

Firm Brochure

(Part 2A of Form ADV)

GARY W. CLEMMONS
TEXAS CAPITAL MANAGEMENT
407 WEST BAKER SUITE C
BAYTOWN, TX 77521
Voice: 281-427-8000
Fax: 281-428-2796
www.TXCM.com

This brochure provides information about the qualifications and business practices of TEXAS CAPITAL MANAGEMENT. If you have any questions about the contents of this brochure, please contact us at: 281-427-8000, or by email at: Gary@TXCM.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about TEXAS CAPITAL MANAGEMENT is available on the SEC's website at www.adviserinfo.sec.gov.

March 9, 2011

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 281-427-8000 or by email at: Gary@TXCM.com.

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Advisory Business

Firm Description

TEXAS CAPITAL MANAGEMENT was founded in 1986. Gary Clemmons, founder, owner and senior portfolio manager of Texas Capital Management, is an S.E.C. Registered Investment Advisor.

Texas Capital Management offers discretionary investment advisory services using custom portfolio management. TEXAS CAPITAL MANAGEMENT may include in its advisory services exchange-listed equity securities; equity securities traded over-the-counter, corporate debt securities, commercial paper, certificates of deposit, variable annuities, no-load, low-load and commission free mutual funds, along with Exchange Traded Funds (ETF's); options contracts and on rare occasions, Initial Public Offerings (IPO's).

TEXAS CAPITAL MANAGEMENT is strictly a fee-only investment management firm.

TEXAS CAPITAL MANAGEMENT does not act as a custodian of client assets. The client always maintains asset control.

When a new client comes to Texas Capital Management, our relationship begins with a discovery process - an in-depth dialogue to identify and define all of the factors surrounding the client's wealth. This includes long and short-term goals, concerns, the structure of their holdings, and their exposure to – and tolerance for – risk. In addition, we provide personal attention, an open door policy, internet account access, monthly account reporting from the custodian, quarterly account summaries, periodic account reviews, newsletters, TEXAS CAPITAL MANAGEMENT Special Report e-mails, TEXAS CAPITAL MANAGEMENT Quick Note e-mails, and other periodic investment related updates.

Types of Advisory Services

TEXAS CAPITAL MANAGEMENT provides discretionary investment supervisory services, also known as asset management services; manages investment advisory accounts involving investment supervisory services.

TEXAS CAPITAL MANAGEMENT manages approximately 50 million in client assets as of December 31, 2010. These assets are all managed on a discretionary basis.

Tailored Relationships

A properly structured portfolio should fit your investment objective. The process of assembling a custom-tailored portfolio can be integrated into your overall financial plan. Portfolios are structured to meet your financial goals. You will enjoy a relationship with a portfolio manager equipped to design and

implement a portfolio around your unique needs. Clients may impose restrictions on investing in certain securities or types of securities.

Termination of Agreement

The Investment Advisory Agreement between TEXAS CAPITAL MANAGEMENT and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. TEXAS CAPITAL MANAGEMENT's investment management fee shall be prorated through the date of termination, and any refund that may be due shall be promptly forwarded to the client.

Fees and Compensation

Description

TEXAS CAPITAL MANAGEMENT's annual investment management fee is pro-rated and paid quarterly, in advance, based upon a percentage of the market value of the assets being managed by Texas Capital Management on the last day of the previous quarter. Fees are deducted from clients' assets. Fees are deducted in the first month of each calendar quarter. The investment management fee charged shall vary (generally between 1.00% and 2.25%) depending upon the market value of assets under management, and the investment method selected. Listed below is the fee schedule:

TXCM Select

(Separately Managed Account)

Fee Structure	Annual Fee
Accounts \$100,000 - \$499,999	2.25%
Accounts \$500,000 - \$999,999	2.00%
Accounts \$1,000,000 - \$1,999,999	1.75%
Accounts over \$2,000,000	1.50%

TXCM Strategic Asset Allocation

Fee Structure	Annual Fee
Accounts \$100,000 - \$999,999	1.25%
Accounts \$1,000,000 - \$1,999,999	1.15%
Accounts over \$2,000,000	1.00%

Other Fees

Custodians may charge transaction fees on purchases or sales of certain security transactions such as mutual funds, stocks, bonds and exchange-

traded funds, etc. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to TEXAS CAPITAL MANAGEMENT.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Performance-Based Fees

Performance Based Fees

TEXAS CAPITAL MANAGEMENT does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

TEXAS CAPITAL MANAGEMENT generally provides investment management services to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$100,000.00 of assets under management.

