

## Day Trading Disclosure

Day traders rapidly buy and sell stocks throughout the day in the hope that their stocks will continue climbing or falling in value for the seconds to minutes they own the stock, allowing them to lock in quick profits. Under the rules of NYSE and the Financial Industry Regulatory Authority (FINRA), customers who are deemed "pattern day traders" must have at least \$25,000 in their accounts and can only trade in margin accounts.

Day trading is extremely risky and can result in substantial financial losses in a very short period of time. If you are a day trader, or are thinking about day trading, read our [Day Trading Disclosure Statement](#).

## Margin Disclosure

"Margin" is borrowing money from your broker to buy a stock and using your investment as collateral. Investors generally use margin to increase their purchasing power so that they can own more stock without fully paying for it. Margin accounts can be very risky and they are not suitable for everyone.

The margin agreement explains the terms and conditions of the margin account. The agreement describes how the interest on the loan is calculated, how you are responsible for repaying the loan, and how the securities you purchase serve as collateral for the loan.

Before deciding to establish a margin account, read our [Margin Disclosure Statement](#), and ask yourself the following questions:

- Do you know that margin accounts involve a great deal more risk than cash accounts where you fully pay for the securities you purchase? Are you aware you may lose more than the amount of money you initially invested when buying on margin? Can you afford to lose more money than the amount you have invested?
- Did you take the time to read the margin agreement? Did you ask your broker questions about how a margin account works and whether it's appropriate for you to trade on margin? Did your broker explain the terms and conditions of the margin agreement?
- Are you aware of the costs you will be charged on money you borrow from your firm and how these costs affect your overall return?
- Are you aware that your brokerage firm can sell your securities without notice to you when you don't have sufficient equity in your margin account?

## Penny Stock Disclosure

Penny stocks are low-priced shares of small companies. Penny stocks may trade infrequently – which means that it may be difficult to sell penny stock shares once you have them. Because it may also be difficult to find quotations for penny stocks, they may be impossible to accurately price. Investors in penny stock should be prepared for the possibility that they may lose their whole investment.

While penny stocks generally trade over-the-counter, they may also trade on U.S. securities

exchanges, facilities of U.S. exchanges, or foreign exchanges. You should learn about the market in which the penny stock trades to determine how much demand there is for this stock and how difficult it will be to sell. Be especially careful if your broker is offering to sell you newly issued penny stock that has no established trading market.

Before deciding to invest in penny stocks, read our [Penny Stock Disclosure Statement](#).

## Option Risks Disclosure & Understanding

It is expected that you read "Characteristics and Risks of Standardized Options" from a booklet or the website <http://www.optionsclearing.com/about/publications/character-risks.jsp>. In Particular the chapter entitled "Principal Risks of Options Positions"

**Prior to buying or selling an option, investors must read a copy of the Characteristics & Risks of Standardized Options, also known as the options disclosure document (ODD). It explains the characteristics and risks of exchange traded options.**

**Options investments are high risk and speculative. ACE strongly discourages option investments.** Risks that relate to such matters as the trading of securities generally; the state of the economy; the supply and demand factors in the options markets; the factors affecting the values of the various underlying interests; the factors affecting the volatility, liquidity and efficiency of the option markets or of other markets or other factors that may affect the pricing of particular options.

**An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time.**

**The fact that options become valueless upon expiration means that an option holder must not only be right about the direction of an anticipated price change in the underlying interest, but must also be right about when the price change will occur. The investor may lose all or a significant part of his investment in the option.**

**The more an option is out of the money and the shorter the remaining time to expiration, the greater the risk that an option holder will lose all or part of his investment in the option.**

**An option writer may be assigned an exercise at any time during the period the option is exercisable. An assigned writer may not receive notice of the assignment until one or more days after the assignment has been made by OCC.**

**Once an exercise has been assigned to a writer, the writer may no longer close out the assigned position in a closing purchase transaction, whether or not he has received notice of the assignment.**

**There are many risks to option investing, and ACE will not be responsible for or liable for any loss in option investing. If investor decides to trade options, it is from his/her own assessment based on his/ her investment objective. Investors will not claim any loss from options investing against ACE.**

You should receive the booklet "Characteristics and Risks of Standardized Options", or the website address:

**"<http://www.optionsclearing.com/about/publications/character-risks.jsp>."**

## **Fee Disclosure**

Please contact your broker for information regarding any fees prior to transacting in your account. The fees provided throughout this website are estimates based on the current rates charged to our clients and may have changed.