

**Simplified Employee Pension
Plan Agreement**

TO ESTABLISH A SOUTHWEST SECURITIES INDIVIDUAL RETIREMENT ACCOUNT (SEP IRA)

- Complete and sign all portions of the SEP IRA Adoption Agreement and account application. When completing the beneficiary information please make sure to include social security numbers.
- Submit the completed SEP IRA Adoption Agreement to your Account Executive.
- Enclose a check made payable to Southwest Securities for the initial SEP IRA contribution, if applicable. Make sure all checks include the tax year information for the contribution and the account number.
- If you are transferring an existing SEP IRA to Southwest Securities, complete and sign an Account Transfer Form. When submitting the form to your Account Executive, include a copy of the most recent account statement.
- If you are rolling funds from a qualified plan to a SEP, complete and sign a Rollover Certification Form. A copy of the previous plan's distribution statement or direct rollover request forms may be substituted for the Rollover Certification Form.
- Contact your Account Executive for any other forms that may be required to establish your SEP IRA or with any other questions or concerns that you may have.

THIS CUSTODIAL FEE INFORMATION MAY ONLY BE USED WITH SOUTHWEST SECURITIES IRA ACCOUNTS

CUSTODIAL FEES FOR INDIVIDUAL RETIREMENT ACCOUNTS

• Initial Set Up or Acceptance Fee	No Charge
• Annual Maintenance Fee	\$35.00
• Spousal Annual Maintenance Fee	\$35.00
• Transfer Fee	\$50.00
• Termination Fee	\$50.00

*Southwest Securities, Inc. reserves the right to change fees upon notification to the accountholder.

PROTOTYPE SIMPLIFIED EMPLOYEE PENSION PLAN AGREEMENT

ARTICLE I Adoption and Purpose of Plan

- 1.01 **Adoption of Plan:** By completing and signing the Adoption Agreement, the Employer adopts the Sponsoring Organization's Prototype Simplified Employee Pension Plan. This Agreement must be used with an Internal Revenue Service Model traditional IRA (Form 5305 or Form 5305-A) or an IRS approved Master or Prototype traditional IRA.
- 1.02 **Purpose:** The purpose of this Plan is to provide benefits for the individuals who are eligible to participate hereunder. It is intended that this Plan be for the exclusive benefit of the Employer's Employees, and that the Plan qualify under Section 408(k) of the Code.
- 1.03 **Limitation:** If the Employer amends this plan other than by making an election permitted in the Adoption Agreement, the Employer will no longer participate in the Sponsoring Organization's Prototype Simplified Employee Pension Plan, the Employer will be considered to have an individually designed SEP Plan, and the Employer may no longer rely on the IRS opinion letter received in connection with this Prototype Simplified Employee Pension Plan.

ARTICLE II Eligibility and Participation

- 2.01 **Eligible Employees:** All Employees of the Employer shall be eligible to participate in this Plan except for Excludible Employees as defined under Section 2.02 of this Plan.
- 2.02 **Excludible Employees:** If the Employer elects in the Adoption Agreement, the following Employees shall be excluded from eligibility:
- (a) Employees included in a unit of employees covered by a collective bargaining agreement between employee representatives and the Employer, provided that there is evidence that retirement benefits were the subject of good faith bargaining between such parties, unless such agreement provides that some or all of such covered employees are to be covered by this Plan. For purposes of this paragraph, the term "employee representatives" does not include any organization more than half of whose members are employees who are owners, officers, or executives of the Employer.
 - (b) Non-resident alien employees who receive no earned income from the Employer which constitutes income from sources within the United States.
 - (c) Employees who have not met the age and service requirements specified in the Adoption Agreement.
 - (d) Employees who did not earn at least \$450 (as adjusted for cost of living increases in accordance with Code §408(k)(8)) of Compensation from the Employer during the Plan Year.
- 2.03 **Participation:**
- (a) Each Employee who meets the eligibility requirements as specified in the Adoption Agreement shall, as a condition for further employment, become a Participant under this SEP Plan.
 - (b) Each eligible Employee shall establish an IRA in order to receive Employer contributions under this Agreement, and any Employer contributions shall be made directly to such IRA plan. Unless otherwise elected in the Adoption Agreement, such IRA shall be established with the Trustee.
 - (c) If a Participant fails to timely establish or to maintain an IRA in which SEP contributions may be made on such Participant's behalf, the Employer may execute any necessary documents to establish an IRA with the Trustee into which such contributions shall be made on behalf of the Participant.
 - (d) If an Employer maintained a SEP Plan and desires to change to a Plan Year other than a calendar year, an Employee who has any service during the short Plan Year must be given credit for that service in three of the last five years. Such an Employee must also receive a contribution for the short Plan Year if such Employee would have been entitled to a contribution for the calendar year in which the short Plan year begins if there had been no change.

ARTICLE III Written Allocation Formula

- 3.01 **Amount of Contribution:** The Employer agrees to contribute on behalf of each eligible Employee for the Plan Year an amount determined under the written allocation formula specified in the Adoption Agreement.
- 3.02 **Uniform Relationship to Compensation:**
- (a) All Employer contributions to this Plan shall bear a uniform relationship to the total Compensation (not to exceed \$200,000, or such higher amount as may be permitted under law) of each Participant.
 - (b) If the Employer elects the Flat Dollar Contribution allocation in the Adoption Agreement, such contributions shall be deemed to bear a uniform relationship to the total compensation of each Participant.
- 3.03 **Limitation on Employer Contributions:** The maximum employer contribution which may be made for any one Plan Year with respect to any Participant and allocated to each Participant's IRA is the lesser of 25% of such Participant's Compensation for the Plan Year or \$40,000 as adjusted under Code § 415(d). For purposes of the 25% limitation described in the preceding sentence, a participant's compensation does not include any elective deferral described in Code § 402(g)(3) or any amount that is contributed by the employer at the election of the employee and that is not includible in the gross income of the employee under Code §§ 125, 132(f)(4) or 457.

