INITIAL MARGIN DISCLOSURE STATEMENT

Your brokerage firm is furnishing this document to you 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, you should carefully review this Margin Disclosure Statement and the margin agreement provided by your brokerage firm. Consult your brokerage firm regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds in connection with your account, you will be required to open a margin account which will be carried by your brokerage firm*. The securities purchased in such an account are collateral for the loan to you. If the securities in your margin account decline in value, so does the value of the collateral supporting your loan. And, as a result, your brokerage firm is required to take action, such as issue a margin call and/or sell securities **or other assets** in any of your accounts, in order to maintain the required level of equity in the 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 the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).
- **Your brokerage firm can force the sale of securities or other assets in your account(s)**. If the equity in your account falls below the maintenance margin requirements or your brokerage firm's higher "house" requirements, your brokerage firm may be required to sell the securities **or other assets** in any of your accounts to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.
- **Your brokerage firm can sell your securities or other assets without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities **or other assets** in their accounts to meet the call unless the firm has contacted them first. This is not the case. A brokerage firm may attempt to notify customers of margin calls, but it is not required to do so. However, even if your brokerage firm has contacted you and provided a specific date by which you can meet a margin call, your brokerage firm can still take necessary steps to protect its financial interests, including immediately selling assets without notice to you.
- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, your brokerage firm has the right to decide which security or other asset to sell in order to protect its interests.
- **Your brokerage firm may move securities held in your cash account to your margin account and pledge or rehypothecate the transferred securities.** Any such pledge or rehypothecation may result in a benefit to your brokerage firm and result in your becoming a general unsecured creditor of your brokerage firm with respect to the securities so pledged or rehypothecated.
- **The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you 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 firm to liquidate or sell securities **or other assets** in your 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 customers under certain conditions, a customer does not have a right to the extension.

*Your brokerage firm has entered into a fully disclosed clearing agreement with Ridge Clearing & Outsourcing Solutions, Inc. ("Clearing Firm") pursuant to which Clearing Firm may perform certain processing, clearing, custodial, and financing functions for your brokerage firm with respect to your account. Clearing Firm extends the margin credit to you and carries your margin loan. Clearing Firm is a beneficiary of your representations, warranties, acknowledgments, and covenants in the margin agreement (including, without limitation, your authorizations, indemnifications, waivers, and releases) to the same extent as if they were made directly by you to the Clearing Firm. The Clearing Firm, in its own name and for its own benefit, is entitled to exercise and enforce directly against you the margin agreement, all other rights granted to your brokerage firm, and the rights of the "firm" and "brokerage firm" described in this disclosure statement.