

## **PAYMENT FOR ORDER FLOW DISCLOSURE**

The Securities and Exchange Commission requires all registered broker-dealers to disclose their policies regarding their receipt of "payment for order flow." The commission defines "payment for order flow" as "any monetary payments, services, property, or other benefits that result in remuneration, compensation, or consideration to a broker or dealer from any broker or dealer, national securities exchange, registered securities association or exchange member in return for the routing of customer orders by such broker or dealer to any broker or dealer, national securities exchange, registered securities association, or exchange member for execution, including but not limited to research, clearance, custody, products or services, reciprocal agreements for the provision of order flow adjustment of a broker or dealer's unfavorable trading errors, effort to participate as underwriter in public offerings; stock loans or shared interest accrued thereon; discounts, rebates, or any other reductions of or credits against any fee to, or expense or other financial obligation of, the broker or dealer routing a customer order that exceeds that fee, expense or other financial obligation. Pension "PENSON" and Alpine "ALPINE" and/or, if PENSON and, or ALPINE "The Clearing Firms" are acting as the clearing broker, Scottsdale Capital Advisors, receives payment for order flow from third party maker execution firms. Typically, these payments may take the form of rebates, volume discounts, reciprocal agreements to provide order flow and monetary compensation based upon the profitability, if any, of such order flow, to the particular specialist or market maker. When such remuneration is received, it is considered compensation to the receiving firm. The source and amount of any compensation received will be disclosed upon request. PENSON and, or ALPINE and/or Scottsdale Capital Advisors, if PENSON and, or ALPINE are acting as the clearing broker, route orders to different marketplaces in a manner consistent with the obligation to try and provide the best execution of all customer orders. Toward this end, when a customer does not specify a particular marketplace in which an order must be executed, that order is routed to an exchange or market maker that matches or improves on the then-current national best bid or offer for that particular security or option contract. SCA can and may act as a market maker and as a result may generate its own order flow.

### **Order Routing**

Scottsdale Capital Advisors has prepared this report pursuant to SEC Rule 11Ac1-6 requiring all brokerage firms to make publicly available quarterly reports on their order routing practices. The report provides information on the routing of "non-directed orders"--any order that the customer has not specifically instructed to be routed to a particular venue for execution. For these non-directed orders, Scottsdale Capital Advisors has deferred to its clearing firm, PENSON and, or ALPINE, to select the execution venue on behalf of its customers. Order routing determinations are set mainly using the following criteria: quality of execution, timeliness of execution, and service requirements of the firm. The quarterly report for PENSON and, or ALPINE is available through Website.

A written copy of all reports will be furnished to you on request by contacting the Compliance Department.

### **Privacy Policy**

The confidentiality of client information is an important concern of PENSON and, or ALPINE and Scottsdale Capital Advisors. We take precautions to safeguard client personal information at all times, and we will remain vigilant in protecting that information. The provisions of this privacy notice will apply to former clients as well as current clients. PENSON and, or ALPINE and Scottsdale Capital Advisors collects personal information about you that is either required or necessary to provide you with financial products or services. We may obtain this information from the following sources: information we receive from you on account applications, forms and other information that you provide to us, whether in writing, in person, by telephone or by any other means. This information may include your name, address, telephone number, social security number, occupation, assets and income; information about your transactions with us or a non-affiliated third party such as account balances, payment history and account activity; information we receive from a consumer reporting agency, such as your credit bureau reports and other information relating to your creditworthiness. PENSON and, or ALPINE and Scottsdale Capital Advisors will only disclose certain information about you, as permitted by law, under the following

circumstances: where we believe in good faith that disclosure is required under law to cooperate with regulators or law enforcement authorities; to consumer reporting agencies; to our service providers to help us process your applications or service your accounts. These service providers, in turn, are required to protect the confidentiality and security of any information we give to them and may not reuse it for any other purpose. PENSON and, or ALPINE and Scottsdale Capital Advisors restricts access to your personal account(s) and information to those employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with the industry standards to safeguard your non-public personal information. Third parties who have access to such personal information must agree to follow appropriate standards of security and confidentiality. We trust that this clarifies PENSON and, or ALPINE and Scottsdale Capital Advisors position on client confidentiality, and look forward to being of service to you in the future.

## Confirm Disclosures

### PENSON Confirmation Terms and Conditions

**AGREEMENT:** It is agreed between the customer (You), the introducing broker/dealer (Your Broker) and Penson, Inc. (PENSON):

All transactions are subject to the constitution, rules, customs, usages and interpretations of the Exchange or Market, and its clearing house, if any, where the transactions are executed, or of the National Association of Securities Dealers, Inc., if not executed on an Exchange. Your broker has entered into an agreement with PENSON that defines certain execution and clearing functions that are to be performed for your broker. Penson, Inc. accepts no liability or responsibility for any act or omission by your broker and its employees. All questions, comments and/or information should be directed to your broker, who is responsible for adherence to all laws, rules and regulations concerning your account.

If this is an agency transaction, we will furnish, upon request, information as to name of the broker or dealer from whom the security was bought and sold. In certain transactions the firm receives remuneration, compensation or other consideration for directing customer orders for equity securities to particular broker/ dealers or market centers for execution. The source and nature of any compensation received in connection with your particular transaction will be furnished upon written request to your broker.

On purchases, the securities are or may be hypothecated under circumstances which will permit the commingling thereof with securities carried for the account of other customers. Such commingling ceases, however, upon full payment for the securities purchased. Should payment for purchases be delayed beyond the settlement date indicated, we reserve the right, at our option, to charge interest or, without further notice, to sell out said securities and hold you liable for any loss thereby incurred or to cancel this transaction. On sales, if securities are not in our possession, their prompt delivery in proper form is essential to complete this transaction.