3.04 Permitted Disparity for Certain Contributions:

- (a) **Definite Integrated Contribution Formula:** If elected in the Adoption Agreement, the Employer will contribute an amount equal to the Base Contribution Percentage selected in the Adoption Agreement (but not less than 3%) of each Participant's Compensation (as defined in Section 4.04 of the Plan) for the Plan Year, up to the Integration Level plus an amount equal to the Excess Contribution Percentage selected in the Adoption Agreement (but not less than 3% and not to exceed the Base Contribution Percentage by more than the lesser of: (i) the Base Contribution Percentage, or (ii) the Maximum Disparity Rate) of such Participant's Excess Compensation.
- (b) **Discretionary Integrated Contribution Formula:** If elected in the Adoption Agreement, Employer contributions for the Plan Year will be allocated to Participants' accounts as follows:

STEP 1: Contributions will be allocated to each Participant's account in the ratio that each Participant's total Compensation bears to the total Compensation of all Participants, at a rate not in excess of 3% of each Participant's Compensation.

STEP 2: Any contributions remaining after the allocation in Step One will be allocated to each Participant's account in the ratio that each Participant's Excess Compensation bears to the Excess Compensation of all Participants, at a rate not in excess of 3% of such Excess Compensation. For purposes of this Step Two, in the case of any Participant who has exceeded the Cumulative Permitted Disparity Limit described below, such Participant's total Compensation for the calendar year will be taken into account.

STEP 3: Any contributions remaining after the allocation in Step Two will be allocated to each Participant's account in the ratio that the sum of each Participant's total Compensation and Excess Compensation bears to the sum of all Participants' total Compensation and Excess Compensation, at a rate not in excess of the Maximum Disparity Rate. For purposes of this Step Three, in the case of any Participant who has exceeded the Cumulative Permitted Disparity Limit described below, 2 times such Participant's total Compensation for the calendar year will be taken into account.

STEP 4: Any remaining Employer contributions will be allocated to each Participant's account in the ratio that each Participant's total Compensation bears to the total Compensation of all Participants.

- (c) For purposes of the allocations made pursuant to this Section 3.04, in no event can the amount allocated to each Participant's IRA exceed the lesser of 25% of the first \$200,000 (or such higher amount, as may be permitted under law) of compensation or \$40,000, as adjusted under Code §415(d). For purposes of the 25% limitation described in the preceding sentence, a Participant's compensation does not include any elective deferral described in Code §402(g)(3) or any amount that is contributed by the employer at the election of the employee and that is not includible in the gross income of the employee under Code §§125, 132(f)(4) or 457.
- (d) **Annual Overall Permitted Disparity Limit:** Notwithstanding the preceding paragraphs, for any calendar year this SEP benefits any Participant who benefits under another SEP or qualified plan described in Code Section 401(a) maintained by the Employer that provides for Permitted Disparity (or imputes disparity), Employer contributions will be allocated to each Participant's IRA in the ratio that the participant's total compensation for the calendar year bears to all Participants' total Compensation for that year.
- (e) **Cumulative Permitted Disparity Limit:** Effective for calendar years beginning on or after January 1, 1995, the Cumulative Permitted Disparity Limit for a Participant is 35 total Cumulative Permitted Disparity Years. Total Cumulative Permitted Disparity Years means the number of years credited to the Participant for allocation or accrual purposes under this SEP or any other SEP or any qualified plan described in Code Section 401(a) (whether or not terminated) ever maintained by the Employer. For purposes of determining the Participant's Cumulative Permitted Disparity Limit, all years ending in the same Calendar Year are treated as the same year. If the Participant has not benefited under a defined benefit or target benefit plan for any year beginning on or after January 1, 1994, the Participant has no Cumulative Permitted Disparity Limit.

ARTICLE IV Glossary of Plan Terms

- 4.01 **Adoption Agreement:** The document executed by the Employer through which it adopts the Plan and agrees to be bound by all terms and conditions of the Plan.
- 4.02 **Base Contribution Percentage:** The percentage of Compensation contributed under the Plan (but in no event less than 3%) with respect to that portion of each Participant's Compensation not in excess of the Integration Level.
- 4.03 **Code:** The Internal Revenue Code of 1986 and the regulations issued thereunder as heretofore or hereafter amended. Reference to a section of the Code shall include that section and any comparable section or sections of future legislation that amends, supplements or supersedes that section.
- 4.04 **Compensation; 415 Safe Harbor Compensation:** Compensation is defined as wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the employer maintaining the plan to the extent that the amounts are includible in gross income (including but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements, or other expense allowances under a nonaccountable plan (as described in Section 1.61-2(c) IRC), and excluding the following:
 - (a) Employer contributions to a plan of deferred compensation which are not includible in the employee's gross income for the taxable year in which contributed, or employer contributions under a simplified employee pension plan, or any distributions from a plan of deferred compensation;
 - (b) Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;
 - (c) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and
 - (d) Other amounts which received special tax benefits, such as premiums for group-term life insurance (but only to the extent the premiums are not includible in the gross income of the employee).

For any Self-Employed individual covered under the plan, Compensation will mean Earned Income.

Compensation shall include only that compensation which is actually paid or made available to the Participant during the year.

Except where specifically stated otherwise in this plan, a Participant's Compensation shall include any elective deferral described in Code § 402(g)(3) or any amount that is contributed by the employer at the election of the employee and that is not includible in the gross income of the employee under Code §§ 125, 132(f)(4) or 457.

The annual compensation of each participant taken into account under the SEP for any year shall not exceed \$200,000, as adjusted for increases in the cost of living in accordance with Code § 401(a)(17)(B). If the SEP determines compensation for a period of time that contains fewer than 12 calendar months, then the annual compensation limit is an amount equal to the annual compensation limit for the calendar year in which the compensation period begins multiplied by a fraction, the numerator of which is the number of full months in the short compensation period, and the denominator of which is 12.

