

## MARGIN DISCLOSURE STATEMENT

tastyworks 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. This document is not intended to enumerate all of the risks entailed in trading in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement. If you have any questions about margin accounts or the margin agreement, email us at [support@tastyworks.com](mailto:support@tastyworks.com). When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price. If you choose to borrow funds, you will have to open a margin account with tastyworks. The securities purchased serve as collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, tastyworks can take action, such as issuing a margin call and/or selling securities in your account(s), in order to maintain the required 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 your tastyworks account to avoid the forced sale of those securities or other securities in your account(s).
- **tastyworks can force the sale of securities in your account(s).** If the equity in your account falls below the maintenance margin requirements under the law, or tastyworks' higher "house" requirements, tastyworks can sell the securities in your account(s) to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- **tastyworks can sell your securities without contacting you.** Some investors mistakenly believe that their brokerage firm must contact them for a margin call to be valid, and that their firm cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. tastyworks will attempt to notify its customers of margin calls, but we are not required to do so. However, even if tastyworks has contacted you and provided a specific date by which you can meet a margin call, tastyworks can still take necessary steps to protect its financial interest, including immediately selling the securities without notice to you.
- **You are not entitled to choose which securities in your margin account are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, tastyworks has the right to decide which security to sell in order to protect its interests.
- **tastyworks can increase its "house" maintenance margin requirement at any time and is not required to provide you advance written notice.** Changes in tastyworks' policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause tastyworks to liquidate or sell securities 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 any such extension.
- **The IRS requires Broker-Dealers to treat dividend payments on loaned securities positions as a "substitute payment" in lieu of a dividend.** In your margin agreement, you will grant the Clearing Firm the right to loan, pledge, or hypothecate the securities in your Account. If your securities are loaned, pledged or hypothecated, you will receive substitute payments for dividends you would have received had your securities not been loaned, pledged, or hypothecated. A substitute payment does not qualify as a dividend and is taxed as ordinary income.
- **Industry regulations may limit, in whole or in part, your ability to exercise voting rights of securities that have been lent or pledged to others.** You may receive proxy materials indicating voting rights for a fewer number of shares than are in your account, or you may not receive any proxy materials.

### **Individual Retirement Account ("IRA") or Qualified Plan Margin Accounts**

IRA or Qualified Plan Margin Accounts approved for margin and options will be permitted to trade more advanced option strategies than traditional cash IRA/QIP accounts. An IRA or Qualified Plan Margin Account will not be permitted to borrow funds or have the ability to have a debit balance. Customers may not short stock or sell naked (uncovered) options.

Trades that require margin may result in a short stock position, involving a high degree of risk and may result in a loss of funds greater than the amount you have deposited in your IRA Account. Customer(s) must understand that in the event of an assignment of an option resulting in a short stock position that tastyworks reserves the right to liquidate this position.

You must determine whether trading on margin in an IRA or Qualified Plan is advisable based on your financial circumstances, your risk tolerance, the number of years until your retirement, and other relevant factors. You should consult a professional financial advisor to determine if margin trading on a limited basis in your IRA is consistent with your financial goals.

You acknowledge and accept that you must closely monitor your account to avoid adverse tax consequences. Trades requiring margin may require a deposit of additional funds to your account to maintain sufficient margin. Internal Revenue Code places restrictions/limits on the amount of funds that can be deposited to an IRA. Deposits to the account in excess of such limits may cause adverse tax consequences, including, but not limited to, forfeiture of tax advantages inherent in a Qualified Plan Account and/or the risk of penalties imposed by the IRS.

tastyworks reserves the right to liquidate all or a portion of a Customer's positions in the event that you cannot or are not able to deposit sufficient funds to satisfy the margin requirements.

This statement is not intended to enumerate all of the risks and other significant aspects of trading options in your IRA or Qualified Plan Margin Account. You should initiate such transactions only if you understand the nature of the trades you are entering into and the extent of your exposure to risk. Trading in options is not suitable for all customers.