

INVESTOR EDUCATION BULLETIN

Your Responsibilities as A Client of Northeast Securities, Inc

As a client of NES you should communicate with your broker frequently. Prudent investors can avoid surprises or crushing disappointments by treating their relationship with their broker as a two-way street. As a client you must be alert and involved. You and your broker are more familiar than anyone else with your financial circumstances and risk tolerance; so good communication is the key to avoiding problems. There are a few questions an educated investor can ask their brokers.

Is there a lifestyle change that will affect you financial needs for today or the future?

Is the security that I am currently holding meeting my investment objectives?

In addition, there are specific steps that you can take to limit your exposure in the event of a market reversal. Two critical areas to focus on are margin and concentrated positions.

- Are you using your margin account effectively and are you aware of the added risk?
- What effect would a market reversal have on your account?
- How far would your portfolio have to decline for you to receive a margin call?
- Are you inadequately diversified with investments overly concentrated in one security, industry, or market capitalization sector?
- What effect would bad news for that particular concentration, or a complete market reversal, have on your portfolio? Even so-called "Blue Chip" stocks can fall.

Northeast Securities, Inc. clients receive both confirmations and statements from our clearing agents. Shortly after you give your broker a firm order to buy or sell you will receive a confirmation of trade. You should review the confirmation to see that it accurately reflects the information given to you broker regarding the trade. Some of the basic information you should check is:

1. The number of shares purchased or sold
2. The name of the security
3. The price at which your order was executed

Every month that there is activity in your account, a monthly statement will be generated. If there is no activity, you will receive a statement quarterly. Your statement provides the following important information:

- The most recent activity as well and your portfolio positions
- Any dividends or checks received and amounts paid.
- The values of your account at the end of the current month compared to the previous month.

If applicable, the margin interest charged.

It is imperative that you review every statement you receive.

If there is a problem, you are the first line of defense in catching it and correcting it in a timely manner. In addition, a regular review of your statements will help you and your broker determine if you are building a concentrated position either in a particular security or market sector. You should review your account with your broker annually or more often if your activity warrants

If you should have any questions about procedures or your investment account you may contact us by phone: 516 396 1639, fax: 516 222 5364 or email: compliance@nsec.com