- 4.05 **Earned Income:** The net earnings from self-employment in the trade or business with respect to which the Plan is established, for which personal services of the individual are a material income-producing factor. Net earnings will be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings are reduced by contributions by the Employer to qualified plans or to a SEP plan to the extent deductible under Section 404 of the Code. Net earnings shall be determined with regard to the deduction allowed to the Employer by Section 164(f) of the Code.
- 4.06 **Employee:** An individual, including a Self-Employed, employed by the Employer, who performs services with respect to the trade or business of the Employer. Also any employee of any other employer required to be aggregated under Section 414(b), (c) or (m) of the Code; any leased employee within the meaning of Section 414(n) of the Code shall be considered an Employee; and all Employees required to be aggregated under section 414(o) of the Code.
- 4.07 **Employer:** The sole proprietorship, partnership, corporation or other entity identified as such in the Adoption Agreement.
- 4.08 **Excess Compensation:** A Participant's Compensation in excess of the Integration Level.
- 4.09 **Excess Contribution Percentage:** The percentage of Compensation contributed under the Plan with respect to each Participant's Excess Compensation.
- 4.10 **Integration Level:** The taxable wage base, or such lesser amount elected by the Employer in the Adoption Agreement. The taxable wage base is the maximum amount of earnings which may be considered wages for a year under section 3121(a)(1) of the Code in effect as of the beginning of the Plan Year.
- 4.11 **Maximum Disparity Rate:**

- (a) If the Definite Integrated Contribution Formula is selected by the Employer under Section 3.04(a) above, the Maximum Disparity Rate is equal to the lesser of:
- (i) 5.7%; or
- (ii) the applicable percentage determined in accordance with Table I below.

Table I

<u>If the Integration Level is more than</u>	<u>But not more than</u>	<u>the applicable percentage is:</u>
\$0	X*	5.7%
X* of Taxable Wage Base	80% of Taxable Wage Base	4.3%
80% of Taxable Wage Base	Y**	5.4%
Equal to the Taxable Wage Base	N/A	5.7%

*X = the greater of \$10,000 or 20% of the Taxable Wage Base.

**Y = any amount more than 80% of the Taxable Wage Base but less than 100% of the Taxable Wage Base.

- (b) If the Discretionary Integrated Contribution Formula is selected by the Employer under Section 3.04(b) above, the Maximum Disparity Rate is equal to the lesser of:
- (i) 2.7%; or
- (ii) the applicable percentage determined in accordance with Table II below:

Table II

<u>If the Integration Level is more than</u>	<u>But not more than</u>	<u>the applicable percentage is:</u>
\$0	X*	2.7%
X* of Taxable Wage Base	80% of Taxable Wage Base	1.3%
80% of Taxable Wage Base	Y**	2.4%
Equal to the Taxable Wage Base	N/A	2.7%

*X = the greater of \$10,000 or 20% of the Taxable Wage Base

**Y = any amount more than 80% of the Taxable Wage Base but less than 100% of the Taxable Wage Base.

- (c) In no event can the amount allocated to each participant's IRA exceed the lesser of 25% of the participant's compensation or \$40,000, as adjusted under Code § 415(d). For purposes of the 25% limitation described in the preceding sentence, a participant's compensation does not include any elective deferral described in Code § 402(g)(3) or any amount that is contributed by the employer at the election of the employee and that is not includible in the gross income of the employee under Code §§ 125, 132(f)(4) or 457.

- 4.12 **Participant:** Any Employee who has met the eligibility requirements of this Plan and who is eligible to receive an Employer contribution.

- 4.13 **Plan:** The Sponsoring Organization's Prototype Simplified Employee Pension Plan consisting of this plan document and the Adoption Agreement as completed and signed by the Employer.
- 4.14 **Plan Year:** The 12-consecutive month period specified by the Employer in the Adoption Agreement.
- 4.15 **Self-Employed:** An individual who has Earned Income for a Plan Year from the trade or business for which the Plan is established. A Self-Employed also includes an individual who would have had Earned Income but for the fact that the trade or business had no net profits for the Plan Year.
- 4.16 **Sponsoring Organization:** The entity specified in the Adoption Agreement.
- 4.17 **Trustee:** The financial institution or other organization specified in the Adoption Agreement which qualifies under section 408(a) of the Code and is serving as Trustee or Custodian of the IRA plan to which an Employer contribution is made.

PROTOTYPE SEP DISCLOSURE STATEMENT

INFORMATION FOR THE EMPLOYEE

The information provided below explains what a Simplified Employee Pension (SEP) plan is, how contributions are made, and how to treat your employer's contributions for tax purposes. Please read the questions and answer carefully. For more specific information, see the Prototype SEP Plan document and Adoption Agreement executed by your Employer. Also, see IRS Publication 560.

QUESTIONS & ANSWERS

Q1 What is a Simplified Employee Pension, or SEP?

A1 A SEP is a written arrangement (a plan) that allows an employer to make contributions toward your retirement. Contributions are made to a traditional individual retirement account/annuity (IRA).

Your employer will provide you with a copy of the agreement containing participation rules and a description of how employer contributions may be made to your IRA.

All amounts contributed to your IRA by your employer belong to you even after you stop working for that employer.

Q2 Must my employer contribute to my IRA under the SEP?

A2 No. An employer is not required to make SEP contributions. If a contribution is made, it must be allocated to all the eligible employees according to the SEP agreement. The Prototype SEP Plan specifies that the contribution for each eligible employee will be the same percentage of compensation (excluding compensation higher than a specified dollar limit that is subject to cost-of-living adjustments) for all employees. For 2006, the maximum compensation limit is \$220,000. For 2007, it is \$225,000.

Q3 How much may my employer contribute to my SEP IRA in any year?

