

529 COLLEGE SAVINGS PLAN



NEW ACCOUNT APPLICATION

Account Registration Name _____

Example: Jane Smith FBO Mary Smith

Primary SSN/TIN* _____ Secondary SSN/TIN _____

*For Entity Registration, please only provide SSN/TIN for the entity.

A Client/Entity Profile Form is attached.

A Client/Entity Profile Form is on file and is current.

1. BENEFICIARY INFORMATION

Name (First) _____ (M.I.) _____ (Last) _____

SSN _____ Birth Date _____ / _____ / _____ mm/dd/yyyy

Legal Address (No P.O. Box) _____

City _____ State _____ Zip _____ Country _____

2. 529 COLLEGE SAVINGS PLAN DISCLOSURE

I understand that I have applied for and/or purchased a 529 College Savings Plan from a Kovack Securities, Inc. Registered Representative and the company identified on the company's application.

All Applicant's initials are required for Items 1-6 below.

I further acknowledge the following statements:

- _____ 1. The tax rules that apply to college investing options are complicated. Before investing, my Registered Representative advised me (us) to consult a legal and/or tax professional about the tax consequences of investing in college savings.
- _____ 2. Depending upon the laws of the contributor's, or the designated beneficiary's home state, favorable state tax treatment or other benefits offered for investing in 529 Plans may be available only if the contributor and/or beneficiary invests in the home state's 529 College Savings Plan.
- _____ 3. Most 529 College Savings Plans will accept both "in-state" and "out-of-state" applicants. Each state's 529 Plan must be evaluated based upon its own merits relative to investment objectives, and the tax effects on the contributors and the beneficiary. Plan holdings could reduce beneficiary's ability to qualify for grants and student loans.
- _____ 4. Withdrawals for something other than qualified higher educational expenses may be subjected to federal income taxes and a 10% IRS penalty on earnings.
- _____ 5. Neither Kovack Securities nor the company to which I am applying for a 529 Plan offers legal advice regarding state and federal tax laws pertaining to 529 Plans. I will consult with my own professional legal or tax advisor as I deem necessary.
- _____ 6. 529 Plans may be subjected to risks, fees, charges and expenses that are associated with municipal fund securities and the underlying investment companies detailed in the 529 Plan Disclosure Document or Prospectus. Furthermore, I acknowledge receipt of the Plan Disclosure Document or Prospectus for this plan.



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3. FINANCIAL AND INVESTMENT INFORMATION

3A. ACCOUNT INVESTMENT OBJECTIVE

I plan to use this account for the following reasons. Only indicate ONE primary (1) and ONE secondary (2) objective (e.g. Income (1), Capital Appreciation (2)).

Preservation of Capital¹ _____ Income² _____ Capital Appreciation³ _____ Trading Profits⁴ _____ Speculation⁵ _____

- 1. Preservation of Capital:** seeks to maintain principal; interested in investments with very low historical risk of loss of principal.
- 2. Income:** seeks to generate income from investments; interested in investments with very low historical risk of loss of principal.
- 3. Capital Appreciation:** seeks to grow principal value over time; willing to invest in securities with moderate to above average historical risk of loss of principal.
- 4. Trading Profits:** seeks to take advantage of short-term trading opportunities (a high risk strategy).
- 5. Speculation:** seeks a significant increase in principal; willing to accept a corresponding greater degree of risk by investing in securities with high historical risk of loss of principal.

3B. ACCOUNT INVESTMENT RISK TOLERANCE

Please make one choice to select the degree of risk you are willing to take with the assets in this account.

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

3C. ACCOUNT INVESTMENT TIME HORIZON

The time horizon you plan to invest in this account:

- Short (0-5 Years)
- Intermediate (6-10 Years)
- Long (More than 10 Years)

3D. TOTAL ASSET ALLOCATION AFTER THIS PURCHASE (COMBINED HOUSEHOLD)

Provide a dollar amount for each asset owned and the total value of assets.

Equities \$ _____ Mutual Funds \$ _____ Fixed Insurance \$ _____ Fixed Income \$ _____
Cash \$ _____ Variable Annuities \$ _____ Alternative Investments* \$ _____
Other Investments: _____ \$ _____ **TOTAL** \$ _____

Approximate liquid net worth AFTER this purchase: \$ _____ *Alternative Investments include REITs, DPPs, LPs and Managed Futures.

