

This disclosure explains trading on margin credit and describes our general terms and conditions for margin lending.

Interest will be charged for any credit extended to you for the purpose of buying, trading or carrying any securities, or you may simply want to borrow cash on the collateral of your securities for a non-investment purpose.

### **Rates**

Unless otherwise agreed with you, our applicable [Margin Interest Rate](#), as published on our website, will be used for determining your margin interest rate. We will set the Margin Interest Rate, which will be adjusted from time to time, taking into account market interest rates in our industry, and such determination will not necessarily be tied to any published industry interest rate or index, although those rates and indexes may be considered when we make our determination. Your statement of account will indicate the specific interest rate applied, the average daily debit balance of your account, and the actual interest charge made for the charge period, and the calendar-month period to which the interest rate applies. For each charge period in which there is a change in the Margin Interest Rate (or other agreed upon rate), if any, your statement of account will itemize separately that information with respect to each rate of interest that was applied to your account during the charge period. The foregoing rates may vary in individual situations, as warranted, at TradeStation's discretion.

### **Adjustment of Rate Without Prior Notice**

Your interest rate is subject to change without prior notice in accordance with changes in the Margin Interest Rate (or other agreed upon rate) and your average daily debit balance. If there is a change in the Margin Interest Rate (or other agreed upon rate), the rate of interest applied to your account will be automatically increased or decreased accordingly for periods after such change is made. The Margin Interest Rate is evaluated, and therefore may change, periodically.

### **Charge Period**

The period for which interest charges are made is, generally speaking, each calendar month. If the first and last day of the calendar month are both business days (not weekend or holiday), the charge period shall be from the first to the last day of the month, including both the first and last day. If the last day of the calendar month is not a business day (is a weekend day or holiday), then the charge period for that calendar month will end on the last business day of that calendar month, and the very next day (whether or not a business day) will be the first day of the charge period for the next calendar month.

### **Computation of Charges**

At the close of each charge period, an interest charge is computed for each day of the charge period by (1) adding together your debit balances for each calendar day of the charge period, (2) dividing that total by the total number of calendar days in the charge period (e.g., 30, 31 or 28), which produces

your average daily debit balance for the charge period, (3) multiplying that result by the Margin Interest Rate, and (4) then dividing that result by 365. This daily interest charge for the charge period is then totaled to calculate the interest you owe for the charge period. If there has been a change in the Margin Interest Rate (or other agreed upon rate), separate computations will be made with respect to each rate of charge for the appropriate number of days at each rate during the charge period. The interest charge for the charge period is due and payable at the close of the charge period. The exact amount due may be obtained from TradeStation if you contact us using the appropriate contact methods described on our website or Client Center. If you do not pay the interest charge at the close of the charge period, it will be added to the opening debit balance for the next charge period. Our margin lending agreements with our clients using margin are governed by the laws of the State of Florida, where TradeStation maintains its principal place of business.

### **Short Sales**

The market values of securities you sell “short” are adjusted daily for interest calculation purposes by a process called “marking to the market.” “Short sales against the box” are treated in exactly the same way as short sales.

The market value of all securities sold short in your account, including securities sold “short against the box,” are treated as a debit for the purpose of calculating interest charges. The closing market value of the securities that were sold short is determined each business day and is either added to the net debit balance or subtracted from the net credit balance in order to calculate interest charges.

If the total market value of the securities sold short increases, then the debit adjustment to the net balance will increase by the same amount for the calculation of interest charges. Conversely, if the total market value of the securities sold short decreases, then the debit adjustment to the net balance will also decrease by a like amount for the calculation of interest charges. The market value of “long” securities held in your account against which a short sale is made is not included in the computation of interest charges.

Please Note: Upward or downward adjustments of balances are for interest calculations only.

### **Options**

Options can be traded in a margin account and can be used to hedge a leveraged position. Options cannot be purchased or sold on credit or borrowed against for purchases. No credit can be extended on options held. Writers of options, other than certain covered call writers and certain writers of cash-secured puts, must comply with the applicable initial equity and maintenance requirements that are set by TradeStation, subject to minimum requirements imposed by the Federal Reserve Board and by securities and option exchanges, and other self-regulatory organizations. These requirements vary depending on the underlying interest and the number of option contracts sold. TradeStation, the Federal Reserve Board, the securities and options exchanges, and other self-regulatory organizations may increase these requirements at any time.

In addition, certain position limits and additional initial equity and maintenance requirements may be imposed from time to time by TradeStation without prior notice. If these limits and additional requirements are not met, TradeStation will close out sufficient option contracts to bring the account into compliance with them.

Furthermore, options trading must be approved in advance by TradeStation. Options transactions involve certain risks and are not appropriate for every investor.

### **Liens and Additional Collateral**

Any securities or other property in any of your accounts with us, as well as in accounts you may hold with our affiliates, are collateral for any debit balances in any of your accounts. A lien is created by these debits to secure the amount owed to us. We retain the right to require additional collateral any time we deem it necessary for our protection. These maintenance calls can be met by the prompt delivery of either additional acceptable securities or cash.

In accordance with the terms of our Customer Account Agreement with you, should the equity in your account(s) fall below our minimum maintenance requirements for margin, securities in your account(s) may be sold to reduce or satisfy your debit balance. You may contact us using the appropriate contact methods described on our website or Client Center to learn more about these requirements. Minimum maintenance requirements as well as initial requirements are subject to change without notice.

**Investment Products Are Not FDIC Insured, Are Not Bank Guaranteed, and May Lose Value.**