

# National Securities Corporation

## Privacy Policy

National Securities Corporation (NSC) has designed this privacy policy to protect the confidentiality of information we receive about our current and former customers.

### Nonpublic Personal Information Collected:

NSC collects nonpublic personal information about you from the following sources: (a) information received from you in connection with applications and other forms for establishing and maintaining your investment accounts, (b) information about your transactions with us, our affiliates or others, and (c) information we receive from a consumer reporting agency.

### Disclosure of Nonpublic Personal Information:

NSC will not disclose any nonpublic personal information collected about you except to nonaffiliated third parties in connection with the creation or maintenance of your investment account(s) and to help us process transactions for your account(s), and to affiliated companies. NSC will disclose nonpublic personal information only to nonaffiliated third parties who are financial service providers, such as custodians, open and closed-end mutual fund companies, variable life insurance companies, or other companies whose products are sold by NSC or companies we may use to provide services for us. Affiliated companies to whom any nonpublic information may be disclosed include entities within NSC's family of financial services companies, including but not limited to National Holdings Corporation, National Asset Management, Inc., National Insurance Corporation, vFinance Investments, Inc, and EquityStation, Inc.

We do not disclose any nonpublic personal information about our customers or former customers to any other persons, except as permitted by law, or with your consent.

### Protection of Your Information:

NSC and its affiliates take precautions to ensure your nonpublic personal information is protected and accessed only by authorized individuals or organizations. Within NSC and its affiliates, we restrict access to nonpublic information about you to employees and agents who need to know the information. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

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## Business Continuity Plan Disclosure

National Securities Corporation has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions are unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** - If after a significant business disruption you cannot contact your representative as you usually do, you should call either of two alternative telephone numbers: 206-622-7200, 212-417-8000, or go to our web site at [www.nationalsecurities.com](http://www.nationalsecurities.com). If you cannot access us through either of those means, you should contact the clearing firm that maintains your account, National Financial Services at 1-800-801-9942 or Legent Clearing, LLC at 1-800-811-3487 for instructions on how they may assist you by providing prompt access to funds and securities, entering orders and processing other trade-related, cash, and security transactions.

We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data back-up 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 at all times possible.

Our clearing firms, National Financial Services and Legent Clearing, LLC, back up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firms that their objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments as efficiently as possible. Your orders and requests for funds and securities could however be delayed during this interim period.

### Varying Disruptions

Although significant business disruptions can vary in their scope, such as a single building, a business district, a city or an entire region, NSC maintains principal offices on both the east and west coasts which should minimize the severity of any potential disruption of business and our service to you, our client. In the case of a disruption, our firm should be able to continue to operate out of at least one of the principal offices located in Seattle and New York City. If a significant event occurs, we plan to continue in business, transferring operations to our clearing firm if necessary, and notify you through our web site [www.nationalsecurities.com](http://www.nationalsecurities.com) or our customer emergency numbers 206-622-7200 or 212-417-8000. If the significant business disruption is so severe that it prevents us from remaining in business, we will make every attempt to provide you prompt access to your account through National Financial or Legent Clearing, LLC.

### For more information

If you have questions about our business continuity planning, you may contact us at 206-622-7200. Our Business Continuity Plan is subject to modification. Updated disclosure statements, as applicable, will be posted to the firm's website and are available via mail upon written request.

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## Extended Hours Trading Risk Disclosure

You should consider the following points before engaging in extended hours trading. "Extended hours trading" means trading outside of "regular trading hours." "Regular trading hours" generally means the time between 9:30 a.m. and 4:00 p.m. Eastern Standard Time.

**Risk of Lower Liquidity:** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular trading hours. As a result, your order may only be partially executed, or not at all.

**Risk of Higher Volatility:** Volatility refers to the changes in price

that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular trading hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.

**Risk of Changing Prices:** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular trading hours, or upon the opening the next morning. As a result, you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.

**Risk of Unlinked Markets:** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

**Risk of News Announcements:** Normally, issuers make news announcements that may affect the price of their securities after regular trading hours. Similarly, important financial information is frequently announced outside of regular trading hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

**Risk of Wider Spreads:** The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

**Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV"):** For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions, an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

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## Residents of New York Purchasing Insurance Products

If you are a resident of New York and purchase an insurance product through a person associated with our firm, that person is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation. (cont.)

