

# J H DARBIE & CO., INC.

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MEMBER-FINRA-MSRB-SIPC

## Heightened Risk Security Policy Questionnaire

*(This questionnaire must be executed by the CCO or a supervisory principal of the correspondent firm prior to submission to AXOS Clearing)*

1. Account Name: \_\_\_\_\_
2. Account Number: \_\_\_\_\_
3. Account Address: \_\_\_\_\_
4. Issuer Name: \_\_\_\_\_
5. Issuer Symbol: \_\_\_\_\_
6. Number of Shares to be received, deposited or DWAC'd in: \_\_\_\_\_
7. Number of Shares current beneficially owned or controlled by client<sup>1</sup>: \_\_\_\_\_
8. Total Aggregate Number of Shares beneficially owned or controlled by client (including family members, corporations, partnerships, etc.) in the last twelve (12) months: \_\_\_\_\_
9. List all Options, Warrants, other Derivative Securities, Promissory Notes, and other items readily convertible into equity and debt of the issuer beneficially owned or controlled by client (including family members, corporations, partnerships, etc):  
\_\_\_\_\_  
\_\_\_\_\_
- 9a. Provide the Aggregate Number of Shares that would be beneficially owned or controlled by client (including family members, corporations, partnerships, etc.), if Options, Warrants, Derivative Securities, Promissory Notes, etc., are converted to the equity securities of the issuer: \_\_\_\_\_
10. Certificate Number(s) and Issue Dates (where applicable) (please attach copies of front and back): \_\_\_\_\_
11. Where traded: \_\_\_\_\_
12. How did client acquire the shares: \_\_\_\_\_
13. When did client acquire the shares: \_\_\_\_\_
14. From whom or what entity did client acquire the shares: \_\_\_\_\_
15. What consideration was given by client for acquisition of the shares: \_\_\_\_\_
16. Is the client nor or has the client ever been an officer, director, control person, or person or entity who owns or controls 5% of the issued and outstanding shares of the issuer (for purposes of calculating 5%, the clients ownership and/or interest in anything readily convertible into shares of the issuer must also be considered): \_\_\_\_\_
17. Were the shares issued the client under an effective registration statement? (If so, please provide information regarding the type of registration statement, date filed, and evidence of issuance in accordance with the registration statement)<sup>2</sup>:  
\_\_\_\_\_  
\_\_\_\_\_
18. Does the certificate current contain a restrictive legend: \_\_\_\_\_

### Page 1 of 2 (Policy Questionnaire)

1. For question 7 please state the number of common shares client currently holds. For the purposes of this question, do not include common shares that client is entitled to convert through convertible instruments (that information will be disclosed in question number 9).
2. For question 17 please specify whether client acquired the shares in a registered transaction, or if client proposes to sell shares in a registered transaction (i.e. client is listed as selling shareholder in an S-1).

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## Heightened Risk Security Policy Questionnaire (cont'd)

19. For certificates not issues in accordance with an effective registration statement, or in accordance with an exemption or exception from registration, please provide all documents and information (including an opinion of counsel) that support removal of the restrictive legend. Please also provide your understanding as to why the certificate do not contain any restrictive legend and/or were issued in accordance with an exemption or exception from the registration requirements: \_\_\_\_\_
20. Is the issuer a shell issuer or development stage company, or has it been one within the preceding twelve (12) months: \_\_\_\_\_
21. Is the issuer fully reporting in accordance with the Securities Act of 1933 or the Securities Exchange Act of 1934 (which one): \_\_\_\_\_
22. Is the issuer current in its reporting obligations: \_\_\_\_\_
23. Does the client have any relationship with the issuer or its subsidiaries: \_\_\_\_\_
24. Has the customer made, or will the customer make, any payment to any person or entity in connection with the customer's proposed sale of the securities: \_\_\_\_\_
25. Does the client have a relationship with any control persons of the issuer including officers, directors, and over 10% beneficial shareholders. If so, please list the name of the control person and provide a description of the relationship. \_\_\_\_\_
26. For alternative reporting companies that do not have current information available, please list:  
(a) Control persons of the issuer including officers and directors; \_\_\_\_\_  
(b) All greater than 10% beneficial shareholders of which you are aware. \_\_\_\_\_

\_\_\_\_\_  
Signature of CCO or Supervisory Principal

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of CCO or Supervisory Principal

\_\_\_\_\_  
Signature of Client (as required per correspondent)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Client

## Heightened Risk Security Deposits

### Client Acknowledgement

**To:** My introducing broker dealer (“my broker dealer” or “introducing broker”) and AXOS Clearing, LLC, its officers, directors, parents, subsidiaries and affiliates (hereinafter collectively “AXOS”). AXOS and my broker dealer and/or introducing broker are hereinafter collectively referred to as “You” or “Your.”

