

LaBranche
FINANCIAL SERVICES, LLC
Regulatory Disclosure Statements

Certain regulatory disclosures are required to be provided upon a new account opening and on an annual basis to customers with respect to their account and the services provided by LaBranche Financial Services, LLC (“LFSL”). Please take some time to review the following topics and information concerning your account with LaBranche Financial Services, LLC:

- **Opening A New Account – Verifying Your Identity**
- **Practices of Order Execution Routing and Order Flow Disclosure**
- **SEC Rule 606 – Order Routing**
- **FINRA Public Disclosure Program**
- **Privacy Policy**
- **Margin Risks Disclosure Statement**
- **Disclosure of Financial Condition to Customers**
- **Information on Securities Investor Protection Corp. (“SIPC”)**
- **Trading On Parity**
- **Option Information**
- **Material Changes In Account Information**
- **Statement Accuracy**
- **Call Us With You Questions**

Opening A New Account – Verifying Your Identity

To assist the governments fight against the funding of terrorism and to prevent money laundering activities, federal laws and regulations require financial institutions to obtain and verify information that identifies each client who opens an account.

When you open an account, LaBranche Financial Services, LLC is required to obtain your name, address, tax information and other information and documentation that will be utilized to verify your identification. For Entity accounts other than natural persons (e.g.: a corporation, partnership or trust) LFSL will request identifying documents evidencing the existence of the entity, such as articles of incorporation, a government-issued business license, a partnership agreement or a trust agreement. LFSL may also request to see a valid government issued form of identification evidencing nationality or residence and bearing a photograph such as a driver’s license, passport or other identifying documents for the Control persons or beneficiaries of the account.

As required by federal law, if LFSL is unable to verify your identity, LFSL will not be able to open an account or establish a relationship with you. LaBranche Financial Services LLC reserves the right to request additional information or documentation at any time at its sole discretion.

Practices of Order Execution Routing and Order Flow Disclosure

This disclosure statement is being provided as required by Rules 10b-10 and 11Ac1-3 under the Securities and Exchange Act of 1934 concerning payment for order flow and order routing practices. “Payment for Order Flow” is a securities industry practice whereby brokerage firms receive monetary or other forms of remuneration in return for the routing of customer orders to designated execution destinations. LFSL does ***not*** receive payment or remuneration of any kind for directing order flow on any transaction.

Order Routing - SEC Rule 606

Industry regulations require that LFSL disclose, on a quarterly basis, the identity of the market centers to which LFSL routes orders for certain equity securities, as well as the nature of relationships to those market centers. If you would like a written copy of this information, or information about where your individual orders have been routed for execution, please contact LFSL at the above-referenced telephone number.

LFSL’s order routing information is available on Thomson Reuters Transaction Analytics’ website which is located at <http://www.tta.thomson.com>. The SEC required order routing information is available on such website by clicking on “SEC RULE 606”, and then on the “Broker-Dealer” pull-down menu click on LaBranche Financial Services, indicate the time period on the “Quarter” pull-down menu, and then hit “Display”.

FINRA Public Disclosure Program

The Financial Industry Regulatory Authority (FINRA) Public Disclosure Program, previously known as the National Association of Securities Dealers (NASD) Public Disclosure Program, allows the public to obtain current regulatory information about FINRA member firms and registered representatives. An investor brochure containing information about the program is available from FINRA. You can obtain additional information by calling the FINRA Public Disclosure toll-free line at 1-800-289-9999 or by visiting the FINRA’s Website at www.finra.org.

Privacy Policy

LFSL is committed to safeguarding customer information. Since your privacy is a priority to LFSL, LFSL will not share nonpublic information about you or about former customers with third parties outside of LFSL except as explained in our Privacy Policy.