A3 Your employer will determine the amount to be contributed to your traditional IRA each year. However, the amount for any year is limited to the smaller of \$40,000 or 25% of your compensation for that year. The \$40,000 maximum SEP contribution limit is subject to cost-of-living adjustments. The SEP contribution limit for 2006 is \$44,000. For 2007, it is \$45,000. Compensation does not include any amount that is contributed by your employer to your traditional IRA under the SEP. Your employer is not required to make contributions every year or to maintain a particular level of contributions. See Question 5.

Q4 How do I treat my employer's SEP contributions for my taxes?

A4 Employer contributions to your SEP IRA are excluded from your income unless there are contributions in excess of the applicable limit. See Question 3. Employer contributions within these limits will not be included on your Form W-2.

Q5 May I also contribute to my IRA if I am a participant in a SEP?

A5 Yes. You may contribute the smaller of the annual regular IRA contribution limit or 100% of your compensation to an IRA. However, the amount you can deduct may be reduced or eliminated because, as a participant in a SEP, you are covered by an employer retirement plan. See Question 11.

Q6 Are there any restrictions on the IRA I select to have my SEP contributions deposited?

A6 Contributions must be made to either a Model traditional IRA executed on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter.

Q7 What if I do not want to participate in a SEP?

A7 If your employer does not require you to participate in a SEP as a condition of employment, and you elect not to participate, all other employees of your employer may be prohibited from participating. If one or more eligible employees do not participate and the employer fails to establish a SEP IRA for the remaining eligible employees, it could cause adverse tax consequences for the participating employees.

Q8 Can I move funds from my SEP IRA to another traditional IRA?

A8 Yes. You can withdraw or receive funds from your SEP IRA if within 60 days of receipt, you place those funds in the same or another traditional IRA or SEP IRA. This is called a "rollover" and can be done without penalty only once in any 1-year period. However, there are no restrictions on the number of times you may make "transfers" if you arrange to have these funds transferred between the trustees or the custodians so that you never have possession of the funds.

Q9 Can I move my funds from my SEP IRA to another employer plan?

A9 Yes. Beginning with distributions received in 2002, you may also roll over to a qualified plan (under section 401(a)), a qualified annuity, a 403(b) tax-sheltered annuity or custodial agreement, or an eligible 457(b) plan of a state or local government.

Q10 Are there any restrictions to rollovers from my IRA?

A10 Yes. You may not roll over to an employer plan (See Question 9) any basis in your IRA. Basis includes nondeductible IRA contributions, or after-tax monies that were rolled into the IRA from an employer plan.

Q11 What happens if I withdraw my employer's contribution from my IRA?

A11 You may withdraw your employer's contribution at any time, but any amount withdrawn is includible in your income unless rolled over. Also, if withdrawals occur before you reach age 59 1/2, you may be subject to an additional tax on early withdrawal.

Q12 Are there any restrictions in withdrawing the funds in my SEP IRA?

A12 You may withdraw the funds in your IRA at any time. However, a withdrawal from a certificate of deposit prior to maturity may result in a forfeiture of principal or interest. These penalties, as well as any fees which may be charged, are set forth in the IRA disclosure statement you received when you opened your account and/or any specific disclosure accompanying your certificate of deposit (including rules of class) or other investment.

An IRA with another institution may have different terms concerning transfers, withdrawals, rates of return, etc. It is possible that the terms offered at another institution may be more advantageous.

Q13 May I participate in a SEP even though I am covered by another plan?

A13 An employer may adopt this Prototype SEP in conjunction with any qualified plan, including a defined benefit plan. Also, if your employer maintained in the past a defined benefit plan, which is now terminated the employer may adopt this Prototype SEP.

Q14 What happens if too much is contributed to my SEP IRA in one year?

A14 Contributions exceeding the yearly limitations may be withdrawn without penalty by the due date (plus extensions) for filing your tax return (normally April 15), but are includible in your gross income. Excess contributions left in your SEP IRA account after that time may have adverse tax consequences. Withdrawals of those contributions may be taxed as premature withdrawals.

Q15 Is my employer required to provide me with information about SEP IRAs and the SEP agreement?

A15 Yes. Your employer must provide you with a copy of the executed SEP Plan agreement with Adoption Agreement and a yearly statement showing any SEP contributions to your traditional IRA.

Q16 Is the financial institution where my traditional IRA is established required to provide me with information?

A16 Yes. It must provide you with a disclosure statement that contains the following information in plain, nontechnical language.

- (1) The law that relates to your traditional IRA.
- (2) The tax consequences of various options concerning your traditional IRA.
- (3) Participation eligibility rules, and rules on the deductibility of retirement savings.
- (4) Situations and procedures for revoking your traditional IRA, including the name, address, and telephone number of the person designated to receive notice of revocation. This information must be clearly displayed at the beginning of the disclosure statement.
- (5) A discussion of the penalties that may be assessed because of prohibited activities concerning your traditional IRA.
- (6) Financial disclosure that provides the following information:
 - (a) Projects value growth rates of your traditional IRA under various contribution and retirement schedules, or describes the method of determining annual earnings and charges that may be assessed.
 - (b) Describes whether, and for when, the growth projections are guaranteed, or a statement of the earnings rate and the terms on which the projections are based.
 - (c) States the sales commission for each year expressed as a percentage of \$1,000.

In addition, the financial institution must provide you with a financial statement each year. You may want to keep these statements to evaluate your traditional IRA's investment performance.

See IRS Publication 590, Individual Retirement Arrangements (IRAs), available at most IRS offices, for a more complete explanation of the IRA disclosure requirements.

In addition to this disclosure statement, the financial institution is required to provide you with a financial statement each year. It may be necessary to retain and refer to statements for more than one year in order to evaluate the investment performance of the traditional IRA and in order that you will know how to report traditional IRA distributions for tax purposes.



