

Margin Disclosure

The Margin Disclosure Statement is intended 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, it is important to carefully review the Margin Agreement provided by your financial organization or its clearing firm, Pershing LLC ("Pershing"), and to consult with your financial organization regarding any questions or concerns you may have regarding margin accounts. When you purchase securities, you have the option of paying for them in full or borrowing part of the purchase price from Pershing. If you choose to borrow funds from Pershing, you will need to open a margin account with Pershing through your financial organization. The securities purchased are used as collateral for the loan that was made to you. If the securities in your brokerage account decline in value, so does the value of the collateral supporting your loan. As a result, your financial organization or Pershing can take action. For instance, your financial organization or Pershing can issue a margin call and/or sell securities or liquidate other assets in any of your brokerage accounts held with your financial organization or Pershing, in order to maintain the required equity in the margin 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 Pershing to avoid the forced sale of those securities or other securities or assets in your account(s).

Your financial organization or Pershing can force the sale of securities or other assets in your account(s).

If the equity in your account falls below Pershing's maintenance margin requirements or your financial organization's higher "house" requirements, your financial organization or Pershing can sell the securities or other assets in any of your accounts to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.

Your financial organization or Pershing can sell your securities or other assets without contacting you.

Some investors mistakenly believe that a financial organization must contact them for a margin call to be valid, and that the financial organization cannot liquidate securities or other assets in their accounts to meet the call unless the financial organization has contacted them first. This is not the case. Most financial organizations will attempt to notify their clients of margin calls, but they are not required to do so. However, even if a financial organization has contacted a client and provided a specific date by which the client can meet a margin call, the financial organization can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the client.

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

Because the securities are collateral for the margin loan, your financial organization or Pershing has the right to decide which security to sell in order to protect its interests.

Your financial organization or Pershing can increase its "house" maintenance margin requirements at any time and is not required to provide you with 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 your financial organization or Pershing to liquidate or sell securities in your brokerage 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 clients under certain conditions, a client does not have a right to the extension.