(Insurance products cont.)

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

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### Entity Disclosure

National Holdings Corporation ("NHL") is the parent corporation of a number of affiliated financial services companies. National Securities Corporation ("NSC") and vFinance Investments, Inc. ("vFinance") are full service retail brokerage firms, operated primarily through independent registered representatives, and offer securities, including variable insurance products, and investment banking services. NSC and vFinance are also registered with the National Futures Association and offer managed futures and commodity futures through self-directed accounts, managed futures funds and outside professional managers. NSC offers these futures products to retail investors. vFinance offers futures products primarily to institutional investors. Fee-based investment advisory services are offered through National Asset Management, Inc., an SEC registered investment advisor. Insurance products, including fixed indexed annuities (but not variable products), are offered through National Insurance Corporation. EquityStation, Inc. is a broker-dealer providing direct market access electronic trading platforms and support services to hedge funds and institutional traders. vFinance Holdings, Inc. operates a financial services website, which provides access to various financial services, proprietary business development tools, searchable databases, daily news and access to a proprietary database of venture capital firms and investment opportunities.

Registered representatives associated with any NHL affiliated entity may also have outside business interests or do business under the name of an entity that is not affiliated with NHL. Any products offered by, or activities of a representative through, an outside business interest or an entity not listed above may not be supervised by any NHL affiliate.

If you have any questions regarding the products offered by an affiliate of NHL and whether any product is offered through a particular corporation, please contact the corporation's Compliance Department by calling (206) 622-7200.

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### Order Routing Disclosures

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NSC and its clearing firms may receive compensation or other consideration for routing orders to particular broker/dealers or market centers for execution. We provide quarterly reports (Rule 606 reports) regarding our order routing practices, which identify the significant venues, as defined in the rule, where orders were routed in listed equity securities and listed options, as well as order routing details. The quarterly routing reports are available on our website, [www.nationalsecurities.com](http://www.nationalsecurities.com). If you do not have access to the Internet, you may request a printed copy of the report from your Investment Representative, or by contacting NSC directly at 206-622-7200. You may also request your specific order routing and execution information in writing for the preceding six (6) months from the date of request. This will include the identity of the marketplace where the orders were routed for execution, whether the orders were directed or non-directed, and, if executed, the time of the execution, by contacting NSC at 206-622-7200.

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### SIPC Disclosure

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NSC is a member of the Securities Investor Protection Corporation (SIPC). Customers may obtain the brochure and information about SIPC by contacting them by telephone at 202-371-8300, or visit them online at [www.sipc.org](http://www.sipc.org).

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### Investor Education & Protection

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To further its objective of investor protection, the Financial Industry Regulatory Authority (FINRA) offers access to BrokerCheck; a Public Disclosure Program.

Through BrokerCheck, investors can:

- Search for both brokers and brokerage firms
- Obtain online delivery of a background report
- View explanatory information to help them better understand the content, context and source of the information provided
- See links to additional resources and tools

This free tool helps investors research the professional backgrounds of current and former FINRA registered brokerage firms and brokers. You may access FINRA BrokerCheck online at [www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm](http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm) or call for a brochure or more detailed information to the FINRA BrokerCheck Hotline at 800-289-9999.

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### Customer Inquiries

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It is important that you review your account statements and confirmation upon receipt. Additionally, we recommend that you monitor the activity in your account online. Please contact your representative to request log on credentials. You may contact National Securities directly at 206-622-7200 for account information, to report a discrepancy/complaint or if you are unable to reach your representative. If you prefer to write to us, please send your inquiry to:

National Securities Corporation  
Attn: Compliance Dept.  
1001 Fourth Avenue, Suite 3750  
Seattle, WA 98154

## Important Information

## Disclosure Information and Notices Regarding Your Account

# NATIONAL SECURITIES

**National Securities Corporation**  
*Member FINRA/SIPC*

**Seattle Headquarters**  
1001 Fourth Avenue, Suite 3750  
Seattle, WA 98154  
(800) 552-7574 or (206) 622-7200

**New York Headquarters**  
120 Broadway, 27th Floor  
New York, NY 10271  
(800) 742-7730 or (212) 417-8000

[www.nationalsecurities.com](http://www.nationalsecurities.com)