LFSL collects personal information to open your account(s) in order to service your account and to process your transactions. LFSL does not disclose nor sell your personal information to anyone, except as explained in LFSL’s privacy policy as follows:

- LFSL discloses personal information to companies that helps LFSL process or service your transactions or account(s), including companies that may print and mail your account statements and confirmations or process proxy distribution.
- LFSL may disclose or report personal information in certain circumstances where LFSL believes in good faith that disclosure is required or permitted under law, for example, to cooperate with regulators or law enforcement authorities, resolve customer disputes, and to perform credit, risk control or authentication checks.

The personal information that is collected in the normal course of business includes the following:

- Any personal information that is disclosed on new account applications and other forms completed by you that is necessary or required to maintain and service your account. Such information includes, but is not limited to, your name, address, tax identification, bank reference, assets and income.
- To administer your account, LFSL collects and maintains personal information about your transactions, including account balances and positions.

LFSL protects the confidentiality and security of your personal information.

- Companies LFSL utilizes to provide support services are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality.
- LFSL restricts access to personal information to LFSL employees and agents for business purposes only. All employees and agents are required to safeguard such information.
- LFSL maintains physical, electronic and procedural safeguards to guard your nonpublic personal information.

LFSL will provide notices of changes in its privacy policy and information-sharing practices. If, at any time in the future, it is necessary to disclose any of your personal information in a way that is inconsistent with this policy as described above, LFSL will give you notice of the proposed change so that you will have the opportunity to opt out of such disclosure.

Margin Risks Disclosure Statement

The following provides some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided to you.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased are the firm's collateral for

the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).
- The firm can force the sale of securities or other assets in your account(s). If the equity in your account falls below the maintenance margin requirements or the firm's higher "house" requirements, the firm can sell the securities or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.
- The firm can sell your securities or other assets without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call. Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.
- The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice. These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account(s).
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

Contact LFSL regarding any questions or concerns you may have with your margin accounts.

<p><i>Disclosure of Financial Condition to Customers</i></p>
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A financial statement of LaBranche Financial Services, LLC is available for your inspection at its offices or upon written request.

Information on Securities Investor Protection Corp. ("SIPC")

Information on Securities Investor Protection Corp. ("SIPC), including the SIPC Brochure, is available by contacting SIPC at (202) 371-8300, sending an email request to ASKSIPC@SIPC.ORG or by visiting the SIPC website at WWW.SIPC.ORG.

Trading On Parity

Pursuant to NYSE Rule 108 and NYSE Information Memorandum 07-86 dated August 22, 2007, LaBranche Financial Services, LLC is required to disclose to its customers that when executing orders, the Floor Broker may permit the Specialist to trade on parity with its orders. Should you choose not to trade on parity with the Specialist, please provide written notice to:

LaBranche Financial Services, LLC
33 Whitehall Street – 7th Floor
New York, NY 10004
Attention: Chief Compliance Officer

Option Information

Information in connection with the execution of option transactions and the assignment process of options is available upon written request to:

LaBranche Financial Services, LLC
33 Whitehall Street - 7th Floor
New York, NY 10004
Attention: Chief Compliance Officer

Material Changes In Account Information

Material changes in your account information, including "Investment Objectives", should be forwarded in writing to:

LaBranche Financial Services, LLC
33 Whitehall Street – 7th Floor
New York, NY 10004
Attention: Chief Compliance Officer

Statement Accuracy

If there are any inaccuracies or deficiencies in your account statement, please contact the LFSL Operations Manager immediately at (212) 482-3529 ***and*** Client Services at Broadcort Capital Correspondent Clearing Division at (201) 557-0700.

Any oral communications with LFSL or Broadcort Capital should be re-confirmed in writing in order to protect your rights, including your rights under the Securities Investor Protection Act (“SIPA”). Please address such written communications to the following:

LaBranche Financial Services, LLC
33 Whitehall Street
New York, NY 10004
Attention: Operations Manager

AND

Broadcort Capital Correspondent Clearing Division
101 Hudson Street – 7th Floor
Jersey City, NJ 07302
Attention: Client Services

Call Us with Your Questions

Should you have any questions or require additional information regarding this disclosure statement, please feel free to contact LaBranche Financial Services, LLC’s Compliance Department at (212) 482-3500.