3E. FINANCIAL PROFILE, PURCHASE TYPE AND FUNDING SOURCE

- Purchase Type:** Solicited Unsolicited
- Funding Source:** Asset Appreciation Gift Legal/Insurance Settlement Business Revenue
 Sale of Securities* Inheritance Checking/Savings Other: _____

*Switch letter is required when purchase is funded by the sale of mutual funds, variable insurance, REITs, BDCs and any other DPPs.

Payment will be made with: Enclosed Check Funds to Follow Funds Wired Transfer (include copy of most recent statement)

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SIGNATURES

I hereby certify that the above information is correct. I further agree that in the absence of fraud, willful misconduct, or willful negligence to release and hold harmless Kovack Securities, Inc., affiliates, all officers, and Registered Representatives from any liability they might incur as a result of any losses or damages, which I may suffer as a result of purchasing my 529 College Savings Plan.

I represent that I have read the terms and conditions concerning this 529 College Savings Plan and agree to be bound by such terms and conditions as currently in effect, as stated on Page 4 of this 529 College Savings Plan. Terms and conditions may be amended from time-to-time. **THIS AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE, WHICH YOU CAN FIND ON PAGE 4, PARAGRAPH 1 OF THIS FORM.**

I acknowledge receipt and agree to the pre-dispute arbitration clause and have received the Business Continuity Plan and Privacy Policy.

_____/_____/_____
Primary Account Holder Signature Print Name Date

INTERNAL USE ONLY

Registered Representative / Principal Signature

_____/_____/_____
Representative Signature Print Name Date
Rep # _____ Split _____ %
(Split # and % if applicable)

_____/_____/_____
Representative Signature Print Name Date
Rep # _____ Split _____ %
(Split # and % if applicable)

_____/_____/_____
KSI Principal Signature Print Name Date

FINRA REQUIRED PRE-DISPUTE ARBITRATION AGREEMENT

This Agreement contains a pre-dispute arbitration clause. By signing and agreeing to this arbitration agreement, the parties hereby 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 will typically 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 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 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 Financial Industry Regulatory Authority (FINRA). I understand that judgment upon any arbitration award may be entered in any court of competent jurisdiction.

No person shall bring a punitive or certified class action to arbitration, nor seek to enforce any Pre-Dispute Arbitration Agreement against any person who has initiated in court a punitive class action; or who is a member of a punitive class action who has not opted out of the class with respect to any claims encompassed by the punitive 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.

USA PATRIOT ACT NOTICE—CUSTOMER IDENTIFICATION PROGRAM

To help the U.S. Government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. *What This Means To You*—When you open an account with our Firm, we will ask for your name, address, date of birth and other information which will allow us to establish your identity. We may also ask to see your driver's license or other identifying documents. All personal information that you provide to us is confidential as outlined within our Privacy Policy.

PRIVACY NOTICE

Kovack Securities, Inc. (KSI) and Kovack Advisors, Inc. (KAI) are committed to safeguarding the confidential information of our clients. Our policy with respect to your personal information is as follows:

Information We Collect, and How We Gather Information: The information we collect is used in conjunction with the regular processing of business. We collect information about you from several sources. For example:

- Information you provide to us on applications and other forms, such as your name, address, telephone number, date of birth, social security number, employment, assets, income, passport, driver's license or other identification numbers.
- Information provided by your transactions, such as when you trade in your account or wire funds.
- Information provided to us by our clearing firms, third-party service providers, mutual fund and insurance companies, our Registered Representatives, your former Broker/Dealer, and consumer reporting agencies about you, your account, and transactions in your account.
- Information about your account, including account type and account balances.

Information We Share With Others: KSI does not share your personal information for marketing, or joint marketing purposes. Should this change, we will notify you prior to sharing any information. When available, we will offer you the ability to limit sharing of your personal information. KSI shares your information as is necessary to conduct business for your account, as follows:

- With our employees and Registered Representatives as needed to open, maintain and service your account(s).
- With unaffiliated third parties, such as our clearing firms, product sponsors, and banks in order to carry out your instructions.
- With unaffiliated third party vendors in order to create and maintain records of your account, such as when we provide information about your account to third party vendors to create a statement.
- As required by law. For example, the firm may be required to respond to a subpoena, or a governmental or regulatory request.

