are credited promptly to your account. Upon receipt of the deposit we will immediately forward the funds to the holding company.

#### Debits to Your Account

All debits are accumulated daily to your account and are paid to the extent that sufficient funds are available. As an account owner you are responsible for satisfying all debits on your account, including any debt still owed after all assets have been removed from an account, any interest that has accrued on that debt, any late charges arising from your failure to pay for securities transactions in full by the settlement date, and any costs (such as legal fees) that we incur in collecting the debt.

When multiple debit items become payable at the same time, these items will be paid in the following order:

- securities transactions (including any margin calls) and any account fees
- debit card transactions
- checks written against your account

When settling debits against your account, it is our policy to turn to the following sources (collectively called your "available balance"), in this order:

- any cash available in your account without incurring margin interest charges (including both core and income account balances)
- if you have a margin account, any margin credit available
- any shares in another money market fund, including any in another non-retirement account with the same registration (which you authorize us to sell for this purpose when you sign the application)
- any securities in this or any other account furnished by us in which you have an interest

#### Resolving Unpaid Debts or Other Obligations

If your available balance is not enough to satisfy a given debit, we reserve the right to take action as we see fit, including any of the following:

- decline to honor the debit, which may result in fees (such as a returned

check fee) or other consequences for you

- if you have a margin account and the unsatisfied debit is for a securities purchase, draw on the available balance of another account of yours that we hold

Note that at any time, we may reduce your available balance based on obligations that have been incurred but not yet debited,

It is important to understand that we have additional choices for resolving unsatisfied obligations. Like many other securities brokers, we reserve the right to sell, transfer or otherwise use any assets or other property in which you have an interest —either currently or at any other time — to discharge any obligations you may have to us or the holding company (including unmatured and contingent obligations), and to do so without further notice or demand. For example, if you have bought securities but not paid for them, we may sell them ourselves and use the proceeds to settle the purchase.

We may also use property to satisfy a margin deficiency or other obligation, whether or not we have made advances in connection with this property. This provision extends to any property held by you or carried for any account of yours, including any credit balances, assets, and contracts, as well as shares of any mutual funds or other investment companies for which we, or an affiliate provides management or administrative services. Although we may use other methods when we determine they may be more appropriate, we reserve the right to use the provisions described in this section at any time, except in cases involving retirement accounts when these provisions would conflict with the Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, both as amended.

#### Transaction Settlement Deadlines

Unless notified to the contrary, you need to pay for all transactions by 2 p.m. Eastern Time on the settlement date and deliver all securities in time for us to receive them one business day before the settlement date. We reserve the right to cancel or liquidate, at your risk, any transaction not settled in a timely way.

#### Bank Wires and EFT Transactions

Bank wire transactions are normally executed the business day after you request them. A wire normally may be for between \$10,000 and \$999,999.

EFT transactions are normally executed within three to seven business days of your request. An EFT transfer may be for between \$10 and \$99,999. The two accounts involved in an EFT transaction must have at least one owner's name in common (and that name must match exactly). To send and receive EFT transactions, your bank must be a member of the Automated Clearing House (ACH) system.

For EFT transactions, you hereby grant us limited power of attorney for purposes of redeeming any shares in your accounts (with the right to make any necessary substitutions), and direct us to accept any orders to make payments to an authorized bank account and to fulfill these orders through the redemption of shares in your account. You agree that the above appointments and authorizations will continue until either the account is terminated, we receive written notice of any change, or we have sent 30 days' written notice to your account's address of record indicating that we will cease to act as agents to the above appointments.

### **MONITORING YOUR ACCOUNT**

As an account owner you are responsible for monitoring your account. This includes making sure that all transactions are accurate and that you are receiving confirmations, account statements, and any other expected communications. It also includes reviewing these documents to see that information about your account is accurate and contains nothing suspicious.

So long as we or the holding company send communications to you at the physical or electronic address of record given on the application, or to any other address given to us by an owner the communications are legally presumed to have been delivered, whether you actually received them or not. In addition, confirmations are legally presumed to be accurate unless you specifically tell us otherwise within five days of when they were sent to you: account statements, within ten days.

If you have not received a communication you expected, or if you have a question or believe you have found an error in any communication from us, telephone us immediately, then follow up with written notice.

#### LIMITS OF RESPONSIBILITY

Although all entities that provide services to your account strive to ensure the quality and reliability of those services, none of us can be responsible for the availability, accuracy, timeliness, completeness, or security of any service related to your account.

