

LIFE SETTLEMENTS DISCLOSURE FORM



I understand and acknowledge that I have applied for and/or agreed to sell my existing life insurance policy. I further understand and hereby acknowledge the following risks relating to this transaction.

Client initials are required for each item below

- _____ 1. I have received, read, and completed the Life Settlement Agreement objectives and suitability standards provided by the registered representative and certify that they reflect my financial objectives.
- _____ 2. I understand that by selling my Life Insurance Policy my beneficiaries and my estate are relinquishing the right to all proceeds of my Policy at the time of my death.
- _____ 3. The amount of money that I receive upon selling my Policy may be **substantially** less than the Policy death benefit.
- _____ 4. The fees associated with the sale of my Policy have been fully explained to me.

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 Life Settlement. I represent that I have read the terms and conditions concerning this New Account Form and agree to be bound by such terms and conditions as currently in effect or as may be amended from time-to-time as stated on Page Two (2) of this New Account Form. This account is governed by a pre-dispute arbitration clause which is found on Page Two (2) 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
_____	_____	_____ / _____ / _____
Secondary Account Holder Signature	Print Name	Date
_____	_____	_____ / _____ / _____
Additional Signature	Print Name	Date
_____	_____	_____ / _____ / _____
Additional 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



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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.

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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 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.