

Annual Disclosure Statement

Anti-Money Laundering

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. This notice answers some questions about your firm's Customer Identification Program (CIP).

What types of information will I need to provide? When you open an account, your firm is required to collect information such as the following from you: your name, address, date of birth, identification number: (a) US Citizen: taxpayer identification number (social security number or employee identification number), or (b) Non-US Citizen: taxpayer identification number, passport number and country of issuance, alien identification card number, or government- issued identification showing nationality, residence, and a photograph of you. You may also need to show your driver's license or other identifying documents. A corporation, partnership, trust or other legal entity may need to provide other information such as its principal place of business, local office, employer identification number, certified articles of incorporation, government issued business license, a partnership agreement or a trust agreement.

US Department of the Treasury, Securities and Exchange Commission, FINRA and NYSE regulations currently require you to provide additional information, such as net worth, annual income, occupation, employment information, investment experience and objectives, and risk tolerance.

What happens if I don't provide the information requested or my identity can't be verified? Your firm may not be able to open an account or process transactions for you. If your firm has already opened an account for you, it may be closed.

NBC Securities, Inc. Privacy Policy

For purposes of this Privacy Notice, "we" means NBC Securities, Inc. This Privacy Notice covers the personal information of individuals who are current and former NBC Securities clients.

Part of what you expect from NBC Securities is information – such as information about the history of transactions in your account or current market information. However, the information you provide to us is equally important. This Privacy Notice is intended to provide you with a full understanding of the information we collect about you and our guidelines for sharing and safeguarding that information with others.

Confidentiality and Security

We consider the information we have about you to be confidential, including the fact that you are a NBC Securities client. Your information will be handled in the manner described in this notice. We restrict access to information about you to those employees and authorized agents who need to know that information. We maintain physical, electronic and procedural safeguards that comply with federal standards to maintain the confidentiality of your information.

Information We Collect

At NBC Securities, we collect the following types of information about you:

- Information you provide on new account forms, applications, or agreements you enter into in order to receive our products or services, including your name, address, social security number, income, and investment objectives;
- Information about your transactions with us; and
- Information from a consumer reporting agency (for example, your credit history or other facts relating to creditworthiness) or from other parties or sources such as public databases.

Third Parties to Whom We Disclose Information

We do not sell information about our current or former clients. We share or disclose information we collect about our current or former clients with third parties only as permitted by law. Some examples of legally permitted sharing or disclosures to third parties include:

- **Sharing of information to properly manage our business.** This includes sharing information to service your accounts, to comply with laws, and for other routine business practices. For example, we may share information with third parties to process your statements, to comply with court orders, or for tax reporting.
- **To companies who perform marketing or research services on our behalf or with whom we have joint marketing agreements.** These include companies performing marketing services on our behalf, such as mailing materials advertising our products or services, performing research, or assisting us with evaluating our client service quality. Joint marketing arrangements include agreements where another financial institution offers a product or service jointly with NBC Securities, Inc. These companies must limit their use of the information to the purpose for which it was provided.
- **To other parties as authorized by you.** You may direct us, for example, to send your account statements and confirmations to third parties.

Limiting Marketing

You may limit our affiliates from marketing their products or services to you based on your personal information that we collect and share with them. This information includes your income, your account history with us and your credit score.

Your choice to limit marketing offers from our affiliates will apply until you tell us to change your choice; therefore, unless you wish to make a change, once you have indicated your preference to us, you do not need to act again. This choice may be made now or at any time in the future. For clients holding joint accounts with us, we will accept a decision from any party named on the account. This decision will apply to all parties named under the account. To exercise your choice to opt out of our sharing credit history information or to limit affiliate marketing:

- Call us at 205-421-2390 or toll-free at 1-800-521-9390 during normal business hours.
- Write us at:
NBC Securities, Inc.
Attention: Compliance Department
1927 1st Ave. North
Birmingham, AL 35203
- Send us an e-mail message through “Contact Us” at our Web site www.nbcsecurities.com.

For more information, please contact us at 800-521-9390 or www.nbcsecurities.com.