I, the undersigned, acknowledge and affirm in connection with my desire to deposit and/or sell the below referenced security, or any other security in the same issuer obtained through a follow on conversion of a convertible promissory note or convertible preferred shares, that I am aware of and agree to the following terms and conditions:

1. I understand that delivery by me of these securities in certificate form does not constitute “good delivery” according to the policies of AXOS.
2. I acknowledge that these securities are owned by me and were acquired in a bona fide and legal transaction. Furthermore, I acknowledge there is no reason for concern by AXOS that these security positions will be called back by the issuer or subject to a stop transfer by the transfer agent.
3. I am aware that a sale of these securities may not be permitted by AXOS until such time that AXOS is satisfied that they are eligible for sale and transfer, without fear of impairment or violation of law or industry rule. I am also aware that my broker dealer and AXOS will take reasonable precautions to determine that, at present, there are no pending restrictions or a STOP transfer pertaining to any certificate. Finally, I understand that AXOS may require confirmation that the shares are fully paid and non assessable.
4. I acknowledge that I may not be able to sell the securities at the time of my choosing and the market price for these securities may change substantially between the time that I initially make the deposit and the time when I am actually able to make a sale. I acknowledge and accept the risk in this regard.
5. I acknowledge that it is the policy of AXOS to not allow Heightened Risk Securities to be transferred between and/or among accounts.
6. I acknowledge that it is the policy of AXOS to not facilitate the “free delivery” of securities deposited in certificate form to other DTC members. Should I desire to receive my securities, I acknowledge that AXOS will request a certificate representing my ownership in the issue to be delivered to me or my broker dealer, whichever is appropriate, through the issuer’s transfer agent and I will be responsible for all costs associated with such request..
7. I acknowledge that it is the policy of AXOS to deny the facilitation of third party wires. Should I desire that funds be wired out of my account I acknowledge that AXOS will only wire those proceeds to a like name account and accept full responsibility for the information provided to AXOS instructing it to send the wire.
8. I acknowledge that AXOS (at the instruction of my broker dealer) may impose reasonable charges for its services in connection with, inter-alia, the receipt, verification, and cost of financing of the referenced securities and agree to be bound by such. I acknowledge that I have been informed of the associated charges included in the attached Heightened Risk Securities Fee Schedule and Exhibit A to this Client Acknowledgement.
9. I acknowledge these securities are not the subject of any unrestricted sales of restricted securities.
10. In consideration of Your acceptance of these securities, I agree to indemnify and hold You harmless against any liability, loss or expense (including any legal fees and expenses reasonably incurred by You) arising out of the sale and/or transfer of these securities including but not limited to failure of these securities to transfer promptly or buy-in resulting from failure to deliver shares to the purchasing broker.

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Client Print Name/Title

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Date

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Client Signature

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Corporation Name

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**Introducing Broker Principal Acknowledgement**

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**Print Name/Title**

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Signature

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Date

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Certificate Number

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Number of Shares/Issuer

**Page 1 of 2 (Client Acknowledgement)**

**Policy Relating to Heightened Risk Security Deposits**  
**Client Acknowledgement**  
**Exhibit A**

**Deposit Review Fees:**

**See attached Heightened Risk Security Fee Schedule**

The review fee for the deposit of restricted shares is generally \$1,000 per deposit, unless otherwise specified, and \$400 per “follow on” conversion for multiple conversions of the same promissory note (or preferred shares) within a six month time frame. The review fee for the deposit of Independently Registered Shares of Non-NMS Stocks, in which the depositing shareholder is listed by name in a registration statement, is generally \$250 per deposit, unless otherwise specified.

