SIPC DISCLOSURE

Penson Financial Services, Inc. (Penson) is a member of the Securities Investor Protection Corporation (SIPC), which protects cash and securities held in customer accounts of its members up to a ceiling of \$500,000, including a maximum of \$100,000 for cash claims.

Penson has purchased an additional insurance policy through a group of London Underwriters (with Lloyd's of London Syndicates as the Lead Underwriter) to supplement SIPC protection. This additional insurance policy becomes available to customers in the event that SIPC limits are exhausted and provides protection for securities and cash up to an aggregate of \$600 million. This is provided to pay amounts in addition to those returned in a SIPC liquidation. This additional insurance policy is limited to a combined return to any customer from a Trustee, SIPC and London Underwriters of \$150 million, including cash of up to \$2 million. Similar to SIPC protection, this additional insurance does not protect against a loss in the market value of securities.

This Excess SIPC protection would be triggered only in the event of the financial failure and liquidation of a participating securities affiliate and if the customer's securities are not returned. This protection does not cover investment losses in customer accounts due to market fluctuation or other claims for losses incurred while these securities affiliates remain in business. The Excess SIPC protection is also not triggered unless the customer's account exceeds the limits of account protection provided by SIPC. Other restrictions apply as contained in the bond. For additional information regarding SIPC, including obtaining a copy of a SIPC brochure, please contact SIPC at (202) 371-8300 or by emailing asksipc@sipc.org. Also, please visit the SIPC website at www.sipc.org.