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Prototype SEP 001

FFN: 5042949AQ00-001 Case: 200301640 EIN: 75-1382137

Letter Serial No: K420455b

SWS SECURITIES INC
1201 ELM STREET SUITE 3500
DALLAS, TX 75270

Contact Person:

Ms. Arrington 50-00197

Telephone Number:

(202) 283-8811

In Reference To:

T:EP:RA:T

Date: 04/24/2003

Dear Applicant:

In our opinion, the amendment to the form of your Simplified Employee Pension (SEP) arrangement does not adversely affect its acceptability under section 408(k) of the Internal Revenue Code. This SEP arrangement is approved for use only in conjunction with an Individual Retirement Arrangement (IRA) which meets the requirements of Code section 408 and has received a favorable opinion letter, or a model IRA (Forms 5305 and 5305-A).

Employers who adopt this approved plan will be considered to have a retirement savings program that satisfies the requirements of Code section 408 provided that it is used in conjunction with an approved IRA. Please provide a copy of this letter to each adopting employer.

Code section 408(l) and related regulations require that employers who adopt this SEP arrangement furnish employees in writing certain information about this SEP arrangement and annual reports of savings program transactions.

Your program may have to be amended to include or revise provisions in order to comply with future changes in the law or regulations.

If you have any questions concerning IRS processing of this case, call us at the above telephone number. Please refer to the Letter Serial Number and File Folder Number shown in the heading of this letter. Please provide those adopting this plan with your phone number, and advise them to contact your office if they have any questions about the operation of this plan.

You should keep this letter as a permanent record. Please notify us if you terminate the form of this plan.

Sincerely yours,

A handwritten signature in black ink, reading "Paul T. Shultz", is written over the typed name.

Director,

Employee Plans Rulings & Agreements



Southwest Securities, Inc. and/or Broker/Dealers for which it clears

Southwest Securities, Inc. Member NYSE/FINRA/SIPC

Prototype SEP IRA Adoption Agreement

This form is used by Employers to establish the elections and terms that will be a part of the SEP IRA Plan they wish to establish.

1. Employer Information.

Company Name _____

Address _____

City _____

State/Province _____

Country _____

Zip _____

Contact Person _____

Phone Number _____

2. Plan Information. (This section, 2, should be completed by the Authorized Agent.)

- Beginning date of plan:
 - ☐ The calendar year.
 - ☐ The 12-consecutive month period commencing on _____ and each anniversary thereof.

Note: If the Employer maintains a SEP IRA and desires to change to a year other than a calendar year, the provisions of Section 2.03(d) of the plan must be met.

3. Eligibility Requirements.

- All Employees shall be eligible to participate under the Plan except (*Check ALL that apply*):
 - ☐ Employees included in a unit of employees covered under a collective bargaining agreement described in Section 2.02(a) of the Plan.
 - ☐ Non-resident alien employees described in Section 2.02(b) of the Plan.
 - ☐ Employees who are otherwise eligible but earn less than \$450 (as adjusted for cost of living increases) during the Plan Year for which the contribution is being made.
- Each Eligible Employee will be eligible to become a Participant after having attained age _____ (not to exceed 21) and having worked for the employer _____ (not to exceed 3) out of the immediately preceding 5 Plan Years.

4. Written Allocation Formula.

- The Employer shall contribute on behalf of each Participant for each Plan Year as follows (*Check ONE*):
 - ☐ Fixed Percentage - _____% (not to exceed 25%) of each Participant's Compensation.
 - ☐ Flat Dollar - \$_____ per Participant (not to exceed \$44,000)
 - ☐ Discretionary Employer Contribution: In each Plan Year, the Employer agrees to provide contributions on behalf of each Participant in the same proportion as such Participant's Compensation bears to all Participants' Compensation for such year.
 - ☐ Integrated Formula (*Check ONE*):
 - ☐ Definite Integrated Formula: The Employer shall contribute to the Plan based on the following and in accordance with Section 3.04(a) of the Plan.
 - Base Contribution Percentage (BCP) – First an amount equal to _____% (at least 3%) of each Participant's Compensation not in excess of the Integration Level; plus
 - Excess Contribution Percentage – An amount equal to _____% (at least 3% but not to exceed the BCP by more than the lesser of the BCP or the Maximum Disparity Rate) of the Participant's Excess Compensation.
 - ☐ Discretionary Integrated Formula: The amount of Employer Contributions shall be determined by the Employer and allocated in accordance with Section 3.04(b) of the Plan.
 - ☐ The Integration Level is equal to (*Check ONE*):
 - ☐ Taxable Wage Base (TWB)
 - ☐ _____% of the TWB (not to exceed 100%)

Note: In no event shall the Employer contributions indicated above exceed the lesser of 25% of each Participant's Compensation of \$40,000. Please refer to the SEP Custodial Agreement for more information.

5. Investment Provisions.

- The IRA accounts of each Participant shall be maintained and established with the (*Check ONE*):
 - ☐ Trustee/Custodian
 - ☐ A Trustee/Custodian of each Participant's choice.

6. Agreement. (Read and sign.)

The undersigned Employer hereby establishes a Southwest Securities, Inc. ("SWST") SEP IRA Plan ("Plan") and agrees that the following elections and terms shall be part of such Plan. SWST will inform the Employer of any amendments to the Plan or if SWST no longer sponsors this Plan.

