Since 1842

KUHNS BROTHERS SECURITIES CORPORATION

MARGIN DISLOSURE STATEMENT &
ANNUAL DISCLOSURES TO CUSTOMERS 2013

Privacy Statement-We collect non-public personal information about you from the following sources: Information from your application or other forms; information about your transactions and information we may receive from consumer reporting agency. We do not disclose any non-public personal information about our customers or former customers to any one, except as permitted by law. We restrict access to your personal and account information to those employees and our affiliates who need to know that information to provide products and services to you. We maintain physical, electronic, and procedural safeguards to guard your non-public personal information.

Business Continuity-During times of local or national emergencies, the office may be closed and every attempt to return to normal business operation will be made. Our Business Continuity Plan addresses varying degrees of business disruption and is reviewed and tested annually. To access your account funds or positions, please dial 860-435-7000 or check our website for alternative access information. Our Business Continuity Plan is subject to modification, and a summary is posted on our website. If a customer would like to receive a copy of our full plan please send a written request to Kuhns Brothers Securities Corp 558 Lime Rock Rd., Lakeville, CT 06039.

Customer Identification Program-Important Information About Procedures for Opening a New Account: 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. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

FINRA BrokerCheck-FINRA BrokerCheck, formally known as the FINRA's Public Disclosure Program, allows investors to learn about the professional background, business practices, and conduct of FINRA member firms or their brokers. The telephone number of the BrokerCheck is 800-289-9999, the website address is http://www.FINRA.org. An investor brochure is also available upon request.

Complaints-Complaints regarding your account may be directed to the Kuhns Brothers Securities Corp at 558 Lime Rock Rd., Lakeville, CT 06039. Attention: Compliance Department. The telephone number is 860-435-7000.

Limit Orders-The firm will handle any customer limit orders, whether received from its own customers, or from another broker-dealer with all due care so as not to "trade ahead" of limit orders. Therefore, the firm will not trade on buy orders at prices equal to or less than that of the limit order, or conversely the firm will not trade on sell orders at prices equal to or greater than that of the customer limit order, without first executing the customer limit order.

Held or Not Held Orders-Absent specific instructions to the contrary, we understand that when you place an order with the firm, you are directing that we handle your order on a "not held" basis, which means you are giving the firm discretion to exercise our brokerage judgment to seek to obtain the best execution of your order. "Held" orders do not permit discretion in handling your order. Depending on whether your order is a market or limit, "held" orders obligate a firm to execute your market order immediately at the then prevailing market price or your limit order at your limit price or better, which may not necessarily be the best price that can ultimately be obtained. Further, under the current limit order rules, "held" limit orders may often require the firm to sell shares at the same price at which we bought them, and therefore may cause us to charge a fee or commission on "held" limit orders. "Not held" orders, on the other hand, give the firm the flexibility and discretion to act in your best interest by working your order to seek to obtain the best execution possible. We believe that by exercising appropriate judgment and discretion (i.e., on a not held basis) with respect to your order, it can achieve the best execution possible under the surrounding facts and circumstances. Therefore, unless you give specific instructions to treat such an order differently at the time you place the order, we will treat the order as "not held." We will try to use the term "not held" in taking your orders, but our omission to do so will not alter our understanding as to your order handling instructions. Please be advised that under FINRA Rules, a "not held" order is not a priced order. Consequently, the firm is permitted to trade for its own account at prices equal to, or better than, those of "not held" orders (that is, there are no Manning obligations), and the firm is not required to match incoming market orders with unexecuted better priced limit orders. Nonetheless, any purchases or sales by the firm must be consistent with our efforts to provide best execution of such orders. Should you wish us to treat your orders other than as "not held," please contact your registered representative.

Market Orders-The firm will make all reasonable efforts to obtain the best possible price available at the time the order is received. In the event that a customer market order is placed at the same time as a firm order, the customer order will be completed first.

