

DAY-TRADING RISK DISCLOSURE STATEMENT

You should consider the following points before engaging in a day-trading strategy. For purpose of this notice, a “day trading strategy” means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

- Day trading can be extremely risky

Day trading is not appropriate for someone with limited resources, limited investment or trading experience, or low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. You should not fund day-trading activities with student loans, second mortgages, emergency funds, funds set aside for education or home ownership, or funds required to meet your living expenses.

- Be cautious of claims of large profits from day trading

You should be wary of advertisements or other statements that emphasize the potential for large profits as a result of day trading. Day trading can lead to large and immediate financial losses.

- Day trading requires knowledge of securities markets

Successful day trading requires in-depth knowledge of market structure, trading venues, order types, and execution quality. You may be competing with professional traders and automated systems. You should have appropriate experience before engaging in day trading.

- Day trading requires knowledge of a firm's operations

You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, it may be difficult or impossible to liquidate a position quickly at a reasonable price, including during trading halts and extreme volatility. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures, connectivity issues, or delays.

- Day trading will generate substantial commissions, even if the per trade cost is low

Frequent trading results in significant transaction costs (commissions, fees, and taxes). Even low per-trade costs can compound into substantial monthly or annual expenses that reduce or eliminate profits. You must earn returns sufficient to cover these costs before realizing any net gain.

- Day trading on margin or short selling may result in losses beyond your initial investment Day trading often involves margin. If the value of securities purchased on margin declines, you may be required to deposit additional funds to avoid forced liquidation. Short selling can result in unlimited losses if a security's price rises. Short positions may be subject to buy-ins or recalls without prior notice, and you are responsible for any dividends or other distributions on borrowed shares.

- **Pattern Day Trader (PDT) designation and current requirements**

Under FINRA Rule 4210, an account that executes four or more day trades within five business days and where those day trades constitute more than six percent of total trades for that period may be designated a "Pattern Day Trader." PDT accounts must maintain a minimum equity of \$25,000 and are subject to additional margin requirements and restrictions. If the required equity is not maintained, the firm may restrict or liquidate positions.

Important: FINRA's Board of Governors has approved moving forward with proposed changes to day-trader requirements; however, any changes are not effective until approved by the U.S. Securities and Exchange Commission (SEC) and announced by FINRA with an effective date. Until SEC approval and a FINRA effective date are issued, the existing \$25,000 PDT requirements remain in force.

Potential Registration Requirements

Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

- **Additional Considerations**

Not all order types or market protections are available at all times or on all venues.

Extended-hours trading typically has lower liquidity and wider spreads, which can increase execution risk. Consider using limit orders to help manage price risk. Options, futures, and other derivatives involve additional risks; review the applicable risk disclosures (including the OCC's Options Disclosure Document) before trading such products.