



TRIAD

SECURITIES CORP.

The Securities and Exchange Commission Rule 431 establishes requirements for Day Trading, as amended effective 8/27/01.

-The term “Pattern Day Trader” is defined as any customer who executes four or more day trades within five business days, provided the number of day trades is more than 6% of the total trades in the account during that period.

-The term “aggregate” refers to the total cost of all day trades made during the day.

-For day trading in equity securities, the day trading buying power is limited to the aggregate of 4 times the NYSE excess.

-Special minimum maintenance requirements for a Patterned Day Trader are \$25,000. The use of cross-guarantees is prohibited.

-If a day-trader exceeds his day trading buying power, a margin call will be issued due within 5 business days and the account is restricted to 2 times the NYSE excess until the call is met. If by the fifth business day the call has still not been met, the account will be restricted to trading on a cash only basis for a 90 day period. Any deposits necessary to meet the equity requirements cannot be withdrawn for a minimum of two business days.