Employer's Representative's Printed Name _____

Trustee's Printed Name _____

X**X**

Employer's Representative's Signature _____

Date _____

Trustee's Signature (Optional) _____

Date _____

FOR BROKER USE ONLY

Account Executive: _____ Office #: _____ Rep #: _____



Southwest Securities, Inc. and/or Broker/Dealers for which it clears
 Southwest Securities, Inc. Member NYSE/FINRA/SIPC

☐ New Account
☐ Update

SIMPLE IRA Account Application

1. Type of SIMPLE IRA. (Check ONE.)

☐ 1. SIMPLE IRA ☐ 2. SIMPLE IRA Rollover (Must also complete a Rollover Certification Form)

2. Account Title.

Full Name of Applicant (First, Middle, Last)			Social Security #		Date of Birth
Home Address (P.O. Box unacceptable)	City	State/Province	Country	Zip	Length of Residence
Mailing Address (P.O. Box acceptable if physical address provided above)		City	State/Province	Country	Zip
Home Phone Number	Business Phone Number	Fax Number	Email Address		

3. Verification Information.

IMPORTANT INFORMATION ABOUT OPENING A NEW ACCOUNT

To help the 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, we will require your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Identification Provided:

For Individuals:

☐ Driver's License ☐ Passport/Visa ☐ Other _____
 Issuer: _____ ID Number: _____
 Date of Issuance (If applicable): _____ Date of Expiration: _____

4. Client Profile.

Marital Status: ☐ Single ☐ Married ☐ Divorced ☐ Widowed Number of Dependents: _____
 Citizenship Status: ☐ U.S. Citizen ☐ Resident Alien ***Note:** Non-Resident Aliens are NOT permitted to open IRA Accounts.

Please attach a copy of your employer's completed SIMPLE Prototype Adoption Agreement, which should be available to you from your SIMPLE Plan contact person.

Plan Contact Person: _____

Employer (If self-employed, please specify name of business.)		Position	Business Telephone		
Employer's Address	City	State/Province	Country	Zip	

Affiliations/Disclosures:

☐ Yes ☐ No Are you or your spouse an employee of or affiliated with a securities firm, exchange or any of its affiliated companies?
(If yes, please specify the company name and address to which duplicate statements and confirmations should be sent.)

☐ Yes ☐ No Are you or your spouse a director, officer, or 10% shareholder of any publicly traded company?
(If yes, please specify company name & symbol.)

☐ Yes ☐ No Does any other person have Trading Authorization over this account? If yes, please specify name.
(We must have a copy of the agreement conferring authority, their name, relationship to you and their investment experience.)

☐ Yes ☐ No Are you or anyone with an interest in this account either: (1) a senior military, governmental, or political official in a non-U.S. country, or
 (2) closely associated with an immediate family member of such an official? *(If Yes, identify the name of the official, office held, and country.)*

Credit References:

Reference 1: _____ Reference 2: _____ Reference 3: _____

Investment Objectives (You may rank two objectives):

- ☐ **Capital Preservation:** Preserving the value of your existing assets by investing in securities with a smaller degree of risk of loss of principal. May include investment in government bonds or certificates of deposit.
- ☐ **Income:** Generating current income by investing in securities with a lower degree of risk of loss of principal. May include investing in investment grade corporate bonds, bond funds or unit investment trusts.
- ☐ **Growth:** Generating capital appreciation by investing in securities with a higher degree of volatility and risk of loss of principal. May include investing in stocks or mutual funds.
- ☐ **Speculation:** Trading volatile securities with a higher than average possibility of loss of principal with the hope of achieving commensurate gains. May include investing in low priced securities, options, non-rated bonds or non-investment grade bonds.

What is the source of funds for this account? ☐ Income from Earnings ☐ Investment Proceeds ☐ Gift ☐ Sale of Business ☐ Inheritance ☐ Pension/IRA/Retirement Savings ☐ Spouse/Parent ☐ Lottery/Gaming ☐ Insurance Proceeds ☐ Legal Settlement ☐ Other (If other, please explain:)

Financial Information:

Investment Experience (# of Years)	Estimated Annual Income	Estimated Net Worth (Exclusive of Home)	Estimated Liquid Net Worth (Cash, Securities, etc.)	Tax Bracket
<input type="checkbox"/> Stocks _____ <input type="checkbox"/> Bonds _____ <input type="checkbox"/> Options _____ <input type="checkbox"/> Commodities _____ <input type="checkbox"/> Futures _____ <input type="checkbox"/> Other _____	<input type="checkbox"/> Under \$25,000 <input type="checkbox"/> \$25,000-\$49,999 <input type="checkbox"/> \$50,000-\$99,999 <input type="checkbox"/> \$100,000-\$249,999 <input type="checkbox"/> \$250,000-\$499,999 <input type="checkbox"/> \$500,000-\$999,999 <input type="checkbox"/> Over \$1,000,000	<input type="checkbox"/> Under \$50,000 <input type="checkbox"/> \$50,000-\$99,999 <input type="checkbox"/> \$100,000-\$249,999 <input type="checkbox"/> \$250,000-\$499,999 <input type="checkbox"/> \$500,000-\$999,999 <input type="checkbox"/> Over \$1,000,000	<input type="checkbox"/> Under \$50,000 <input type="checkbox"/> \$50,000-\$99,999 <input type="checkbox"/> \$100,000-\$249,999 <input type="checkbox"/> \$250,000-\$499,999 <input type="checkbox"/> \$500,000-\$999,999 <input type="checkbox"/> Over \$1,000,000	<input type="checkbox"/> 10% <input type="checkbox"/> 15% <input type="checkbox"/> 25% <input type="checkbox"/> 28% <input type="checkbox"/> 33% <input type="checkbox"/> 35%

5. Beneficiary Designation.

Name and Address	Birth Date	Social Security #*	Relationship	Beneficiary Type*	Share %*
				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	_____%
				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	_____%
				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	_____%
				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	_____%

***Note:** Beneficiaries must have a social security number. In the event of your death, the Primary Beneficiaries will receive the proceeds of your IRA in equal shares or in the specified Share %, if indicated. If no Primary Beneficiary survives you, the Contingent Beneficiaries will receive the proceeds of your IRA in equal shares or in the specified Share %, if indicated. If the Beneficiary Type box is not checked for a beneficiary, the beneficiary will be deemed to be a Primary Beneficiary. If no beneficiary is listed, the balance in the account shall be paid to your estate. The total % of all Primary Beneficiaries must equal 100%; the total % of all Contingent Beneficiaries, if designated should also equal 100%.

