

7. Customer's Settlement Obligation

In the event your Prime Broker indicates its intention not to settle, or fails to settle, any of your Prime Brokerage Transactions, you shall be responsible and liable to the Executing Broker and Pershing for settling such Prime Brokerage Transaction(s) directly with the Executing Broker and Pershing in a margin account that the Executing Broker will open or has opened in your name on the books of Pershing in accordance with Regulation T of the Board of Governors of the Federal Reserve System. The Executing Broker shall send you a new confirmation of the replacement transaction(s).

8. Discretionary Account

- (a) If your account is managed on a discretionary basis by an investment advisor, money manager or other person ("advisor"), you hereby acknowledge that your Prime Brokerage Transactions may be commingled with those of other accounts of your advisor ("sub-accounts"), according to your advisor's instructions, for clearance by Pershing in a single bulk trade and for settlement in bulk with your Prime Broker. You further acknowledge that in the event the Prime Broker indicates its intention not to settle or does not settle such bulk trade because of one or more sub-accounts receiving an allocation, the Executing Broker will either cancel and rebill the bulk trade to reflect the reduction of the securities which were originally allocated to the objectionable sub-accounts or, if permissible, execute a corrected allocation of the Prime Brokerage Transaction to sub-accounts in accordance with your advisor's instructions. To facilitate such allocation, the Executing Broker may open and carry an account in your name on Pershing's books and you shall be solely responsible and liable to the Executing Broker for settling such transaction directly with Pershing. You acknowledge that your advisor may resubmit the bulk trade and execute a corrected allocation of the Prime Brokerage Transaction.
- (b) If you are executing this Agreement on behalf of a customer whose account is managed by you, you hereby represent and covenant to the Executing Broker that: (i) each time you execute an order on behalf of such customer, such customer is in compliance with the Minimum Net Equity requirement or you shall notify the Executing Broker otherwise; (ii) you shall not enter an order for such customer in the event such customer falls below the Minimum Net Equity requirement; (iii) you will provide the Executing Broker with such information as is necessary to enable the Executing Broker to open and maintain an account for the benefit of such customer by completing the schedule attached hereto; (iv) you have sufficient knowledge of such customer to make the representation set forth in Paragraph 19 of this Agreement and (v) you have been duly authorized by the customer to execute this Agreement, to bind such customer to arbitration, to enter orders to effect Prime Brokerage Transactions, to execute a directive to the Executing Broker regarding the mailing of confirmations, to disclose such financial information as the Executing Broker or Pershing deems necessary to effect such transactions and to take such other actions as are contemplated by this Agreement.

9. Fees and Charges

You understand that the Executing Broker may charge commissions and other fees for clearance or any other service furnished to you and you agree to pay such commissions and fees at the Executing Broker's then prevailing rates. You further understand that service fees, if any, may be changed from time to time, upon 30 days prior written notice to you.

10. Restrictions on Account

You understand that the Executing Broker or Pershing in their sole discretion, may refuse to accept or execute Prime Brokerage Transactions on your behalf or restrict or prohibit trading of securities in your account(s) introduced to Pershing, or refuse to clear your securities transactions.