The time of execution of the transaction described on the face hereof will be furnished to you upon written request.

We reserve the right, in our discretion, to apply any free credit balance in the account to cover any purchase which remains unpaid on the settlement date indicated. If a loss is incurred in the account because a purchase was not paid for and the securities were sold out, or because the securities for a sale are not in our possession on a timely basis and are bought to cover the sale, we reserve the right to apply any free credit balances in your account to the loss and/or to sell any securities already in your account to cover such loss. We retain all rights and remedies available to a secured creditor under the Uniform Commercial Code applicable in the State of California in addition to rights and remedies provided herein or otherwise by law.

You and your broker are responsible for cancellation of Open Orders entered for your account. Any execution of an Open Order which your broker has not instructed us to cancel will be entered in your account and for your liability.

Compliance with SEC Rule 15c2-11 (Penny Stock Rule) requires certain disclosures by your broker in connection with execution of an

We consider our sources reliable; however, Scottsdale Capital Advisors does not guarantee accuracy and completeness. Those authors may have received compensation for their opinions. For investments that apply, prospectuses containing more complete information, including fees and expenses, are available by calling your U.S. Scottsdale Capital Advisors Investment Executive. Please read carefully before investing. International investing involves special risks not associated with U.S. investments, such as foreign currency exchange rates, differences in financial account practices and possible political or economic instability. The source and amount of any compensation received will be disclosed upon request and, or whether Scottsdale Capital Advisors has an advisor or investment banking relationship.

Penson, Inc. may record all telephone calls into and originating from our Trading Room and P&S Department to protect the integrity of transactions. We may, at our option, record other telephone calls as may be appropriate. Accounts may be subject to fees for customer requested services. e.g., security transfers, account transfers, etc. E..&O.E. If this confirmation is incorrect in any particular, notify your broker immediately. Otherwise, reports of order execution and statements of this account will be conclusive.

#### TYPE OF ACCOUNT:

1. Cash 2. Margin 3. Short Margin 4. Div/Int to be Paid 7. Other 8. Other

#### CAPACITY (\*CAP):

The capacity in which we have acted in this transaction with you is indicated by the number appearing on the face of this form and described as follows:

1. As agent, we have purchased or sold this security for your account. Notification of remuneration will be provided upon written request.
2. As principal and non-market maker, price shown is same as reported, commission same as principal markup/down.
3. As principal, the offering and/or sale of this security is authorized solely by prospectus. The said prospectus has either been delivered to you by hand or is being sent under separate cover by your broker or dealer.
4. As agent for both buyer and seller. Remuneration received from the contra party will be furnished upon written request.
5. As agent, the offering and/or sale of this security is authorized solely by prospectus. The said prospectus has either been delivered to you by hand or is being sent under separate cover by your broker or dealer.
6. As principal and market maker, price shown is same as reported, markup / markdown was charged.
8. As principal on primary or secondary distribution.
9. As principal on the floor  
A Third Market  
C As agent for another  
D Riskless Principal

equity trade under \$5.00 a share not executed on an Exchange or NASDAQ. Call features for debt securities may exist which could affect the yield. Complete details will be provided upon request. With respect to zero coupon issues, you will not receive periodic payments, and the securities may be callable at a price below maturity value. Furthermore, zero coupon issues in bearer form and callable may be called without notice. Bond ratings are subject to change.

Your order may be subject to payments for order flow. Typically, these payments may take the form of rebates, volume discounts, reciprocal agreements to provide order flow and monetary compensation based upon the profitability, if any, of such order flow, to the particular specialist or market maker. When such remuneration is received, it is considered compensation to the receiving firm. Past performance does not guarantee future results. Non deposit investment products are not insured by the FDIC, are not deposits or other obligations of or guaranteed by U.S. Bank National Association or its affiliates, and involve investment risks, including the loss of the principal amount invested. Scottsdale Capital Advisors may make a market in the common stock or receive order flow of any company mentioned and/or another company security. An officer, director or other employee of Scottsdale Capital Advisors may be a director of any company mentioned or may from time to time own the securities mentioned or may purchase or sell those securities in the open market or otherwise. Scottsdale Capital Advisors may have acted as a financial advisor and/or within the past years may have been a managing underwriter of an offering or a dealer manager of a tender offer, or had an investment banking relationship with the issuer in question. Scottsdale Capital Advisors does not give tax advice. You should consult your own tax advisor regarding the tax consequences of a specific transaction. Any and all expressions of opinion reflect the judgment of the authors at the time of writing and are subject to change without notice.

MARKET CODES

- |   |                    |
|---|--------------------|
| 1. New York Stock Exchange  | O Over the Counter |
| 2. American Stock Exchange  | N NSCC             |
| 3,4,6,7,8,9 Other Regional Exchange (Name available upon request) |                    |
| 5. CBOE Options   |                    |

ACCOUNT INSTRUCTIONS (\*AI):

- |     |                                  |     |                                  |
|-----|----------------------------------|-----|----------------------------------|
| Buy | 1. Transfer and Mail to Customer | Buy | J. Hold Money for Instructions   |
|     | 2. Hold Securities               |     | K. Mail Check to Customer        |
|     | 3. Safekeeping in Customer Name  |     | L. Apply Proceeds to Purchase    |
|     | 4. Safekeeping in Street Name    |     | M. Special Written Instructions  |
|     | 5. Special Written Instructions  |     | S. Standing Account Instructions |
|     | B. Standing Account Instructions |     |                                  |

MISCELLANEOUS (\*MISC):

Miscellaneous Charges, Certificate Fees, Postage and Handling. Explanation of fees will be provided upon request.

For more details please see <http://scottsdalecapitaladvisors.com/Disclaimer.htm>