

Applicant: <b>Signal Securities, Inc.</b>	SEC File Number: <b>801- 63630</b>	Date: <b>06/10/2009</b>
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Item of Form (identify)	Answer										
Part II Page 2 Item 1 Section D	<p>Signal Securities, Inc. (SSI) is a Registered Investment Adviser (RIA) that provides fee based asset management for its clients. Signal adheres to the philosophy of managing risk thru diversification. As part of our implementation and review process, we collect and analyze data concerning a Client's financial situation and assist the Client in the formulation and development of short and/or long-term individualized goals and objectives. Upon analysis, we structure an investment plan seeking to minimize the Client's risk for a given level of expected return. In making our recommendations we consider a Client's stated investment objectives, risk tolerance, investment philosophy, and financial goals and needs. Signal will work in partnership with the Client in selecting a suitable investment objective and strategy to be followed.</p> <p>Signal Securities Inc. offers different programs and allocations with differing risk levels and return prospects for Clients to choose from. Listed below are Signal's current money management programs:</p> <p><b>Asset Allocation</b></p> <p>The firm uses a consultative, non-discretionary advisor approach. Using the firm's Client Information Worksheet the IAR gathers information about the client's goals and investment risk tolerance. Based on the information gathered from the questionnaire, the IAR will recommend one of Signal's five model portfolios. These portfolios include Conservative Income, Income, Conservative Growth, Growth, and Aggressive Growth. The fixed income portion of the portfolio will be allocated by maturity length and tax status. Signal defines these maturity terms as money market, short term, intermediate term, and long term. The IAR will recommend that this fixed income portion be invested in taxable or non-taxable funds based on the client's tax situation. The equity portion will be allocated by asset class and management style. Signal defines the asset classes as small-cap, mid-cap, large-cap and international. The management styles considered are growth and value.</p> <p>Signal has prescreened a list of no-load or load waived funds for each section of a recommended portfolio. The IAR will analyze the client's objectives and risk tolerance when recommending one or more of the approved funds for each part of the allocation. The proposed allocation will seek to balance the client's long-term investment objectives with his or her means and risk tolerances as part of a long-term investment strategy. Upon acceptance of the recommended portfolio, the client will sign the Signal Securities, Inc. Investment Advisory Agreement. The IAR will customarily complete an Investment Policy Statement that the customer also signs. The minimum household aggregate account size is \$25,000.</p> <p>Fee Schedule:</p> <p>An annual fee will be charged based on the total assets under management on a non-retroactive basis.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">\$25,000 – \$100,000</td> <td style="text-align: right;">2.00%</td> </tr> <tr> <td>\$100,001 - \$250,000</td> <td style="text-align: right;">1.75%</td> </tr> <tr> <td>\$250,001 - \$500,000</td> <td style="text-align: right;">1.50%</td> </tr> <tr> <td>\$500,001 - \$1,000,000</td> <td style="text-align: right;">1.00%</td> </tr> <tr> <td>Over \$1,000,001</td> <td style="text-align: right;">0.75%</td> </tr> </table> <p>These fees are payable in advance at the beginning of each calendar quarter. Pro rata refunds are provided. Management fees are sometimes subject to negotiation and renegotiations.</p>	\$25,000 – \$100,000	2.00%	\$100,001 - \$250,000	1.75%	\$250,001 - \$500,000	1.50%	\$500,001 - \$1,000,000	1.00%	Over \$1,000,001	0.75%
\$25,000 – \$100,000	2.00%										
\$100,001 - \$250,000	1.75%										
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Over \$1,000,001	0.75%										

Complete amended pages in full, circle amended items and file with execution page (page 1).

