

Important Notice

NOTICE NUMBER: 08-139**DISTRIBUTION DATE:** December 18, 2008**EFFECTIVE DATE:** Immediately**CUSTOMER MAILING:** No**ACTION REQUIRED:** N/A

- SYSTEMS/OPERATIONAL
- REGULATORY
- PRODUCTS/SERVICES

QUESTIONS: PLEASE CONTACT YOUR RELATIONSHIP MANAGER

EXCESS SIPC COVERAGE UPDATE

Important Notice 08-134 communicated to correspondents regarding coverage National Financial Services LLC (NFS) has in excess of the protection limits currently provided by the Securities Investor Protection Corporation (SIPC)¹, through CAPCO and Lloyd's of London. This additional protection is commonly referred to as "Excess SIPC Coverage."

Coverage Update

Effective February 16, 2009, CAPCO will no longer be providing Excess SIPC Coverage. As detailed in Important Notice 08-134, on December 10, 2008, NFS procured new protection of \$1 billion in excess SIPC coverage from Lloyd's of London. This additional protection covers up to an aggregate loss limit of \$1 billion for all customer claims of which \$1.9 million may cover cash awaiting reinvestment at the individual account level. This is the maximum excess SIPC protection currently available and is only utilized when SIPC coverage is exhausted.

Through February 16, 2009, Excess SIPC Coverage will be in place through both CAPCO and Lloyd's of London. After this date, only the Lloyd's of London account protection policy will remain in effect.

¹ Securities in accounts carried by NFS are protected in accordance with the Securities Investor Protection Corporation (SIPC) up to \$500,000 (including cash claims limited to \$100,000). For details, please see www.sipc.org.



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December Statement Message

National Financial must notify customers of the change in coverage as required by FINRA. To satisfy this requirement, the below statement message will be added to December month-end statements.

Please note that NFS is currently now using two available messaging spaces on December month-end statements. The below message, and also a message to notify customers of the mailing deadline extension for 1099 Tax Reporting statements as detailed in Important Notice 08-123.

The statement message makes reference to additional information available on www.mybrokerageinfo.com. This information is scheduled to be available on the site prior to the distribution of December month-end statements.

Statement Message Language

Effective December 10, 2008, NFS has procured Lloyd's of London to protect your assets in excess of the coverage provided by the Securities Investor Protection Corporation (SIPC). This protection becomes available in the event that SIPC limits are exhausted and is the highest level of excess SIPC coverage currently available. Effective February 16, 2009, CAPCO, the firm that currently provides excess SIPC protection for NFS accounts will no longer be providing coverage and at that time, Lloyd's of London will be the sole provider of excess SIPC coverage for your brokerage account. For additional details regarding the changes to your excess SIPC coverage, visit www.mybrokerageinfo.com or contact your broker/dealer.