Confirmations -In the case of a transaction in a reported security, or an equity security quoted on NASDAQ or traded on a national exchange and that is subject to last sale reporting, the name of the party from or to whom the securities were purchased or sold to you, the time the transaction took place, the difference between the price to the customer and the dealer's purchase price, and the source and amount of any other remuneration received or to be received by the firm in connection with the transaction will be furnished upon request.

Payment for Securities-In the event that you wish to pay for securities purchased through Kuhns Brothers Securities Corp please make checks payable to First Southwest Company, our clearing firm for securities transactions. Also please note your account number and Kuhns Brothers Securities Corp in the memo section of the check.

Payment For Order Flow- Kuhns Brothers Securities Corp does not receive any payment for order flow.

VWAP Orders Before accepting a VWAP order from a customer the firm discloses to its customers in writing that the firm may engage in hedging or other positioning activity that could affect the market for a security that is involved with any VWAP transaction received. This notice must be sent prior to executing a VWAP transaction and no less than annually to the customer. Under no circumstances may the firm trade for its proprietary account when in receipt of a customer VWAP order. All orders for VWAP short orders are to be properly marked and executed in accordance with applicable short sell rules and regulations. The terms of compensation from the order are provided in writing to the customer.

FINRA Rule 2270 The Statement of Financial Condition is available to the firm's customers. If you would like to request a copy please do so in writing and contact Kuhns Brothers Securities Corp Compliance Department, 558 Lime Rock Rd., Lakeville, CT 06039, and a copy will be provided to you. The telephone number is 860-435-7000.

FINRA Rule 2342 You may obtain more information about the Securities Investor Protection Corporation (SIPC) coverage on your brokerage account by contacting the firm or requesting a SIPC brochure. SIPC's website is www.sipc.org and the telephone number is 202-371-8300.

Money Market Funds in Brokerage Accounts Federal Deposit Insurance Corporation (FDIC)-Insured Bank Deposits are not protected by Securities Investor Protection Corporation (SIPC). You may call us for current money market fund rates, 203-431-8081.

Special Statement for Uncovered Options Writers

There are special risks associated with uncovered option writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

1. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.
2. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.
3. Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.
4. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential for risk is unlimited.
5. If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.
6. The writer of an American-style option is subject to being assigned an exercise at any time after he has written the option until the option expires. By contrast, the writer of a European- style option is subject to exercise assignment only during the exercise period.

NOTE: It is expected that you will read the booklet entitled Characteristics and Risks of Standardized Options available from your broker. In particular, your attention is directed to the chapter entitled Risks of Buying and Writing Options. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.

Margin Disclosure Statement

Your brokerage firm is furnishing this document to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided by your firm. Consult your firm 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 or other assets in any of your accounts held with the member, 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 or assets in your account(s).

The firm can force the sale of securities or other assets in your account(s). If the equity in your account falls below the maintenance margin requirements, or the firm's higher "house" requirements, the firm can sell the securities or other assets in any of your account held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.

The firm can sell your securities or other assets 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 or other assets 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 interests, including immediately selling the securities without notice to the customer.

You are not entitled to choose which securities or other assets in your account(s) are 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 requirements 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(s).

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.

(b) Members shall, with a frequency of not less than once a calendar year, deliver individually, in writing or electronically, the disclosure statement described in paragraph (a) or the following bolded disclosures to all non-institutional customers with margin accounts:

Securities purchased on margin 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 or other assets in any of your accounts held with the member, 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.

The firm can force the sale of securities or other assets in your account(s).

The firm can sell your securities or other assets without contacting you.

You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.

The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.

You are not entitled to an extension of time on a margin call.

The annual disclosure statement required pursuant to this paragraph (b) may be delivered within or as part of other account documentation, and is not required to be provided in a separate document.

(c) In lieu of providing the disclosures specified in paragraphs (a) and (b), a member may provide to the customer and, to the extent required under paragraph (a) post on its Web site, an alternative disclosure statement, provided that the alternative disclosures shall be substantially similar to the disclosures specified in paragraphs (a) and (b).

(d) For purposes of this Rule, the term "non-institutional customer" means a customer that does not qualify as an "institutional account" under Rule 3110(c)(4).