Item of Form (identify)	Answer								
<p>Part II Page 2 Item 1 Section D Cont.</p>	<p><b>Private Client Asset Management</b></p> <p>The firm uses a consultative, non-discretionary advisor approach. Using the firm’s Client Information Worksheet the IAR gathers information about the client’s goals and investment risk tolerance. Based on the information gathered from the questionnaire, the IAR will recommend a mix of investments that seek to balance the client’s objectives with his or her means and risk tolerances as part of a long-term investment strategy. These recommendations may include, but are not limited to, assets such as individual stocks and bonds, open-end mutual funds, closed-end mutual funds, partnerships, annuities, unit investment trusts, money market instruments, and certificates of deposit. Signal and the IAR will effect only transactions where client consent has been given. The minimum account size is \$100,000.</p> <p><b>Fee Schedule</b></p> <p>An annual fee will be charged based on the total assets under management on a non-retroactive basis:</p> <table border="0"> <thead> <tr> <th data-bbox="430 835 868 865">With Limited Partnerships and/or options</th> <th data-bbox="950 835 1429 865">Without Limited Partnerships and/or options</th> </tr> </thead> <tbody> <tr> <td data-bbox="430 898 771 928">\$100,000 – UP            3.00%</td> <td data-bbox="950 898 1347 928">\$100,000 - \$500,000            1.75%</td> </tr> <tr> <td></td> <td data-bbox="950 930 1347 959">\$500,001 - \$1,000,000            1.50%</td> </tr> <tr> <td></td> <td data-bbox="950 961 1347 991">Over \$1,000,001            1.25%</td> </tr> </tbody> </table> <p>These fees are payable in advance at the beginning of each calendar quarter. Pro rata refunds are provided. Management fees are sometimes subject to negotiation and renegotiations.</p> <p><b>Temporary Client Transfer Accounts under \$100,000.00</b></p> <p>Client accounts containing assets under \$100,000 that transfer to Signal generally do not have allocations matching Signal’s model portfolios. These accounts usually remain unchanged for a limited period pending consultation with the client and evaluation of the existing portfolio. In most instances, after consultation and evaluation, the existing account portfolio is modified to be consistent with the appropriate program model portfolio.</p> <p>Account modification generally involves liquidating certain assets and purchasing other assets in order to make the final portfolio consistent with the model portfolio selected by the client. In some instances, Signal’s broker-dealer division will execute the modifying transactions, resulting in commissions or fees paid to the broker-dealer division. If an unaffiliated broker-dealer executes the transactions, that firm may receive commissions or fees for its services.</p> <p>Occasionally, a client will decline having their account portfolio modified to match one of the program’s model portfolios. Often the client’s reluctance is due to potential tax consequences that would result from liquidating certain assets. Because Signal uses a consultative, non-discretionary advisor approach, Signal cannot forcibly modify a non-conforming account to be consistent with a conforming account for an indeterminate time; however, Signal reserves the right to reject transfer accounts if the client refuses to allow modification of the account to conform to a model portfolio.</p> <p>These non-conforming transfer accounts will be subject to the same Fee Schedule as the Asset Allocation accounts. Fees on these accounts are payable in advance at the beginning of each calendar quarter.</p>	With Limited Partnerships and/or options	Without Limited Partnerships and/or options	\$100,000 – UP            3.00%	\$100,000 - \$500,000            1.75%		\$500,001 - \$1,000,000            1.50%		Over \$1,000,001            1.25%
With Limited Partnerships and/or options	Without Limited Partnerships and/or options								
\$100,000 – UP            3.00%	\$100,000 - \$500,000            1.75%								
	\$500,001 - \$1,000,000            1.50%								
	Over \$1,000,001            1.25%								

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Item of Form (identify)	Answer				