TEXAS CAPITAL MANAGEMENT has the discretion to waive the account minimum. Accounts of less than \$100,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$100,000 within a reasonable time. TEXAS CAPITAL MANAGEMENT, may, at its discretion, accept accounts below the required minimum based upon certain other criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, historical relationship, related accounts, account composition, negotiations with client, accounts referred to adviser by another professional,

etc.) Other exceptions will apply to employees of TEXAS CAPITAL MANAGEMENT and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

TEXAS CAPITAL MANAGEMENT may use charting, cyclical, fundamental and technical analysis methods in formulating investment advice or managing assets. The main sources of information include financial newspapers and magazines, research materials prepared by others, prospectuses, and the World Wide Web.

TEXAS CAPITAL MANAGEMENT uses a tactical overlay in an attempt to take advantage of short-term market inefficiencies based on our outlook for key asset classes and the market in general. TEXAS CAPITAL MANAGEMENT's tactical model evaluates asset class allocations on a continuous basis rather than just every six to twelve months. As a result of this evaluation and current market conditions, the model may allocate the portfolio to reflect the current economic outlook.

TEXAS CAPITAL MANAGEMENT does not attempt to anticipate market moves but utilizes extensive analysis to identify current trends in financial markets and respond accordingly. As with every money management style, there can be no assurance that our analysis and its interpretation will result in positive performance and may result in risk of loss.

Investment Strategies

TEXAS CAPITAL MANAGEMENT offers two different methods of management:

- (1) TEXAS CAPITAL MANAGEMENT Select, which is a Separately Managed Account and,
- (2) TEXAS CAPITAL MANAGEMENT Strategic Asset Allocation method of management.

TEXAS CAPITAL MANAGEMENT will work with you to help determine which method could be right for you so that a portfolio can be developed based on your personal financial objectives, time horizons and risk tolerance.

TXCM Select - A Separately Managed Account which is a professionally managed portfolio of securities owned directly by the client. TXCM Select accounts feature a number of benefits, although they may not be appropriate for every investor:

- *Customization.* Each client's portfolio is tailored to fit their investing preferences.
- *Active portfolio management.* Each client's portfolio is constantly monitored and securities are traded in a manner that seeks to take advantage of developing opportunities and avoiding undue risk.
- *Style consistency.* It is certain that each client's assets will be managed in strict accordance with the portfolio's stated method, without the risk that comes from "style drift."
- *Direct ownership.* Each client owns the securities in their account-their money is not commingled with other investors' assets.

TXCM Strategic Asset Allocation - Traditional method of asset allocation or constant-mix allocation establishing a target portfolio percentage for each asset class, based on long-term market assumptions and the investors long-term attitude toward risk. Periodic adjustments are made to restore this targeted portfolio mix as the value of the asset classes change with respect to each other. Implicitly, strategic asset allocation assumes the investor risk tolerance does not change with short-term fluctuations in the market; investors should hold investments in the targeted proportion regardless of the direction of the market. Constant-mix target allocation can be reviewed periodically and revised to reflect changes in the investors' circumstances.

TEXAS CAPITAL MANAGEMENT shall generally allocate the investment management assets of its clients, on an active discretionary basis, among various investments in accordance with TEXAS CAPITAL MANAGEMENT's proprietary asset management methods and with the investment objective(s) of the client.

Currently, TEXAS CAPITAL MANAGEMENT primarily recommends that the client allocate their investment management assets among various equity and fixed income securities.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing, including covered options, and uncovered options.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on

existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Gary Clemmons is a Registered Representative of Ceros Financial Services, a broker-dealer. Gary Clemmons may offer securities brokerage transactions for clients on a commission basis. The commissions paid are separate and apart from the investment management business discussed in the Fees and Compensation section.

Affiliations

TEXAS CAPITAL MANAGEMENT has no arrangements that are material to its advisory or its clients with a related person.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The employees of TEXAS CAPITAL MANAGEMENT have committed to a Code of Ethics that is available for review by clients and prospective clients upon request.