You therefore agree that we are not responsible for any losses (meaning claims, damages, actions, demands, investment losses, or other losses, as well as any costs, charges, attorneys' fees, or other fees and expenses) that you incur as a result of conditions beyond our control or any agreement between the parties. This includes, for example:

- any action that is done in accordance with the procedures described in this agreement or an applicable mutual fund prospectus
- the acceptance and processing of any order placed on your account, whether received electronically or through other means, as long as the order reasonably appears to be authentic
- investment decisions or instructions placed in your account, or other such actions attributable to you or any authorized person
- occurrences related to governments or markets, such as restrictions, suspensions of trading, or high market volatility or trading volumes
- uncontrollable circumstances in the world at large, such as wars, earthquakes, power outages, or unusual weather conditions
- occurrences related to computers and communications, such as a network or systems failure, a message interception, or an instance of unauthorized access or breach of security
- the storage and use of information about you and your account(s) by our systems and transmission of this information between you and us: these activities occur entirely at your risk
- telephone requests for money transfers, so long as we transmit the proceeds to you or the bank account number identified
- any checks or other debits to your account that are not honored because the account has insufficient funds

If any service failure is determined to be our responsibility, we will be liable only for whatever benefit you would have realized up to the time by which you should have notified us, as specified earlier in "Monitoring Your Account."

#### INDEMNIFICATION

You agree to indemnify us from, and hold us harmless for any losses (as defined in Limits to our Responsibility) resulting from your actions or failures to act, whether intentional or not, including losses resulting from actions taken by third parties. Beyond taking reasonable steps to verify the authenticity of instructions, we have no obligation to inquire into the purpose, wisdom, or propriety of any instruction we receive.

#### TERMS CONCERNING THIS AGREEMENT

##### Applicability

This agreement is the only agreement between you and us concerning its subject matter and covers all accounts that you, at whatever time, open, reopen, or have opened with us. In addition, if you have already entered into any agreements concerning services or features that relate to this account, or if you do so in the future, this agreement incorporates by reference the terms, conditions, and policies of those agreements. In the case of any conflict between this agreement and an agreement for a particular service or feature, the service or feature agreement will prevail.

##### Modification and Enforcement

We may amend this agreement at any time. This may include changing, dropping, or adding policies, changing features and services or the entities that provide them, and limiting the usage or availability of any feature or service, within the limits of applicable laws and regulations. Although it is our policy to send notice to account owners of any material changes, we are not obligated to do so in most cases. Outside of changes originating in these ways, no provision of this agreement can be amended or waived except in writing by one of our authorized representatives.

We may transfer our interests in this account or agreement to any of our successors and assigns, whether by merger consolidation, or otherwise. You may not transfer your interests in your account or agreement except with our prior written approval, or through inheritance, corporate dissolution, or similar circumstance, as allowed by law, in which case any rights and obligations in existence at the time will accrue to, and be binding on, your heirs, executors, administrators, successors, or assigns.

We may enforce this agreement against any and all account owners. Although we may not always enforce certain provisions of this agreement, we retain the full right to do so at any time.

If any provision of this agreement is found to be in conflict with applicable laws, rules, or regulations, either present or future, that provision will be enforced to the maximum extent allowable, or made to conform, as the case may be. However, the remainder of this agreement will remain fully in effect.

##### Termination

We can terminate your account or this agreement at any time, for any reason, upon written notice to you. You can close your account, or terminate any optional feature, by notifying us in writing or calling us. When an account is closed, all debit cards, check writing, and other features associated with it are terminated. Regardless of how or when your account is closed, you will remain responsible for all unpaid obligations of your account. This includes charges, debit items, or other transactions you initiated or authorized, whether arising before or after termination, as well as any fees incurred but not yet charged to your account. Payment for these obligations will be deducted from your final account balance.

#### NOTICES AND DISCLOSURES

As your broker/dealer, we will:

- open and approve your account
- transmit accurate, timely instructions to the holding company regarding your account
- determine the suitability and best interest of any investment recommendations and advice
- operate your account in compliance with applicable laws and regulations
- maintain proper books and records of all services we perform for you

At our direction, the holding company will:

- execute, clear, and settle transactions that we process through them
- send you transaction confirmations and periodic account statements
- act as custodian for all funds and securities received on your behalf
- carry out our instructions regarding the transactions, and the receipt and delivery of securities, on your account
- maintain proper books and records of all services they perform in connection with your account

For more information on the allocation of services, speak with one of our representatives.

##### USA PATRIOT Act Notice

To help the government fight the funding of terrorism and money-laundering activities, Federal law and require that we verify your identity by obtaining your name, date of birth, address, and a government-issued identification number before opening your account. In certain circumstances, we may obtain and verify this information with respect to any person(s) authorized to effect transactions in an account. For certain entities, such as trusts, estates, corporations, partnerships, or other organizations, identifying documentation is also required. Your account **may be restricted and/or closed if we cannot verify this information. We will not be responsible for any losses or damages (including, but not limited to, lost opportunities) resulting from any failure to provide this information, or from any restriction placed upon, or closing of, your account.**

##### Customer Complaints

Any complaints should be directed to our office at:  
CNS Securities, LLC  
Attn: Chief Compliance Officer  
100 W Scott St.  
Sherman, TX 75092

Or by calling our Chief Compliance Officer at:  
972-644-6464

Important Notice Regarding SIPC

CNS Securities, LLC is a member of the Securities Investor Protection Corporation (SIPC). You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC via their website at [www.sipc.org](http://www.sipc.org) or via telephone at (202) 371-8300.