Part II Page 2 Item 1 Section D Cont.	<p><b>Tactical Growth Portfolio</b></p> <p>The firm uses a discretionary advisor approach. Signal’s Tactical Growth Portfolio asset management is a method designed for investors seeking growth or aggressive growth model investments. To determine the suitability of this investment for a client, the IAR gathers information about the client’s goals and investment risk tolerance using the Firm’s Client Information Worksheet. By investing in both individual stocks and exchange traded funds, the Tactical Growth Portfolio attempts to concentrate an investor’s assets towards the best performing industries and market sectors. The investment selection involves evaluating opinions of numerous independent research firms to narrow down the list of investment candidates to a reasonable number. Final selection for the portfolio is made after evaluating company and sector fundamentals as well as the general state of the economy. The minimum account size is \$50,000.</p> <p>Fee Schedule:</p> <p>An annual fee will be charged based on the total assets under management on a non-retroactive basis.</p> <table style="margin-left: 20px;"> <tr> <td>\$50,000 - \$250,000</td> <td>1.25%</td> </tr> <tr> <td>Over \$250,000</td> <td>1.00%</td> </tr> </table> <p>These fees are payable in advance at the beginning of each calendar quarter. Pro rata refunds are provided. Management fees are sometime subject to negotiation and renegotiations. The client is responsible for payment of transactional fees charged by the Custodian.</p> <p><b>International Emphasis Portfolios</b></p> <p>The firm uses a consultative, non-discretionary advisor approach. Using the firm’s Client Information Worksheet as well as interview techniques the IAR or Solicitor Firm gathers information about the client’s goals and investment risk tolerance. Based on the information gathered from these sources, the IAR will recommend one of Signal’s five international emphasis model portfolios. These portfolios include Conservative Income, Income, Conservative Growth, Growth, and Aggressive Growth. The fixed income portion of the portfolio will be allocated by maturity length and tax status. Signal defines these maturity terms as money market, short term, intermediate term, and long term. The IAR will recommend that this fixed income portion be invested in taxable or non-taxable funds based on the client’s tax situation. The equity portion will be allocated by asset class and management style. Signal defines the asset classes as small-cap, mid-cap, and large-cap. The management styles considered are growth and value. These portfolios generally contain significant international exposure although they may contain US holdings. These portfolios would be classified as “Global Portfolios.”</p> <p>Signal has screened a list of no-load or load waived funds for each section of a recommended portfolio. The IAR will analyze the client’s objectives and risk tolerance when recommending one or more of the approved funds for each part of the allocation. The proposed allocation will seek to balance the client’s long-term investment objectives with his or her means and risk tolerances as part of a long-term investment strategy. Upon acceptance of the recommended portfolio the client will sign the Signal Securities, Inc. Investment Advisory Agreement. The minimum account size is \$50,000.</p>	\$50,000 - \$250,000	1.25%	Over \$250,000	1.00%
\$50,000 - \$250,000	1.25%				
Over \$250,000	1.00%				

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<p>Part II Page 2 Item 1 Section D Cont.</p>	<p>Fee Schedule:</p> <p>An annual fee will be charged based on the total assets under management on a non-retroactive basis.</p> <table border="0"> <tr> <td>\$50,000 - \$100,000</td> <td>1.75%</td> </tr> <tr> <td>\$100,001 - \$500,000</td> <td>1.50%</td> </tr> <tr> <td>\$500,001 - \$1,000,000</td> <td>1.00%</td> </tr> <tr> <td>Over \$1,000,001</td> <td>0.75%</td> </tr> </table> <p>These fees are payable in advance at the beginning of each calendar quarter. Pro rata refunds are provided. Management fees are sometimes subject to negotiation and renegotiations.