Participation or Interest in Client Transactions

TEXAS CAPITAL MANAGEMENT and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the TEXAS CAPITAL MANAGEMENT *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of TEXAS CAPITAL MANAGEMENT is Gary Clemmons. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. TEXAS CAPITAL MANAGEMENT has implemented an investment policy relative to personal securities transactions. These consist of transactions in which TEXAS CAPITAL MANAGEMENT or a related person invests in the same securities that TEXAS CAPITAL MANAGEMENT or a related person recommends to clients. In this policy, no employee of TEXAS CAPITAL MANAGEMENT may conduct any transaction(s) in a security which is being actively purchased or sold or is being considered for purchase or sale on behalf of TEXAS CAPITAL MANAGEMENT's clients unless in accordance with the following firm procedures:

Firm Procedures

In order to implement TEXAS CAPITAL MANAGEMENT's Investment Policy, the following procedures have been put into place with respect to TEXAS CAPITAL MANAGEMENT and its related persons:

(1) If TEXAS CAPITAL MANAGEMENT is purchasing or considering for purchase any security on behalf of its client, no related persons may transact in that security prior to the client purchase having been completed by TEXAS CAPITAL MANAGEMENT, or until a decision has been made not to purchase the security on behalf of the client; and

(2) If TEXAS CAPITAL MANAGEMENT is selling or considering the sale of any security on behalf of its client, no related persons may transact in that security prior to the sale on behalf of the client having been completed by TEXAS CAPITAL MANAGEMENT, or until a decision has been made not to sell the security on behalf of the client.

Exceptions

This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of TEXAS CAPITAL MANAGEMENT's clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of the securities. Under certain circumstances exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with TEXAS CAPITAL MANAGEMENT's records.

Brokerage Practices

Selecting Brokerage Firms

TEXAS CAPITAL MANAGEMENT recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

If requested, TEXAS CAPITAL MANAGEMENT will arrange for the execution of securities brokerage transactions for the account through broker-dealers that TEXAS CAPITAL MANAGEMENT reasonably believes will provide "best execution". Over-the-Counter (OTC) securities transactions for TEXAS CAPITAL MANAGEMENT's clients are generally effected on an agency basis, which involve the services of two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client will also incur the transaction fee imposed by the executing broker-dealer. TEXAS CAPITAL MANAGEMENT does not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

The client may direct TEXAS CAPITAL MANAGEMENT to use a particular broker-dealer (subject to TEXAS CAPITAL MANAGEMENT's right to decline and/or terminate the arrangement) to execute some or all transactions for the client's account. In such an event, the client will negotiate terms and arrangements for the account with that broker-dealer, and TEXAS CAPITAL MANAGEMENT will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by TEXAS CAPITAL MANAGEMENT. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that the client directs TEXAS CAPITAL MANAGEMENT to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through TEXAS CAPITAL MANAGEMENT.

Gary Clemmons, dba TEXAS CAPITAL MANAGEMENT, is a Registered Representative with Ceros Financial Services.

Gary Clemmons, dba TEXAS CAPITAL MANAGEMENT does not receive fees or commissions from any of these arrangements.

Best Execution

Depending upon the scope of Texas Capital Management's trading activities, Texas Capital Management will determine the availability of best execution by a variety of methods. These methods may include its own experience with transactions effected by various broker-dealers, by conducting its own surveys and soliciting data from competing broker-dealers, and by reviewing trading data from third-party industry research sources. TEXAS CAPITAL MANAGEMENT reviews the execution of trades at each custodian each quarter. The review is documented in the TEXAS CAPITAL MANAGEMENT *Compliance Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis. TEXAS CAPITAL MANAGEMENT does not receive any portion of the trading fees.

Soft Dollars

TEXAS CAPITAL MANAGEMENT does not receive any soft dollar benefits from its broker-dealer or any third party.

Order Aggregation

TEXAS CAPITAL MANAGEMENT may (but is not obligated to) combine or "batch" client orders. This is done to obtain "best execution", negotiate more

favorable commission rates and allocate equally amongst TEXAS CAPITAL MANAGEMENT's clients, any differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among TEXAS CAPITAL MANAGEMENT's clients in proportion to the purchase and sale orders placed for each client account on any given day.

Review of Accounts

Periodic Reviews

Account reviews consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Account reviews are performed periodically by advisor Gary Clemmons, Senior Portfolio Manager. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's individual situation.

Regular Reports

Clients receive periodic communications on at least an annual basis. Clients who receive investment supervisory service will receive written quarterly updates. The written updates may include a net worth statement, portfolio statement, and a summary of objectives and progress towards meeting those objectives.

