

# National Securities Corporation

## Privacy Policy

National Securities Corporation (NSC) has designed this privacy policy to protect the confidentiality of information we receive about our 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, Gilman Ciocia, Inc., and GC Capital Corporation. 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.

## Business Continuity Plan Disclosure

NSC has developed a Business Continuity Plan (BCP) describing 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 BCP.

## Contacting Us

If after a significant business disruption you cannot contact your representative as you usually do, please contact our Seattle or New York office directly 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 (800) 801-9942 COR Clearing LLC at (800) 811-3487, or Industrial and Commercial Bank of China Financial Services LLC at (201) 631-8151 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 BCP is designed to permit our firm to resume operations as quickly as

possible, given the scope and severity of the significant business disruption.

Our BCP 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 back up our 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. 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 the firm carrying your account.

## For More Information

If you have questions about our business continuity plan, please contact the Seattle office. Our BCP 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.

## 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 (ask) and what you can sell it for (bid). 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.

## Consolidated or Performance Reports

Consolidated reports which combine information regarding customers' holdings within and outside NSC, or report performance of an account may be provided to customers as a service. Customers should be aware that any consolidated or performance reports furnished by NSC are not official account statements, and are provided solely for informational purposes as a courtesy to our customers. The reports are not verified by any third party and are not guaranteed as to accuracy or completeness. We encourage you to review and maintain official account statements and compare them to any reports.

The information contained in consolidated reports may include, in addition to assets in a NSC brokerage account, assets held through mutual funds, variable annuities, or custodians other than those used for NSC's accounts, including assets that are not included in NSC's books and records. NSC DOES NOT VERIFY DATA FOR ASSETS HELD OUTSIDE NSC. Those assets may not be covered by SIPC. Further, consolidated reports do not reflect "performance" by NSC or your account representative. Any earnings and/or returns shown in the reports are not intended to predict or guarantee the actual results of any investment product. As with any investments, past performance cannot assure any level of future results.

## 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. 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.

#### **Entity Disclosure**

National Holdings Corporation (NASDAQ: NHLD) is the parent corporation of a number of affiliated financial services companies. NSC is a full service brokerage firm, operated primarily through independent registered representatives, and offers securities, including variable insurance products, investment banking services and is a market making and institutional trading firm. 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. Gilman Ciocia, Inc. provides accounting services, tax planning and preparation. Gilman Ciocia is also a Registered Mortgage Broker with the NYS Banking Department and provides a variety of lending services including mortgages, equipment leasing, and business financing. GC Capital Corporation is a licensed mortgage brokerage business with the Florida State Banking Department.

Registered representatives associated with any NHLD affiliated entity may also have outside business interests or do business under the name of an entity that is not affiliated with NHLD. 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 NHLD affiliate. If you have any questions regarding the products offered by an affiliate of NHLD and whether any product is offered through a particular corporation, please contact NSCs Compliance Department at 206-622-7200. Fortress Biotech, Inc. (NASDAQ: FBIO), through its affiliate FBIO Acquisition, Inc., is a majority shareholder of National Holdings Corporation (NHLD). National Securities Corporation is a wholly owned subsidiary of NHLD. Fortress Biotech, Inc. controls publicly traded companies including but not limited to: National Holdings Corporation (NHLD), Avenue Therapeutics, Inc. (ATXI), Checkpoint Therapeutics Inc. (CKPT), Fortress Biotech Inc. (FBIOP) and Mustang Bio, Inc. (MBIO).

#### **MSRB Disclosure**

National Securities Corporation is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (MSRB). The website address for the MSRB is [www.msrb.org](http://www.msrb.org). A municipal advisory client brochure, which describes the protections that may be provided by the MSRB and how to file a complaint with an appropriate regulatory authority, is available on the website of the MSRB.

#### **Order Handling**

Orders for customer accounts that meet the definition of an "institutional account" as defined in Rule 4512(c), or for orders of 10,000 shares or more (unless such orders are less than \$100,000 in value), NSC may trade the security on the same side of the market for its own account at a price that may satisfy such customer order. Should the customer choose not to allow such trading to occur on orders meeting the above specifications they should inform the individual accepting the order in question at the time of entry or contact NSCs Compliance Department at 206-622-7200, prior to placing such an order.

#### **Order Routing Disclosures**

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. 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.

#### **SIPC Disclosure**

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).

#### **Direct Business Customer Checks**

Customers should be aware that, in some instances, customer checks submitted in connection with subscription-way documents may be held by the firm for up to seven business days while a suitability review is performed. Those checks are held in a secure location until they are forwarded to the payee.

#### **Customer Inquiries**

It is important that you review your account statements and confirmations 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 NSC directly for account information, to report a discrepancy/complaint or if you are unable to reach your representative. Our contact information is below:

National Securities Corporation  
Attn: Compliance Dept.  
One Union Square  
600 University Street, Suite 2900  
Seattle, WA 98101  
(206) 622-7200

## Important Information

## Disclosure Information and Notices Regarding Your Account



### National Securities Corporation

*Member FINRA/SIPC*

#### **Seattle Headquarters**

One Union Square  
600 University Street, Suite 2900  
Seattle, WA 98101  
(800) 552-7574 or (206) 622-7200

#### **New York Headquarters**

200 Vesey Street, 25<sup>th</sup> Floor  
New York, NY 10281  
(800) 742-7730 or (212) 417-8000

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

#### **Investor Education & Protection**

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.html](http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.html) or for more detailed information call the FINRA BrokerCheck Hotline at (800)289-9999.

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