</p> <p><b>SEI</b></p> <p>Signal Securities participates in SEI's Managed Accounts Program (the "MAP Program"). To participate in the MAP Program, Signal, SEI Investments Management Corporation ("SIMC") and the individual investors execute a tri-party agreement ("Managed Account Agreement") providing for the management of certain investor assets in accordance with the terms thereof. Pursuant to a Managed Account Agreement, the investor appoints Signal as its investment advisor to assist the investor in selecting an asset allocation strategy, which would include the percentage of investor assets allocated to designated portfolios of separate securities (each, a "Managed Account Portfolio") and may include the percentage of assets allocated to a portfolio of mutual funds advised by SIMC or an affiliate of SIMC. The investor appoints SIMC to manage the assets in each Managed Account Portfolio in accordance with a strategy selected by the investor together with Signal. SIMC may delegate its responsibility for selecting particular securities to one or more portfolio managers.</p> <p>Investment Adviser earns revenue with the program by collecting investment advisory fees on the assets in the accounts. The fee is compensation to the advisor for assisting in determining the investment needs and an appropriate asset allocation policy and servicing the on-going needs of the client. The minimum account size is \$100,000.</p> <p>SIMC's advisory fee schedule for the MAP program is as follows:</p> <p>The fees payable to SIMC for <u>Large Cap Core/Transition Strategy</u>:</p> <table border="0"> <tr> <td>0.85% for the first \$1 million</td> </tr> <tr> <td>0.80% for the next \$2 million</td> </tr> <tr> <td>0.75% for the next \$2 million</td> </tr> <tr> <td>Negotiable for above \$5 million</td> </tr> </table> <p>The fees payable to SIMC for <u>U.S. Equity Core and Large Cap Core Strategy</u>:</p> <table border="0"> <tr> <td>0.90% for the first \$3 million</td> </tr> <tr> <td>0.85% for the next \$2 million</td> </tr> <tr> <td>Negotiable for above \$5 million</td> </tr> </table>	\$50,000 - \$100,000	1.75%	\$100,001 - \$500,000	1.50%	\$500,001 - \$1,000,000	1.00%	Over \$1,000,001	0.75%	0.85% for the first \$1 million	0.80% for the next \$2 million	0.75% for the next \$2 million	Negotiable for above \$5 million	0.90% for the first \$3 million	0.85% for the next \$2 million	Negotiable for above \$5 million
\$50,000 - \$100,000	1.75%															
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Item of Form (identify)	Answer
<p>Part II Page 2 Item 1 Section D Cont.</p>	<p>The fees payable to SIMC for <u>U.S. Large Cap Growth Strategy</u>:</p> <p style="padding-left: 40px;">0.90% for the first \$3 million 0.85% for the next \$2 million Negotiable for above \$5 million</p> <p>The fees payable to SIMC for <u>U.S. Large Cap Value Strategy</u>:</p> <p style="padding-left: 40px;">0.90% for the first \$3 million 0.85% for the next \$2 million Negotiable for above \$5 million</p> <p>The fees payable to SIMC for <u>Managed Volatility/Tax-Sensitive Managed Volatility</u>:</p> <p style="padding-left: 40px;">0.90% for the first \$3 million 0.85% for the next \$2 million Negotiable for above \$5 million</p> <p>The fees payable to SIMC for <u>U.S. Midcap Strategy</u>:</p> <p style="padding-left: 40px;">1.10% for the first \$1 million 1.00% for the next \$2 million 0.90% for the next \$2 million Negotiable for above \$5 million</p> <p>The fees payable to SIMC for <u>U.S. Small Cap Strategy</u>:</p> <p style="padding-left: 40px;">1.20% for the first \$1 million 1.10% for the next \$2 million 1.00% for the next \$2 million Negotiable for above \$5 million</p> <p>The fees payable to SIMC for <u>International Equity Strategy</u>:</p> <p style="padding-left: 40px;">1.20% for the first \$1 million 1.10% for the next \$2 million 1.00% for the next \$2 million Negotiable for above \$5 million</p> <p>The fees payable to SIMC for <u>Active Municipal Bond Strategy</u>:</p> <p style="padding-left: 40px;">0.70% for the first \$1 million 0.65% for the next \$2 million 0.60% for the next \$2 million Negotiable for above \$5 million</p> <p>The fees payable to SIMC for <u>Laddered Bond Strategy</u>:</p> <p style="padding-left: 40px;">0.30% for the first \$500,000 0.27% for the next \$500,000</p>

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Item of Form (identify)	Answer								