Resolving Disputes — Arbitration

**This agreement contains a pre-dispute arbitration clause. By signing an arbitration agreement the parties agree as follows:**

- A. All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.**
- B. Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.**
- C. The ability of the parties to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings.**
- D. The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date..**
- E. The panel of arbitrators may include a minority of arbitrators who were or are affiliated with the securities industry.**
- F. The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.**
- G. The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.**

**All controversies that may arise between you and us (including, but not limited to, controversies concerning any account, order, or transaction, or the continuation, performance, interpretation, or breach of this or any other agreement between you and us, whether entered into or arising before, on, or after the date this account is opened) shall be determined by arbitration in accordance with the rules then prevailing of the FINRA, Inc., and/or any other securities self-regulatory organization or securities exchange of which the entity against whom the claim is made is a member, as you may designate. If you do not notify us in writing of your designation within five (5) days after you receive from us a written demand for arbitration, then you authorize us to make such designation on your behalf. You understand that judgment upon any arbitration award may be entered in any court of competent jurisdiction. No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class action who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is 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 this agreement except to the extent stated herein.**

**REG BI**

Introduction

CNS is acting as a broker/dealer and your financial professional is acting as an associated person of CNS. We buy and sell mutual funds, annuities, and variable life insurance policies and make recommendations to retail investors regarding the purchase of those products and the types of accounts they should open. All accounts are held directly with the fund or annuity company. We do not hold customer accounts or trade with

discretionary authority. You make the ultimate decision regarding the purchase or sale of investments. Investment recommendations are intended to be long-term and are not monitored on an ongoing basis. However, reviews may be conducted periodically and voluntarily or at your request, to ensure that your investment profiles is current, that your financial objectives are being met, and/or in conjunction with the recommendation of a purchase or sale of investments. CNS and its representatives do not offer brokerage accounts, margin accounts, ETFs, stocks, options, bonds, or alternative investments. We do not require a minimum account size or investment amount to open or maintain an account with us.

Fees

We do not charge fees or transaction-based charges. However, the company that provides the product will charge an upfront sales charge, ongoing management fees, and other possible fees and expenses. Generally, the sales charge on a mutual fund will be between 0% and 5.75%. Annual operating expenses within a mutual fund generally range from .5% to 2.5%. We are prohibited from selling mutual funds if their sales charges are deemed excessive. Please review the specific mutual fund's prospectus for detailed information on fees and costs. In some unique cases, we may suggest a variable annuity, variable life policy, or 529. Please see the prospectus for details on fees associated with these types of products.

Recommendations

In recommending investment products for our clients, your financial professional will take into consideration your objectives, risk tolerance, time frame, financial situation, potential future expenses, and other information that may be specific to your situation. Your financial professional is obligated to have a reasonable basis for believing that a recommendation is in your best interest at the time the recommendation is made and that it will meet your investment goals and objectives while taking into consideration factors such as, but not necessarily limited to, cost and risk. The method used to determine the investment strategy that is recommended to a customer may vary from one financial professional to another. CNS does not mandate a particular analysis method as each customer has unique needs. However, in general, your financial professional may evaluate a particular recommendation based on, but not limited to, its liquidity, time horizon, financial fundamentals, past performance, tax consequences, death benefit, and current economic conditions. Generally, all recommendations made by your financial professional will be a part of a long-term buy and hold strategy. This may not be true if your specific needs require a short-term investment strategy.

Risks

All investments carry some level of risk. Mutual funds and the subaccounts in variable annuities or variable life products carry various levels of risk based on their underlying investments. Funds with stocks will carry more risk than funds with high-grade short-term bonds. CNS uses mutual funds because they are less risky than individual stocks and are useful in diversifying a client's portfolio.

Conflicts of Interest

CNS does not offer sales incentives to its financial professional. It does not conduct sales contests, sell proprietary funds, or award bonuses based on the sales of specific products. All companies we work with provide the firm and its representatives with access to educational information related to their respective products and industry issues. Representatives are prohibited from engaging in an outside business activity that would create a conflict of interest. Clients who have outside business relationships with the firm do not receive favorable treatment as a result of such relationship. The mutual fund companies we work with generally charge similar sales charges and 12b-1 fees and generally pay CNS the same percentage of commission. However, some product types do pay a higher commission than others. Variable annuities and variable life policies pay a higher commission than a mutual fund. As such, our financial professionals take great care to avoid this conflict and ensure that the product recommended is truly in the best interests of the client. Most recommendations will result in a commission payable to the firm and its financial professionals, including rollovers from an employer sponsored retirement plan. CNS Securities primarily offers mutual funds, 529, variable annuities, and variable universal life products through a select group of issuers. While the firm believes that this limited range of products will meet most customers' needs, this is not always the case. Your financial professional will carefully review your options with you to determine whether recommendations are in your best interest.

## RETIREMENT ACCOUNTS

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.