

## DAY TRADING RISK DISCLOSURE

### CUSTOMER IMPORTANT INFORMATION

A Day Trader is defined as a buy and sell of the same security on the same day. Regulators define a Pattern Day Trader as any customer who executes four (4) or more Day Trades within five (5) business days. Day traders typically use a combination of strategies and analysis which involves capitalizing on short-term trends and reversals. Day traders are focused on capturing immediate gains from market fluctuations.

### WHAT IS A PATTERN DAY TRADER?

The Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC) set rules for "pattern day traders" defined as those **who execute four or more day trades (round trips during the same day) within five business days.** These traders **must maintain a minimum cash balance of \$25,000** in their brokerage account. Such regulations are designed to ensure that only those with sufficient resources and understanding participate in this high-stakes activity. Pattern Day Traders that do not meet minimum equity requirements may be subject to regulatory restrictions.

### RISK ASSOCIATED

**THE RISK OF LOSS IN ELECTRONIC DAY TRADING CAN BE SUBSTANTIAL. YOU SHOULD, THEREFORE, CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR CIRCUMSTANCES AND FINANCIAL RESOURCES. IN CONSIDERING WHETHER TO TRADE, YOU SHOULD BE AWARE OF THE FOLLOWING POINTS:**

- (1) The national securities markets are extremely efficient and competitive. Successful Electronic Day Trading typically requires skill as well as experience and knowledge of the capital markets. There is no guarantee that a particular individual will be successful in implementing his or her investment strategy. A substantial number of Electronic Day Traders will not be successful.
- (2) This activity demands a great concentration to watch price fluctuations. Day traders also incur in high expenses and are prone to paying large amounts in commissions. Electronic Day Trading involves a high volume of trading activity. The number of transactions in an account may exceed 100 per day. Each trade generates a commission and the total daily commission on such a high volume of trading can be in excess of any earnings.
- (3) Electronic Day Trading is designed to generate a short-term profits. However, the activity also may result in losses that can be exceed more than 100% of the customer's initial capital. The customer is solely responsible for any losses in his or her account.
- (4) Day traders who participate in short selling or utilize margin to leverage long positions may experience rapid amplification of losses, potentially resulting in margin calls. That is one of the reasons day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance.
- (5) Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market reaches a daily price fluctuation limit.
- (6) In addition to normal market risks, a customer may experience losses due to NASDAQ and other Exchanges' system failures. NASDAQ and other Exchanges' systems often malfunction. Customers may experience losses due to: system crashes during both peak and low volume periods; the loss of live customer orders on both SOES, Select Net and other Exchanges' system; and delayed, conflicting and inaccurate quotes and confirmations on orders or cancellations initiated by the customer.
- (7) Placing contingent orders, such as "stop loss" or "stop limit" orders, will not necessarily limit your losses to the intended amounts, since market conditions on the exchange where the order is placed may make it impossible to execute such orders.
- (8) You should consult your broker concerning the nature of the protections available to safeguard funds or property deposited in your account.

**YOU MUST HAVE THE NECESSARY SKILLS TO OPERATE THE COMPUTER AS WELL KNOWLEDGE OF THE TRADING SOFTWARE UTILIZED. BY ENTERING ORDERS ON YOUR OWN BEHALF, YOU REPRESENT THAT YOU HAVE NECESSARY SKILLS.**

### FURTHER INFORMATION

For further information regarding Day Trading and Pattern Day Trading, please refer to the links below:

- <https://www.sec.gov/about/reports-publications/investor-publications/day-trading-your-dollars-at-risk>
- <https://www.finra.org/investors/investing/investment-products/stocks/day-trading>