Part II Page 2 Item 1 Section D Cont.	<p>0.25% for the next \$1 million 0.20% for the next \$3 million</p> <p>The fees payable to SIMC for <u>Core Fixed Income Strategy</u>:</p> <p>0.70% for the first \$1 million 0.65% for the next \$2 million 0.60% for the next \$2 million Negotiable for above \$5 million</p> <p>In addition to SIMC fees, Signal will charge an annual advisory fee on a non-retroactive basis determined by the total assets under management:</p> <p>Signal Fee Schedule for SIMC Accounts:</p> <table border="0"> <tr> <td>\$100,000 - \$250,000</td> <td>1.75%</td> </tr> <tr> <td>\$250,001 - \$500,000</td> <td>1.50%</td> </tr> <tr> <td>\$500,001 - \$1,000,000</td> <td>1.00%</td> </tr> <tr> <td>Over \$1,000,001</td> <td>0.75%</td> </tr> </table> <p>These fees are payable in advance at the beginning of each calendar quarter. Pro rata refunds are provided. Management fees are sometimes subject to negotiation and renegotiations.</p> <p>SIMC may impose minimum account balances ranging from \$50,000 to \$1,000,000 depending upon the Managed Account Portfolio chosen and whether the investor selects the tax management feature.</p> <p>Under the MAP Program, the investor receives investment advisory services, the execution of securities brokerage transactions, custody services and reporting services for a single specified fee. Participation in the MAP Program may cost the participant more or less than purchasing such services separately. In addition, the fees may be higher or lower than that charged by other sponsors of comparable wrap fee programs.</p> <p>The aforementioned fees may be subject to a discount.</p> <p><b>Flat Fee Planning</b></p> <p>The RIA or one of its Investment Adviser Representatives may also charge a flat fee for the creation of a financial plan or asset review. An hourly fee not to exceed \$200.00/hour may be charged with the written permission of Signal Securities, Inc.</p> <p><b>401k Optimizer</b></p> <p>Signal Securities 401k Optimizer plans are established for clients seeking professional management of individual accounts held inside company-sponsored 401k plans. The goal of our service is to maximize returns utilizing existing investments specific to each plan, while protecting invested assets from undue risk. Each account managed by Signal is discretionary in nature. Assets are selected and allocated according to information obtained from the client Investment Profile Questionnaire.</p> <p>Signal's management fee will be charged at an annual rate of 1.00%. The fee will be billed in</p>	\$100,000 - \$250,000	1.75%	\$250,001 - \$500,000	1.50%	\$500,001 - \$1,000,000	1.00%	Over \$1,000,001	0.75%
\$100,000 - \$250,000	1.75%								
\$250,001 - \$500,000	1.50%								
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Item of Form (identify)	Answer
Part II Page 2 Item 1 Section D Cont.	<p>arrears based on the value of the client’s account on the last market day of the previous calendar quarter, and the Fee will be prorated for any partial quarter. This plan is discretionary in nature.</p> <p>-----</p> <p><b>Bunched or Block Trades</b></p> <p>Signal Securities, Inc. may bundle Client orders if it is in the best interest of the Clients. Such bunched trades will be done on an average price basis. For bunched or “block” trades Signal allocates such shares to Clients on a prorated basis based on the percentage of the original order quantity in relation to the quantity executed. An exception to this proportional allocation may occur in a case where such allocation would result in an account(s) receiving a position deemed too small to be advisable based on such factors as transaction charges, anticipated holding period, investment strategies, etc. This determination will be made by the IAR working in conjunction with the Client.</p> <p><b>Custodial Agreement</b></p> <p>Signal Securities, Inc. in its capacity as a Registered Investment Adviser will not physically take custody of Client assets. Signal may recommend the Client establish a custodial agreement for the benefit of the Client with Signal’s preferred Custodian (Schwab Institutional). Through this arrangement, Signal Securities may benefit or receive additional compensation. This compensation could include non-cash compensation such as access to research, or cash compensation such as 12b-1 fees. The Custodian through which trades are executed may or may not receive payment for order flow or other consideration from parties unaffiliated with Signal.