Additional Guidance

It is in your best interest to seek the guidance of your tax or legal professional before completing this form because of the potentially significant financial and estate planning consequences associated with beneficiaries naming successor IRA beneficiaries. Please see the Death Distribution information contained within your IRA adoption agreement and disclosure. For more information, refer to Internal Revenue Service (IRS) Publication 590 or visit the IRS Website at www.irs.gov.

6. Spousal Consent. (Required if participant's spouse is not designated as the sole primary beneficiary.)

As the spouse of the participant in the above-named Plan, I acknowledge that I understand my rights to be named the Primary Beneficiary of my spouse's account balance. I hereby consent to the designation made by my spouse to have the death benefit paid to the beneficiary(ies) named on my spouse's most current Beneficiary Designation instead of to me. I further acknowledge that I understand that the effect of my consent may be to forfeit benefits which I would be entitled to receive upon my spouse's death; that my spouse may not name a non-spouse beneficiary unless I consent to it; that the trustees may or may not permit me to revoke my consent to waiver at a later date; and that my spouse may not change beneficiary(ies) to anyone other than myself without my consent.

X _____

Spouse's Signature (Required if not sole primary beneficiary.)

Date

7. Account Instructions.

Cash Investment: (CHECK ONLY ONE BELOW. IF YOU DO NOT MAKE A SELECTION, YOUR FUNDS WILL BE INVESTED IN THE DREYFUS FUNDS GENERAL MONEY MARKET FUNDS, CLASS B SHARES.)

Dreyfus Funds

- ☐ General Money Market Funds, Class B Shares
☐ General Government Securities Money Market Fund, Class B Shares
☐ General Municipal Money Market Fund, Class B Shares
☐ Bank Insured Deposit (FDIC Insured deposit account)

Federated Funds

- ☐ Florida Municipal Cash Trust
☐ Minnesota Municipal Cash Trust
☐ California Municipal Cash Trust
☐ NY Municipal Trust

For new accounts, if no selection of a money fund is made, your account will sweep cash balances to the Dreyfus General Money Market Fund. For existing accounts, please notify your broker if you wish to sweep cash balances to the Dreyfus General Money Market Fund, the Bank Insured Deposit or other selection. Accounts eligible to sweep to Bank Insured Deposit are typically those where the beneficial owner is a person and all required customer identification information is on file. If your account is ineligible it will be set to sweep to Credit Interest (CIP) or to a selected money market fund. The Bank Insured Deposit is a program administered by Liquid Insured Deposits ("LIDs"), which involves a series of FDIC-insured bank accounts maintained at various participant banks, including Southwest Securities FSB, Dallas, Texas, an affiliate of SWST. Bank deposits are generally insured up to \$250,000 per depositor, while your IRA and other qualifying self-directed retirement funds on deposit are separately insured up to \$250,000. Balances in Bank Insured Deposit up to \$2.5 million may be covered depending on the number of participant banks in the program. Account balances in excess of the combined coverage limits of the participant banks will be swept by SWST either to the CIP account or to a money market fund, dependent on the type of account. A list of participant banks is available at www.swst.com. Deposits you may have directly placed with any participant bank should be taken into account when assessing your FDIC coverage. If you have a deposit with one of the participant banks that is separate from a balance in the Bank Insured Deposit, please notify your broker if the combined deposits are in excess of \$250,000. I acknowledge that I am aware that if I elect or otherwise have cash swept to the Bank Insured Deposit, the LIDs Terms and Conditions document will be mailed to me. Information regarding FDIC coverage is available at www.fdic.gov. Cash balances invested in the Bank Insured Deposit are not covered by SIPC or excess-SIPC coverage. Please consult your broker, as certain types of accounts, including corporations, partnerships and employee benefit Plans may not be eligible to invest in the Bank Insured Deposit. Your broker may receive a fee with respect to the Bank Insured Deposits. For more information concerning your cash account options, please contact your broker. For complete sweep account disclosures please see our Customer Information Brochure.

8. Option Account Agreement. (Please read, fill out and sign the following if you wish to trade options.)

Investment Objectives (See Prior Definitions.)	Option Activity Has Been	Trade Frequency	Trading Occurred In
<input type="checkbox"/> Income <input type="checkbox"/> Speculation	<input type="checkbox"/> No Activity <input type="checkbox"/> Buying <input type="checkbox"/> Writing <input type="checkbox"/> Uncovered (Sales)	<input type="checkbox"/> No Trading <input type="checkbox"/> Infrequent <input type="checkbox"/> Moderate <input type="checkbox"/> Active	<input type="checkbox"/> Cash <input type="checkbox"/> Margin <input type="checkbox"/> Both <input type="checkbox"/> Neither

Option Strategy Levels: (Check the strategy level you wish to employ.)

- ☐ Level 1: Covered Call Writing – Writing calls fully covered by underlying stock or security convertible into underlying stock or writing puts fully covered by cash.
☐ Level 2: Level 1 plus buying calls and/or puts.

By signing below, I acknowledge that I have received a copy of the Southwest Securities, Inc. ("SWST") Option Account Agreement Section of the Customer Information Brochure and that I have read, understand and agree to be bound by the terms. I feel that I have sufficient knowledge to invest in options and I represent that I will maintain extra awareness due to the short life and price volatility of options. I REPRESENT THAT I AM CAPABLE OF EVALUATING, CARRYING AND BEARING THE FINANCIAL RISKS AND HAZARDS OF THE OPTION STRATEGIES THAT I HAVE REQUESTED. I further acknowledge that I have read and understand the pre-dispute arbitration clause located on page 7, paragraph 35 of the Cash Account Agreement Section of the Customer Information Brochure and agree to resolve any disputes arising out of my account by arbitration.