**Illiquid Transaction Fees:**

When AXOS is assessed an illiquid or market maker domination charge of greater than \$25,000 by NSCC, AXOS passes a charge through to the account(s) which created the charge. The pass-through charge applied to each account is a percentage of the charge for which the account is responsible. **AXOS's standard charge is the broker call rate plus AXOS's margin rate (i.e. currently, equal to an annualized interest rate of 6%).**

For example, if AXOS received an illiquid charge of \$100,000, then AXOS would multiply \$100,000 by 6% for a result of \$6,000. This \$6,000 would then be divided by 365 to get a daily charge of \$16.44. The resulting \$16.44 daily charge will be passed through to the account holder for each day the trade remained open during the settlement period.

If multiple accounts create an illiquid or market maker domination charge, then the charge passed through is proportional to each account’s share of AXOS's unsettled share position. Each day NSCC recalculates the capital requirements charged to AXOS. The accounts causing AXOS to post funds with NSCC will continue to be charged until AXOS is no longer being charged or until delivery has been made of the accounts’ shares.

Client accounts will be charged a penalty illiquid charge rate (above the customary illiquid charge rate) if positions are traded without AXOS's legal department and risk desk approval.

**I understand that I can contact my broker for further details relating to these fees.**

_____	_____
<b>Client Initials</b>	<b>Date</b>
_____	_____
<b>Principal Initials</b>	<b>Date</b>

**PHYSICAL CERTIFICATE DEPOSIT ATTESTATION**

**Deposit of NMS Listed Securities**

To whom it may concern:

I, the undersigned, submit this form to you in order to request authorization to deposit and sell the shares set forth below (the "Shares").

Description of the Shares:

(ISSUER)	(SHARE TYPE: COMMON, PREFERRED, ETC.)	(CUSIP)	(QUANTITY)

Please check all that apply:

- ☐ The Shares were originally issued carrying a restrictive legend as of \_\_\_\_\_ (date), and have not been registered.
- ☐ The Shares are free trading and were originally issued as of \_\_\_\_\_ (date), and registered in a registration statement that became effective \_\_\_\_\_ (date).
- ☐ The Shares were purchased directly from the issuer.
- ☐ The Shares were purchased from a third party as of \_\_\_\_\_ (date).

The undersigned represents that the information furnished above is correct and complete to the best of his or her knowledge. In the event that any of the information furnished is found to be no longer accurate or complete, at the time the undersigned seeks to sell the securities, the undersigned will promptly notify AXOS Clearing LLC in writing prior to such sale.

Account Holder Signature(s): _____	Account Number: _____
Printed Account Name(s): _____	Date: _____

## SELLER'S REPRESENTATION LETTER – NON-AFFILIATE

### Deposit of Free Trading Shares

To whom it may concern:

I, the undersigned, submit this form to you in order to present all facts necessary to request authorization to sell the shares in \_\_\_\_\_ (the "Company") as set forth below without being subject to trading restriction placed on affiliates .

(ISSUER)	(COMMON, PREFERRED, ETC.)	(CUSIP)	(QUANTITY)
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1. The undersigned is not at present and has not been during the preceding three months, an officer, director or 10% shareholder of the Company or in any other way an "affiliate" or "control person" of the Company.
2. I fully paid all consideration for, was the beneficial owner of, and bore the full risk of ownership on these securities since the later of the date the securities were acquired from the Issuer or from an affiliate of the Issuer. The shares were acquired on: \_\_\_\_\_
3. Below is a brief explanation of how these shares were acquired:  
\_\_\_\_\_
4. Manner of payment:  
\_\_\_\_\_
5. I know of no important development affecting the Company or its business or products which has not been made public, and I confirm that I have requested you to sell such shares for personal reasons and not because of any information which I may have with respect to the Company or its current or prospective operations.

The undersigned represents that the information furnished above is correct and complete to the best of his knowledge, information and belief. In the event that any of the information furnished is found to be no longer accurate or complete, the undersigned will promptly notify AXOS Clearing LLC in writing.

Account Holder Signature(s): _____	Account Number: _____
Printed Account Name(s): _____	Date: _____