NBC Securities, Inc. Margin Disclosure Statement

We are furnishing this document to provide you with basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading in a margin account, you should carefully review the margin agreement provided by your broker. Consult your broker regarding any questions or concerns you may have with your margin accounts.

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 in your account, 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 in your account.
- ***The firm can force the sale of securities in your account.*** If the equity in your account falls below the maintenance margin requirements under the law, or the firm's higher "house" requirements, the firm can sell the securities in your account to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- ***The firm can sell your securities 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 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 interest, including immediately selling the securities without notice to the customer.
- ***You are not entitled to choose which security in your margin account is 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 requirement 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.
- ***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.
- ***The IRS requires Broker Dealers to treat dividend payments on loaned securities positions as a "substitute payment" in lieu of a dividend.*** A substitute payment is not, a "qualified dividend" and is not taxed as ordinary income.
- ***Industry regulations may limit, in whole or in part, your ability to exercise voting rights of securities that have been lent or pledged to others.*** You may receive proxy materials indicating voting rights for a fewer number of shares than are in your account, or you may not receive any proxy materials.

Business Continuity Plan: FINRA Rule 3510

As a fully disclosed and introducing broker dealer, we have developed a Disaster Recovery ("DR") Plan to ensure business continuity. In our capacity as an introducing firm, we provide a variety of services that require the provision of continual technological and operational support to your broker. In connection with accomplishing business continuity, we have established a remote independent DR Site as a major component of our DR Plan. This Site has

resources in place to operate and maintain business critical processes in the event that our headquarters in Birmingham, Alabama cannot be occupied due to anything from a natural disaster to a terrorist attack, whether or not such an event affects only our firm or is more regional in scope. The DR Plan contemplates restoration of critical processes within a twenty-four hour time span. Please note that the specifics of our DR Plan are subject to modification. You may obtain a copy of our most current DR Plan by written request. Inquiries should be directed to: NBC Securities, Inc., Attn: Compliance Department, 1927 1st Ave North, Birmingham, AL 35203.

SIPC Disclosure Notification

As a member of the Securities Investor Protection Corporation (SIPC) funds are available to meet customer claims up to a maximum of \$500,000 in cash and securities with a \$250,000 cash maximum. Note SIPC provides coverage against loss of securities and cash, not against market depreciation, fluctuation in market value of your securities or a trading loss. Information regarding SIPC, including a SIPC brochure, may be obtained by contacting SIPC via its web site at www.sipc.org or by telephone at (202) 371-8300.

FINRA BrokerCheck Notification

In accordance with the Financial Industry Regulatory Authority Conduct Rule pertaining to Investor Education and Protection, we are providing our clients with the following information.

- The FINRA BrokerCheck Hotline telephone number is 800-289-9999.
- The FINRA Web site address is finra.org.

For a copy of a brochure that includes important information concerning FINRA BrokerCheck, call the FINRA BrokerCheck Hotline or visit the FINRA Web site www.finra.org/brokercheck/.

Annual Offer of ADV Brochure

Annually, NBC Securities is required to offer to deliver to each of its investment advisory clients, upon written request, a copy of Part II of Form ADV (or other document containing the information required by Part II) regarding any of the investment advisory services provided by NBC Securities to such client or any outside investment advisers who manage such client's assets through a NBC Securities advisory program. Clients who would like to receive copies of any of these documents should send a written request to: NBC Securities, Inc., Attn: Compliance Department, 1927 1st Ave N, Birmingham, AL 35203

Changes in Your Financial Situation and Investment Objectives

Your NBC Securities Financial Advisor will be pleased to meet with you annually or more frequently as you request. Please promptly inform your Financial Advisor of any changes in your financial situation or investment objectives. In addition, if NBC Securities has investment discretion over your account, please inform your Financial Advisor if you would like to impose any reasonable restrictions on the management of your account or to modify any existing restrictions.

Questions, Inquiries, Complaints

Clients should direct all written questions, inquiries and complaints to NBC Securities, Inc. at its home office located at 1927 1st Ave N, Birmingham, AL 35203. Clients may also contact NBC Securities by telephone at 800-521-9390.