X _____

Applicant's Signature

Date

9. Account Agreement and Special Instructions. (Please read, and sign.)

You hereby request that Your Broker maintain a Brokerage Account in the name(s) listed on this Application. You acknowledge that you have received, read and understood the SWST Cash Account Agreement Section of the Customer Information Brochure and you agree to be bound by the terms and conditions of the Agreement that apply to your Brokerage Account, as amended and that you will contact Your Broker regarding any questions that may relate to your account.

Under rule 14b-1(c) of the Securities Exchange Act, a broker is required to disclose to an issuer the name, address, and securities positions of our customers who are beneficial owners of that issuer's securities unless the customer objects. If you object to the disclosure of such information, please check box: ☐

By signing this Application, you confirm your intention to reinvest cash credit balances held by SWST in your name, and you further confirm that this cash credit balance is being maintained in your account solely for the purpose of reinvestment. You acknowledge your understanding that cash balances of up to \$250,000 are protected by the Securities Investor Protection Corporation (SIPC), but SIPC coverage is not available for funds maintained solely for the purpose of earning interest.

"Power of Attorney" not related to limited trading authorization will be accepted if it complies with the POA standards established by Southwest Securities, Inc.

Certification of Taxpayer ID Number (Substitute W-9): Under penalty of perjury, you certify that (1) the number shown on this form is your correct taxpayer identification number, (or you are waiting for a number to be issued) and (2) you are not subject to backup withholding because (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding (does not apply to real estate transactions, mortgage interest paid, the acquisition or abandonment of secured property, contributions to an individual retirement arrangement (IRA), and payments other than interest and dividends), and (3) you are a U.S. person (including a U.S. resident alien). You understand that you must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.

Under penalties of perjury, I certify that the above information (including my social security number) is correct. I hereby agree to participate in the IRA offered by the Custodian. I acknowledge receipt of a copy of the plan document under which this IRA is established and a copy of the Disclosure Statement with respect to this IRA. I direct that all benefits upon my death be paid as indicated above. In the event that this is a rollover contribution, the undersigned hereby irrevocably elects, pursuant to the requirements of Section 1.402(a)(5)-IT of the IRS regulations, to treat this contribution as a rollover contribution. The Custodian of this account is Southwest Securities, Inc. Notice of revocation must be delivered or mailed to Southwest Securities, Inc. / 1201 Elm Street, Suite 3500 / Dallas, TX 75270 / Phone #: (214) 859-1800.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

In consideration of the firm accepting an account for me/us, I/We ("I") acknowledge that I have read, understand and agree to be bound by the SWST Cash Account Terms that I acknowledge receiving at the time the account was opened. **I further acknowledge that I have read and understand the pre-dispute arbitration clause located on page 7, paragraph 35 of the Cash Account Agreement Section of the Customer Information Brochure and agree to resolve any disputes arising out of my account by arbitration.** I certify that the foregoing client information is accurate and I am aware that the information is relied on by the broker in servicing my account. If I experience a material change in circumstances, I will provide my broker with an updated application.

Applicant's Signature _____

Date _____

Applicant's Printed Name _____

FOR BROKER USE ONLY

I have received this application and believe the IRA Account is suitable for: ☒ Level 1 ☐ Level 2 ☐ None

Characteristics and Risks of Standardized Options Delivered: _____/_____/_____

Customer Information Brochure Delivered: _____/_____/_____

Privacy Policy Delivered: _____/_____/_____

Account #: _____ SSN: _____

Verify receipt of original: _____

Office #: _____ Rep #: _____

☒ _____
Investment Representative's Signature _____ Date _____

Investment Representative's Printed Name _____

Copies of all Written Agreements Delivered: _____/_____/_____

☒ _____
Principal's Signature _____ Date _____

Principal's Printed Name _____

☒ _____
Registered Option Principal Signature _____ Date _____

Registered Option Principal Printed Name _____

☒ _____
Authorized Signature of Custodian _____ Date _____

Authorized Printed Name of Custodian _____



Southwest Securities, Inc. and/or Broker/Dealers for which it clears
Southwest Securities, Inc. Member NYSE/FINRA/SIPC

SEP IRA Contribution Disclosure

This form should be completed by the Employer and distributed to all employees. This form is provided as a convenience to our customers to assist them with their SEP IRA Plan. It does not need to be returned to Southwest Securities, Inc.

1. Written Allocation Formula.

The Employer has agreed to provide contributions for the Plan Year as follows (*Check ONE*):

- ☐ Fixed Percentage - _____% of each Participant's Compensation.
- ☐ Flat Dollar - \$_____ per Participant.
- ☐ Contributions made by the Employer are integrated with Social Security. This means that in determining contributions made to your SEP IRA your Employer has taken into account Social Security taxes paid by the Employer on your compensation. Employer contributions made on your behalf would be reduced by certain amounts being contributed on your behalf to the Social Security System, subject to strict guidelines under the Internal Revenue Code. For more information on the effect of Social Security Integration in your particular situation, contact the individual named below.

2. Restriction on Withdrawals.

You may withdraw the funds in your IRA at any time. However, a withdrawal from a certificate of deposit prior to maturity may result in a forfeiture of principal or interest. These penalties, as well as any fees which may be charged, are set forth in the IRA disclosure statement you received when you opened your account and/or any specific disclosure accompanying your certificate of deposit (including rules of class) or other investment.

An IRA with another institution may have different terms concerning transfers, withdrawals, rates of return, etc. It is possible that the terms offered at another institution may be more advantageous.

3. Transfers and Rollovers.

You may "transfer" or rollover" the funds in your IRA to an IRA with another institution. However, "rollovers" are subject to certain restrictions described in your IRA disclosure statement.

You are permitted to have more than one IRA. So it is possible to have a SEP IRA at this institution and also have a separate contributory IRA at this institution or another institution.

4. Additional Information.

The Employer has designated _____ (insert Name & Title) to provide additional information to participants about the Employer's SEP Plan.