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## Important Information on Penny Stocks

This statement contains important information — and you should read it carefully before you sign it, and before you decide to purchase a penny stock.

### **Penny stocks can be very risky**

Penny stocks are low-priced shares of small companies. Penny stocks may trade infrequently – which means that it may be difficult to sell penny stock shares once you have them. Because it may also be difficult to find quotations for penny stocks, they may be impossible to accurately price. Investors in penny stock should be prepared for the possibility that they may lose their whole investment.

While penny stocks generally trade over-the-counter, they may also trade on U.S. securities exchanges, facilities of U.S. exchanges, or foreign exchanges. You should learn about the market in which the penny stock trades to determine how much demand there is for this stock and how difficult it will be to sell. Be especially careful if your financial advisor is offering to sell you newly issued penny stock that has no established trading market.

The securities you are considering have not been approved or disapproved by the SEC. Moreover, the SEC has not passed upon the fairness or the merits of this transaction nor upon the accuracy or adequacy of the information contained in any prospectus or any other information provided by an issuer or a broker or dealer.

### **Information you should get**

The price and quantity of your penny stock purchase as well as your financial advisor's compensation for the transaction will be disclosed on your customer confirmation. You will need this price information to determine what profit or loss, if any, you will have when you sell your stock.

After you buy penny stock, your brokerage firm will send you a monthly account statement that gives an estimate of the value of each penny stock in your account, if there is enough information to make an estimate, or, if there is no activity in your account, your firm will provide these statements every three months.

Additional information about low-priced securities – including penny stocks – is available on the SEC's Web site at <http://www.sec.gov/investor/pubs/microcapstock.htm>. In addition, your broker will send you a copy of this information upon request. The SEC encourages you to learn all you can before making this investment.

### **Brokers' duties and customer's rights and remedies**

Remember that your financial advisor is not an impartial advisor – he or she receives compensation when you buy or sell stock. You may choose to not rely only on your financial advisor, but to seek outside advice before you buy any stock. You can get the disciplinary history of a salesperson or firm from FINRA at 1-800-289-9999 or contact FINRA via the Internet at [www.finra.org](http://www.finra.org). You can also get additional information from your state securities official. The North American Securities

A Registered Broker Dealer  
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MEMBER SIPC

REVISED MARCH 2018



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Administrators Association, Inc. can give you contact information for your state. You can reach NASAA at (202) 737-0900 or via the Internet at [www.nasaa.org](http://www.nasaa.org).

If you have problems with your account or your financial advisor, contact the firm's compliance officer. You can also contact the securities regulators listed above. Finally, if you are a victim of fraud, you may have rights and remedies under state and federal law. In addition to the regulators listed above, you also may contact the SEC with complaints at (800) SEC-0330 or via the Internet at Complaint Form.

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Signature(s)

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Date

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Account Number(s)