Account # ____________________

Worth Financial Group Inc.
Exchange Traded Funds and Notes - Tax Reporting
Customer Disclosure Statement

Before investing in certain Exchange Traded Funds ("ETFs"), Exchange Traded Notes ("ETNs") and HOLDRS (HOLDRS are trust–issued receipts that represent your beneficial ownership of a specified group of stocks) it is important that you understand the tax implications of owning these investments.

- Equity / Bond ETFs and ETNs - most ETFs represent a bundle of underlying publicly traded stocks which represent a particular stock index or investment style. Much like mutual funds ETFs accumulate capital gains and dividends. These may be distributed to the holders of record at any time by the management of the ETF. Overall, ETFs are similar to tax managed index mutual funds which are slightly more efficient than standard mutual funds and significantly more efficient than actively managed mutual funds. ETFs are considered to be created by trading equivalent certificates (the ETF for the many stocks that make up the basket) in what is called an "in-kind" trade. This exchange of essentially identical items does not trigger capital gains, according to the IRS. Traditional mutual funds must go into the open market and exchange cash for stocks and vice versa, which will trigger A realization of gains. It's a subtle difference but which results in an advantage for the ETF investor. There are exceptions. Occasionally an ETF and/or ETN may throw off unusually high distributions. There are exceptions to the general tax rules for ETFs and ETNs. A good way to think about these exceptions is to know the tax rules for the sector. ETFs and ETNs that fit into certain sectors follow the tax rules for the sector rather than the general tax rules. Currencies, futures, metals and REITS are examples of sectors that receive special tax treatment.
- Metals ETFs and ETNs - If you trade or invest in gold, silver or platinum bullion, the IRS considers it a "collectible" for tax purposes. The same applies to ETFs and ETNs that trade or hold gold, silver or platinum. As a collectible, if your gain is short-term, then it is taxed as ordinary income. If your gain is earned for more than one year, then you are taxed at either of two capital gains rates, depending on your tax bracket. This means that you cannot take advantage of normal capital gains tax rates on investments in ETFs and ETNs that invest in gold, silver or platinum. The ETF and ETN sponsors will inform you what is considered short-term and what is considered long-term gains or losses.
- Commodity and Currency ETFs and ETNs - These funds trade futures on the commodities, stocks, Treasury bonds and currencies. Gains and losses on the futures within the ETF are treated

for tax purposes as 60% long-term and 40% short-term regardless of how long the contracts were held by the ETF and ETN. Further, ETFs and ETNs that trade futures follow mark-to-market rules at year-end. This means that unrealized gains at the end of the year are taxed as though they were sold and are not expected to make distributions with respect to capital gains or income. Most currency ETFs and ETNs are in the form of grantor trusts. This means the profit from the trust creates a tax liability for the ETF and ETN shareholder, which is taxed as ordinary income. They do not receive any special treatment, such as long-term capital gains, even if you hold the ETF and/or ETN for several years. Since currency ETFs and ETNs trade in currency pairs, the taxing authorities assume that these trades take place over short periods. From a tax perspective, any distributions from Commodity and Currency ETFs and ETNs that might occur will be characterized as nontaxable return of capital (lowering the investor's cost basis). Investors are responsible for their portion of taxes on capital gains and income, whether they receive a distribution or not. Because Commodity and Currency ETFs and ETNs are treated as partnerships for tax purposes, the investor's allocated portion of a fund's income, gains, losses and deductions are reported on a Schedule K-1. The K-1 forms could complicate your tax return and increase the cost of your tax preparation.

- Real Estate Invest Trust ("REIT") ETFs – income from REITS are not taxed at the company level. Most of the dividends paid are treated as ordinary income for the shareholder. This translates to a higher tax rate than dividends paid by ETFs owning only common stocks.
- Inverse ETFs – inverse ETFs do not use a portfolio of exchange-traded assets (stock and/or bonds) to track their benchmark index. Instead they keep their assets in a pool of cash and enter custom swap agreements to produce the desired returns. This means that when authorized participants create or redeem new shares they merely exchange the shares for a set amount of cash as opposed to a basket of securities. Index swaps are always taxed at short-term capital gains rate, even if the fund was held for more than twelve months. Gains on inverse funds are "marked-to-the-market" at year-end so you will pay taxes annually, even if you don't sell the fund. After periods of sizable gains these funds may make large taxable distributions.

As with stocks, you are subject to the "wash-sale" rules if you sell an ETF and/or ETN for a loss and then buy the same ETF and/or ETN or option for the same ETF and/or ETN within 30 days.
According to the IRS, you can assume that any dividend you receive on common or preferred stock is an ordinary dividend unless the paying corporation tells you otherwise. These dividends are taxed when paid by the ETF and ETN.

You should take into consideration whether you have a qualified retirement account such as an IRA, Roth IRA, SEP IRA, etc. or a non-qualified account such as an individual account, joint account, trust account, etc.. Qualified accounts offer tax-free accumulation and the Roth IRA offers tax-free distributions. Tax issues are generally not an issue for qualified retirement accounts. Exceptions for qualified accounts are some publicly traded limited partnerships which fall under the IRS clause known as Unrelated Business Taxable Income ("UBTI"). These funds generally engage in business activities that produce income.

As with stocks and mutual funds the tax reporting on interest and dividends is reported to the IRS on Form 1099 by your custodian firm. A copy of the 1099 is mailed to you in the first quarter following the previous fiscal year.

The above information is believed to be accurate, however, Worth Financial Group makes no guarantee to this fact and Worth Financial Group has no control. Investors should refer to the ETF and/or ETN prospectus or contact the ETF and/or ETN sponsor to verify all tax information. Worth Financial Group and its representative and/or investment advisors do not provide tax advice nor are we responsible for our customer's tax reporting or the tax consequences of the transactions. We encourage you to consult with your own tax advisor should you have any questions on tax related issues.

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Signatures – Page 4

Customer Acknowledgement and Signature

I authorize my Investment Advisor to trade the following types of Exchange Traded Funds, Exchange Traded Notes and/or HOLDRS:

(initial) (initial – joint)
_____ _____ All Fund Types Listed Below

or by individual fund type:
_____ _____ Equity

_____ _____ Inverse Equity (Non leveraged)

_____ _____ Leveraged

_____ _____ Fixed Income / Bond

_____ _____ Inverse Bond

_____ _____ Sector

_____ _____ Inverse Sector

_____ _____ Global, International and Emerging Markets

_____ _____ Real Estate / REITs

_____ _____ Commodity

_____ _____ Currency

______________________________	______________________________
Customer's Signature	Joint Customer's Signature
________________________	________________________
Customer's Printed Name	Joint Customer's Printed Name
________________________	________________________
Date	Date