Can I Limit Sharing? Federal law gives you the right to limit some forms of sharing:

- 1) Sharing for affiliates' everyday business purposes—information about your creditworthiness; and
- 2) Affiliates or non-affiliates from using your information to market to you. State laws and individual companies may give you additional rights to limit sharing. Check your state for more information on your rights under state law.

Protecting the Confidentiality and Security of Your Information: We have physical, electronic and procedural safeguards in place to protect the confidentiality of your personal information.

DEFINITIONS

- **Affiliates:** Companies related by common ownership or control. Our affiliated companies include Kovack Securities, Inc. and Kovack Advisors, Inc.
- **Non-Affiliates:** Companies not related by common ownership or control. KSI and KAI do not share with non-affiliates for those companies to market to you.
- **Joint Marketing:** A formal agreement between non-affiliated financial companies that together market financial products or services to you.

OTHER IMPORTANT INFORMATION: Registered Representatives (RRs) may change brokerage and/or investment advisory firms, and the nonpublic personal information collected by us and your RR may be provided to the new firm so that your RR can continue servicing your account(s). If you do not want your RR to take or receive this information, please contact us at (800) 711-4078 or at info@kovacksecurities.com to opt out of this sharing.

Questions? Contact us at (800) 711-4078 or visit www.kovacksecurities.com.

OTHER IMPORTANT NOTICES FROM KOVACK SECURITIES, INC.

- For more information about the Securities Investor Protection Corporation (SIPC), including how to obtain the SIPC brochure, please contact SIPC at (202) 371-8300 or visit their website at www.sipc.org.
- For more information about FINRA BrokerCheck, please contact FINRA at (800) 289-9999 or visit their web site at www.finra.org.
- To help the government fight the funding of terrorism and money laundering, your name will be verified by searching the Treasury's Office of Foreign Asset Control's "Specially Designated Nationals and Blocked Persons" list.
- Under certain circumstances, KSI receives marketing reimbursements from some companies that we work with. Please visit us at www.kovacksecurities.com, or contact us at (800) 711-4078 for more information.
- If your account becomes inactive for a certain period of time, your account balances may be transferred to a state unclaimed property administrator. The period of time is specified by state law.
- Complaints and concerns about your account or Registered Representative should be addressed to the Chief Compliance Officer at (800) 711-4078.

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BUSINESS CONTINUITY PLAN

KSI's Business Continuity Plan (BCP) was developed to meet the challenges of sudden and significant business disruptions. These challenges will vary, so the firm's responses will remain flexible as events occur.

Contacting Us: If, after a significant business disruption, you cannot contact us as you usually do by contacting your Registered Representative or home office at (800) 711-4078, please visit our web site at www.kovacksecurities.com.

Our Business Continuity Plan: The firm's plan is designed to permit KSI to resume operations as quickly as possible, given the scope of the disruption. Our plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Our clearing firm partners, National Financial Services and Pershing LLC, back up important records in a geographically separate area. There are inherent variables in any emergency situation, yet we have been advised by our clearing firm partners that their objective is to restore their operations, complete existing transactions, and accept new transactions and payments as quickly as possible. Orders and requests for funds and securities could be delayed during this period.

Varying Disruptions: Significant business disruptions can vary in their scope, such as affecting only our firm, a single building housing our firm, the city where we are located, or the whole region. The disruption can vary from minimal to severe. In a disruption to our office or building, operations may be transferred to a local site; resumption of operations should occur quickly. In a disruption affecting our city or region, operations will be transferred to a site outside the affected area; resumption of operations should occur within twenty-four hours. In either situation, we plan to take the necessary steps to continue business operations; we will notify you through our web site at www.kovacksecurities.com on how to contact us. If the business disruption is so severe that we cannot remain in business, we assure your prompt access to your funds and securities.

For More Information: If you have questions about our business continuity planning, you can contact us at (800) 711-4078 or info@kovacksecurities.com.