Client Referrals and Other Compensation

Incoming Referrals

TEXAS CAPITAL MANAGEMENT has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. If a client is introduced to TEXAS CAPITAL MANAGEMENT by either an unaffiliated or an affiliated solicitor, TEXAS CAPITAL MANAGEMENT may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from TEXAS CAPITAL MANAGEMENT's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to TEXAS CAPITAL MANAGEMENT by

an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of TEXAS CAPITAL MANAGEMENT's written disclosure statement, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between TEXAS CAPITAL MANAGEMENT and the solicitor, including the compensation to be received by the solicitor from TEXAS CAPITAL MANAGEMENT. Any affiliated solicitor of TEXAS CAPITAL MANAGEMENT shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation. TEXAS CAPITAL MANAGEMENT may offer an existing client a gift not to exceed \$100 dollars for the referral of a prospective client.

Referrals Out

TEXAS CAPITAL MANAGEMENT does not accept referral fees or any form of compensation from other professionals when a prospect or client is referred to them.

Other Compensation

In the event that the client desires, the client can engage Gary Clemmons, in his individual capacity as a Registered Representative of Ceros Financial Services ("Ceros"), an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Ceros, brokerage commissions will be charged to effect securities transactions, a portion of which commissions shall be paid by Ceros to its Registered Representative, Gary Clemmons. The brokerage commissions charged by Ceros may be higher or lower than those charged by other broker-dealers. In addition, Ceros, as well as Gary Clemmons as a Registered Representative, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. The securities commission business of Gary Clemmons as a Registered Representative of Ceros is limited and separate and apart from Gary Clemmons dba Texas Capital Management fee-only investment management services discussed above.

Custody

Account Statements

All assets are held at qualified custodians, which mean the custodians provide account statements directly to clients at their address of record at least quarterly. All investment supervisory clients are advised that it remains their responsibility to advise TEXAS CAPITAL MANAGEMENT of any

changes in their investment objectives and/or financial situation. All clients (in person or by telephone) are encouraged to comprehensively review investment objectives and account performance with TEXAS CAPITAL MANAGEMENT on an annual basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts.

Reports

Clients are urged to compare the account statements received directly from their custodians to the report statements provided by TEXAS CAPITAL MANAGEMENT.

Investment Discretion

Discretionary Authority for Trading

TEXAS CAPITAL MANAGEMENT accepts discretionary authority to manage securities accounts on behalf of clients. TEXAS CAPITAL MANAGEMENT has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, TEXAS CAPITAL MANAGEMENT consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

If requested, TEXAS CAPITAL MANAGEMENT will arrange for the execution of securities brokerage transactions for the account through broker-dealers that TEXAS CAPITAL MANAGEMENT reasonably believes will provide "best execution".

The client approves the custodian to be used and the commission rates paid to the custodian. TEXAS CAPITAL MANAGEMENT does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved by means of our Investment Advisory Agreement.

Voting Client Securities

Proxy Votes

TEXAS CAPITAL MANAGEMENT does not vote proxies on securities. Clients are expected to vote their own proxies.

Financial Information

Financial Condition

TEXAS CAPITAL MANAGEMENT does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because TEXAS CAPITAL MANAGEMENT does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Business Continuity Plan

General

TEXAS CAPITAL MANAGEMENT has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

Information Security

TEXAS CAPITAL MANAGEMENT maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

TEXAS CAPITAL MANAGEMENT is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information collected from a variety of sources, including:

- Information TEXAS CAPITAL MANAGEMENT receives from you on account forms, questionnaires or subscription documents, such as your name, address, other contact and other personal and financial information,
- Information TEXAS CAPITAL MANAGEMENT receives through your transactions or experience with TEXAS CAPITAL MANAGEMENT, such as your account balance and securities holdings, and
- Service providers who provide support services including bookkeeping and accounting functions to help TEXAS CAPITAL MANAGEMENT administer your financial relationship. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

TEXAS CAPITAL MANAGEMENT requires that advisors in its employ have a bachelor's degree and/or have substantive financial-related experience. In addition, all such individuals shall have attained all required investment related licenses and/or designations. Additionally, advisors must have work experience that demonstrates their aptitude for investment management.

GARY W. CLEMMONS, Certifications

Educational Background:

- Date of birth: June 03, 1949
- Institutions: Lee College, Baytown, Texas 1968-1970
E.F. Hutton – Securities related training 1981-1986

Business Experience:

- E.F. Hutton, 1981 – 1986
- Texas Brokerage Services, Proprietor, 1986 – 1993
- Texas Capital Management, Proprietor, 1993 – Present
- Rydex Financial Services, Registered Representative, 2002 – 2009
- Ceros Financial Services, Registered Representative, 2009 - Present

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None