</p> <p>In the custodial arrangement, the Client authorizes the Custodian to hold the assets of the Client in any manner that the Custodian deems appropriate, including to facilitate the administration, trading and safekeeping of the assets in the Client’s account. The Client shall at all times maintain every indication of ownership of the securities in the account including the right to hypothecate, pledge, vote, and withdraw the securities. Signal will provide, or have the Custodian provide, the client with a statement of client’s investments on a quarterly basis. This report will detail the client’s current investment positions held with the Custodian, the prior quarter’s values, contributions and/or distributions made during the quarter and the investment returns for various periods including the most recent quarter.</p> <p><b>Proxy Voting</b></p> <p>Signal Securities, Inc. does not vote proxies for clients. All clients will retain proxy voting rights themselves as specified in the Investment Advisory Contract. If Signal receives issuer and issuer-related communications related to an account the firm will have no responsibility concerning proxies and they will not be voted and the related information will not be retained. Signal’s Policies and Procedures concerning proxy voting will be provided upon written request.</p> <p><b>Fees</b></p>

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**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: <b>Signal Securities, Inc.</b>	SEC File Number: <b>801- 63630</b>	Date: <b>06/10/2009</b>
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Item of Form (identify)	Answer
Part II Page 3 Item 3K(3)	Leasing Programs, Agricultural programs, and Cable Interests. -----
Part II Page 4 Item 5	Registrant requires that those involved in determining or giving investment advice to clients hold appropriate securities licensure and/or professional credentials that the Registrant deems substantive. In most instances, the Series 65 or 66 licenses must be held. All employees are under the direct supervision and guidance of firm principals or other senior management associates.
Part II Page 4 Item 6	<p>EDUCATION AND EMPLOYMENT FOR: IVAN JERRY SINGLETON, President</p> <p>Date of Birth: April 28, 1938            Education: University of Tulsa, Tulsa, OK            B.A. – Aero Engineering 1988            University of Southern California, Los Angeles, CA            M.S. – Systems Management 1990            Employment: Signal Securities, Inc. (since 1988)</p> <p>EDUCATION AND EMPLOYMENT FOR: CARLA BETH WRIGHT, CFO</p> <p>Date of Birth: March 20, 1949            Education: Eastfield College, Mesquite, TX            University of Texas at Arlington, Arlington, TX            Employment: Signal Securities, Inc. (Since 1988)</p> <p>EDUCATION AND EMPLOYMENT FOR: CHRISTOPHER RICHARD SNOW, VP</p> <p>Date of Birth: October 22, 1971            Education: Texas Christian University, Fort Worth, TX            Employment: Signal Securities, Inc. (Since 1996)</p> <p>EDUCATION AND EMPLOYMENT FOR: MICHAEL CHRISTOPHER MOYNIHAN, VP</p> <p>Date of Birth: October 25, 1973            Education: Texas Christian University, Fort Worth, TX            Employment: Signal Securities, Inc. (Since 2005)            First Investors Corp. (1998-2004)</p> <p>EDUCATION AND EMPLOYMENT FOR: LYLE RAY CAMPBELL, CCO</p> <p>Date of Birth: January 26, 1982            Education: Dartmouth College, Hanover, NH            Employment: Signal Securities, Inc. (Since 2007)            H.D. Vest Investment Services (2005-2006)            Raymond James Financial Services (2004)</p> <p>The applicant is a well-established broker-dealer who has operated continuously in that capacity</p>

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Item of Form (identify)	Answer
Part II Page 4 Item 7A	since 1984.  -----
Part II Page 4 Item 7B & 7C	Applicant is in the financial planning business that encompasses investment advice, tax advice, risk management, etc. For these services, they receive compensation in addition to any advisory fees paid by the Client. Principals of Applicant are also involved in insurance sales and are registered representatives of Signal Securities, Inc., an NASD registered broker/dealer.
