

APEX | Clearing™ MARGIN DISCLOSURE STATEMENT

tastyworks and Apex Clearing ("we") are 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.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from tastyworks. If you choose to borrow funds, you will open a margin account with tastyworks. The securities purchased are collateral for the loan to you. If the securities in your account decline in value, so does the value of the collaterals supporting your loan, and as a result, tastyworks can take action, such as issue a margin call and/or sell 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 forced sale of those securities or other securities in your account(s).
- **The firm 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 the 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.
- **The firm can sell your securities 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 in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interest, including immediately selling the securities without notice to the customer.
- **You are not entitled to choose which security in your margin account is 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.
- **The firm can increase its house maintenance margin requirement 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 the member 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 the extension.
- **The IRS requires Broker Dealers to treat dividend payments on loaned securities positions as a substitute payment in lieu of a dividend.** A substitute payment is not a qualified 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.

APEX CREDIT TERMS & POLICIES

The following Disclosure of Credit Terms and Policies is required by the Securities and Exchange Commission and is part of your Apex Account Customer Account Agreement. It describes the terms under which Apex extends credit and charges interest and how your obligations are secured by property in your Account.

Interest Charges. Apex will charge interest on a daily basis on the credit Apex extends to you. The daily interest charges are calculated by multiplying your "daily adjusted debit balance" by the "daily margin interest rate." Generally speaking, your daily adjusted debit balance is the actual settled debit balance in your Margin and Short Account, increased by the value of securities held short and reduced by the amount of any settled credit balance carried in your Cash Account.

Apex calculates your daily-adjusted debit balance each day by adjusting your previous day's balance by any debits and credits to your account and by changes in the value of short positions. If your daily-adjusted debit balance is reduced because you deposit a check or other item that is later returned to us unpaid, Apex may adjust your account to reflect interest charges you have incurred.

Apex reserves the right to charge interest on debit balances in the Cash Account. Periodically, Apex will send you a comprehensive statement showing the activity in your account, including applicable interest charges, interest rates and a adjusted daily debit balances.

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Daily Margin Interest Rate. The "daily margin interest rate" is based on a 360-day year. It is calculated for each day by dividing the base margin interest rate by 360. Note that the use of a 360-day year results in a higher effective rate of interest than if a year of 365 days were used.

The applicable margin interest rate is the base rate for all daily adjusted debit balances. Your margin interest rate will be adjusted automatically and without notice to reflect any change in the Base Rate. If your interest rate increases for any reason other than a change in the Base Rate, Apex will give you written notice at least 30 days' prior to that change.

Compounding Interest Charges. Apex compounds interest on a daily basis. Interest charges will accrue to your account each day. Apex will include the charges in the next day's opening debit balance and charge interest accordingly. The interest rates described above do not reflect compounding of unpaid interest charges; the effective interest rate, taking into effect such compounding, will be higher.

Initial Margin Requirements. The Federal Reserve Board and various stock exchanges determine margin loan rules and regulations. When you purchase securities on margin, you agree to deposit the required initial equity by the settlement date and to maintain your equity at the required levels. The maximum amount Apex currently may loan for common stock (equity) securities is 50% of the value of marginable securities purchased in your Margin and Short Account; different requirements apply to non-equity securities, such as bonds or options. If the market value of stock held as collateral increases after you have met the initial margin requirements, your available credit may increase proportionately. Conversely, if the market value decreases, your available credit may proportionately decrease.

Initial margin requirements may change without prior notice. Apex may impose anytime and without prior notice more stringent requirements on positions that in our sole discretion involve higher levels of risk; for example, higher limits may apply for thinly traded, speculative or volatile securities, or concentrated positions of securities.

You may purchase only certain securities on margin or use them as collateral in your Margin and Short Account. Most stocks traded on national securities exchanges, and some over-the-counter (OTC) securities are marginable. At our discretion, Apex reserves the right not to extend credit on any security.

Equity securities with a market value of less than \$3 per share may not be purchased on margin or deposited as margin collateral. If the market value of a security drops below \$3 per share, the security will not be assigned any value as collateral to secure your margin obligations.

Margin Maintenance Requirements. You must maintain a minimum amount of equity in your account to collateralize your outstanding loans and other obligations. Margin maintenance requirements are set:

- By the rules and regulations of the New York Stock Exchange, the American Stock Exchange, and other regulatory agencies to the jurisdiction of which Apex and/or tastyworks are subject; **and**
- According to Apex's and/or tastyworks' sole discretion and judgment.

You agree to maintain in your Margin and Short Account collateral of the type and amount required by:

- Applicable exchange rules and federal regulations; **and**
- Apex's Disclosure of Credit Terms and Policies; **and**
- Applicable tastyworks Terms and Conditions; **or**
- As required by Apex and/or tastyworks, at either party's discretion.

Margin maintenance requirements may change without prior notice.

Apex may issue a "margin call" (that is, a notification to deposit additional collateral) if your account equity falls below the margin maintenance requirement. This can happen for various reasons. The most common reasons are a decrease in the value of long securities held as collateral or an increase in the value of securities held short.

As a general guideline and when it is practicable to do so, Apex may (but are not required to) issue a margin call when the equity in your Margin and Short Account falls below a predetermined percentage of the market value of assets at risk (that is, the sum of the market values of the long and short equity security positions) in your Margin and Short Account. The amount of additional collateral we require usually is an amount sufficient to raise your equity to minimum standards. For information on the current equity requirements, please contact tastyworks.

Apex retains absolute discretion to determine whether, when and in what amounts Apex will require additional collateral. In some situations, Apex may find it necessary to require a higher level of equity in your account. For example, Apex may require additional collateral if an account contains:

- Only one security or a large concentration of one or more securities; **or**
- Low-priced, thinly traded or volatile securities; **or if**
- Some of your collateral is or becomes restricted or non-negotiable or non-marginable. Apex also may consider market conditions and your financial resources.

tastyworks Disclosure for 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.

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. You 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 your 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 options is not suitable for all investors.