

HEDGE DESIGNATION (For Bona Fide Hedge Accounts Only)

By signing below, Customer confirms that all transactions in the Account will represent bona fide hedges, as defined by CFTC Rule 1.3(z) and any amendments or CFTC interpretations which may be made in the future. Penson Financial Services, Inc (“PFSI”) shall rely on this representation that all trades made in the account are bona fide hedges and Penson shall have no obligation to inquire or verify the nature of such trades or incur any liability, if, in fact, that they may not be such. CFTC Regulation 190.06(d) requires that in the unlikely event that a commodity futures broker files for bankruptcy, the commodity futures broker must provide to each client who intends to maintain a hedge account an opportunity to indicate a preference in regard to the liquidation of positions. Unless a preference is indicated by marking the space below, the open contracts may be immediately liquidated upon the occurrence of the broker’s bankruptcy. The trustee in bankruptcy should:

_____ liquidate _____ not liquidate open commodity contracts in my hedge account without seeking instructions.

It is understood, and the Customer agrees, that this account is subject to hedge margins and to other rules and regulations as prescribed for hedge accounts by the various commodity exchanges and the CFTC, and the Customer agrees to comply with all laws, rules, and regulations concerning hedging in such contracts.

Signature: _____

Joint Account Signature (if applicable): _____

Bona Fide Hedge Commodities: _____
(Promptly Notify Penson of Changes to this List)