Part II Page 4 Item 8C(1)	Advisor may recommend the trading services of Signal Securities, Inc.'s Broker-Dealer Division where such recommendation will result in a better execution for advisory clients and no additional costs.  -----
Part II Page 4 Item 8C(9)	Principals and associates of Applicant are also licensed insurance agents under Advisor, a licensed insurance company. As such, they may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that the associate recommends the purchase of an insurance product, which results in a commission being paid to the associate as an insurance agent.  -----
Part II Page 5 Item 9B, 9D, & 9E	<p>As a broker or agent Applicant may effect securities transactions for compensation for clients not involved in advisory accounts. Furthermore, Applicant may recommend securities or investment products to clients in which Applicant or a related person may have some financial interest. Associates of Applicant are registered representatives of Signal Securities, Inc. and as such may receive commissions on securities transactions, and may effect transactions for their own account as recommended to clients. Related persons will buy or sell for themselves securities that they also recommend to clients. These investment products will be bought and sold on the same basis as the clients. In all instances, the positions would be so small as to have no impact on the pricing or performance of the security.</p> <p><b>Code of Ethics</b></p> <p>Signal Securities, Inc. has adopted a Code of Ethics which affirms Signal's commitment to client responsibilities and fiduciary duties. The Code is based on the principal that all officers, directors, employees, and investment adviser representatives of Signal are required to deal fairly with their clients and to observe the highest ethical and fiduciary standards of conduct. The Code's guiding philosophy is the client comes first and Signal's success is measured by our clients' prosperity. Among other things, the Code states that Signal and its investment adviser representatives are responsible for ensuring that the firm conducts its business in accordance with applicable securities laws and regulations. All Signal Securities investment advisory representatives are required to acknowledge in writing that they have received and understand Signal's Code of Ethics. A complete copy of the Code of Ethics is available upon request.</p> <p>Based upon the program(s) selected, all minimum account sizes and/or minimum fees charged are</p>

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**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Signal Securities, Inc.	801- 63630	06/10/2009

Item of Form (identify)	Answer
Part II Page 5 Item 10	described under ADV Schedule F I.D. (Above)
Part II Page 6 Item 12A	<p><b>Discretionary Account Procedures</b></p> <p>On a case-by-case basis, and with the PRIOR approval of the Director of Advisory Services (DAS) and/or the Chief Compliance Officer (CCO), Signal Securities, Inc. may allow certain IARs to have limited discretionary authority on specific accounts. Discretionary authority will be evidenced by the completion of a Limited Trading Authorization Agreement (LTAA) signed by the client(s) and the IAR, and approved by the DAS and/or the CCO. IARs must seek approval from Signal prior to obtaining an LTAA from a client. Clients must have a completed Investment Policy Statement (IPS) on file before any discretionary authority will be granted. As mandated in the LTAA, any discretionary trades must be consistent with the expectations, objectives, and guidelines established for the client in the IPS.</p> <p>-----</p>
Part II Page 6 Item 12B	<p>Signal Securities has no contractual obligations to direct brokerage commissions to any custodian, but recommends and prefers that Clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab &amp; Co., Inc. (Schwab), a registered broker-dealer, Member SIPC/NYSE. In this arrangement, Schwab maintains custody of Clients' assets and effects trades for Clients' accounts. Through this arrangement, Signal Securities may benefit or receive additional compensation. This compensation could include non-cash compensation such as access to research, or cash compensation such as 12b-1 fees. If the client's funds are invested in mutual funds, the account will incur fees charged by the Mutual Fund that are in addition to those charged by the Advisor. In addition, there may be separate fees charged by the custodian for its services.</p> <p>Clients are allowed to direct brokerage if it is reasonable to do so in the opinion of the Advisor. When brokerage is direct, Advisor does not negotiate commissions, and as a result, the client may not be receiving best execution on trades where the client has directed brokerage.</p> <p>Investment Advisor Representatives of Signal Securities, Inc. may also be registered representatives of Signal Securities, Inc., an NASD registered broker-dealer. Signal anticipates future employees will also be registered representatives of the broker-dealer. It is possible that some securities transactions in connection with Signal's portfolio management program may be executed by Signal Securities, Inc.'s Broker-Dealer Division. However, the client is under no obligation to transact securities business through Signal Securities, Inc. The commissions charged by Signal Securities, Inc. are comparable with those of other broker-dealers in return for like products and services, but may be higher in some instances than those obtainable from other brokers.</p> <p>Signal acknowledges that Investment Advisors have a fiduciary duty to their clients and are paid to act in their clients' best interests, including obtaining "best execution" of securities trades. Signal recognizes that the current preferred custodian arrangement we have with Schwab Institutional may limit Signal's ability to negotiate commission rates. However, in obtaining the best value for its clients, an advisor is permitted to take into consideration both the quality of trade execution and other brokerage services, as well as commission rates. Signal recommends Schwab Institutional as its preferred custodian for the following reasons:</p> <p>The Schwab Institutional Division of Charles Schwab &amp; Company, Inc. is the leading provider of custodial, operational and trading support for independent, fee-based investment advisors. Its services include brokerage, custody, research and access to more than 5,000 mutual funds (many of</p>

**Complete amended pages in full, circle amended items and file with execution page (page 1).**

Schedule F of  
Form ADV

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Signal Securities, Inc.	801- 63630	06/10/2009

Item of Form (identify)	Answer
<p>Part II Page 6 Item 12B Cont</p>	<p>which are exclusively available to independent advisors, and most of which are no-load and no transaction fee), as well as individual equity and fixed income investments, and a group of professionals who provide support for account operational needs. Schwab Institutional also makes available to Signal other products and services that benefit Signal in providing its services, but may not directly benefit its Clients' accounts, including software and other technology that: provide access to client account data (such as trade confirmations and account statements) and online account initiation and management forms; facilitate online trade execution; provide research, pricing information and other market data; facilitate payment of the advisor's fees from its Clients' accounts; and assist with record-keeping and client reporting. Schwab Institutional may also provide Signal with other services unrelated to Client accounts, including publications, conferences and other presentations on such topics as information technology and regulatory compliance, which may indirectly benefit all of its clients, including those not maintained at Schwab Institutional. In addition, Schwab may make available, arrange and/or pay for these types of services to Signal by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Signal. The foregoing products and services are made available to Signal at no additional charge to its Clients, and they are not contingent upon Signal committing to Schwab Institutional any specific amount of business, other than a requirement that at least \$10 million of the Signal's Clients' assets be maintained in accounts at Schwab Institutional.</p> <p>Signal has determined that although the commission rate charged by Schwab Institutional may not be the lowest available in the industry, other brokerage firms do not currently provide the range or quality of services that are described above. However, Signal will periodically and systematically monitor and evaluate the execution and performance capability of Schwab Institutional and make a good faith determination regarding whether the commission rate paid is reasonable given the value of the brokerage and research services provided.</p> <p>-----</p>
<p>Part II Page 6 Item 13A</p>	<p>As described in Item 12B, Signal Securities, Inc. may recommend that clients establish brokerage accounts with Signal's preferred custodian Schwab Institutional. Signal's recommendation of Schwab Institutional is not made pursuant to any agreement or commitment with Schwab Institutional, but as part of this arrangement, Signal might receive brokerage and research services as described above in 12B. These services may be used to service all or a substantial number of Signal's accounts, including accounts not maintained at Schwab Institutional. While as a fiduciary, Signal endeavors to act in its Clients' best interests, and Signal's recommendation that Clients maintain their assets in accounts at Schwab Institutional may be based in part on the benefit to Signal of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. As stated in 12B, Signal will periodically and systematically monitor and evaluate the execution and performance capability of Schwab Institutional and make a good faith determination regarding whether the commission rate paid is reasonable given the value of the brokerage and research services provided.</p> <p>-----</p>
<p>Part II Page 6 Item 14</p>	<p>Signal Securities, Inc. has not marked on our ADV that we have custody of client assets. However, Signal does have custody of assets under the SEC Release No. IA-2106. This new release mandates that investment advisors that deduct fees directly from custodial accounts have custody, but do not have to mark the custody box in an affirmative manner on form ADV. Please be aware that Signal does deduct client fees from your account, and thus has custody under the new rule.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).