

Account Number \_\_\_\_\_

## MARGIN ACCOUNT AGREEMENT AND DISCLOSURE

A margin account involves an extension of credit by Legent Clearing LLC ("Legent"), the Clearing Agent for Kane Reid Securities Group, Inc. d/b/a TradeKing ("TradeKing") in connection with your securities. The Margin Agreement and consent to loan securities below enables Legent to pledge or lend securities carried for the margin account when money is loaned to you.

### Informational Statement

**Initial margin** requirements established by the Board of Governors of the Federal Reserve specify the minimum amount of collateral you must provide when you buy securities on margin. This requirement is expressed as a percentage of the purchase price. It may change from time to time, and it may be a different percentage for different securities. For example, if the current margin requirement is 50%, and you purchase stocks on margin costing \$15,000, only 50% of that amount (\$7,500) is required to be paid. Under Regulation T, the required margin must be deposited into your account by settlement date. The balance due on the purchase will be paid by Legent, and your account will be debited accordingly. As part of the initial margin requirement, you must have a minimum of \$2,000 equity every time you enter a new commitment in your margin account. The term "equity" means the excess market value of the securities in the account less any liabilities.

**Maintenance margin** requirements are established by Legent, TradeKing and by regulatory authorities for the purpose of maintaining a sound financial condition for Legent and the customer. If there is a decline in the market value or liquidity of securities that are the collateral for your Legent loan or in other circumstances where, in Legent's or TradeKing's judgment, adequate collateral does not exist, it may be necessary to issue a call (request) for additional margin collateral (cash or deposit of additional marginable securities). Ordinarily, a request for additional margin will be made when the equity in an account falls below 30% of the market value of all qualified securities in the account.

**Additional margin** will ordinarily be required if there is an undue concentration of one or more collateral securities, if your credit-worthiness significantly declines, or if the market value of low-priced stocks declines below \$6 per share. Stocks priced from \$3 to \$6 require 50% maintenance, and stocks priced below \$3 require 100% maintenance.

**A margin call** may be satisfied by the prompt deposit of cash or additional acceptable securities. While most call notices are delivered with a three-day response time, Legent and TradeKing retain the right to require additional margin in any amount and in any time frame considered prudent. Legent's and TradeKing's determinations are based on market conditions, concentration in one or more securities and other relevant factors. If you do not meet a margin call, Legent and/or TradeKing may liquidate securities in the account to the extent necessary to satisfy the call. Legent and/or TradeKing can sell your securities or other assets without contacting you. Legent or TradeKing may attempt to notify you of margin calls but is not required to do so. However, even if Legent or TradeKing has contacted you and provided a specific date by which you must meet a margin call, Legent or TradeKing can still take necessary steps to protect their financial interests, including immediately selling the securities without notice to you. You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold by Legent or TradeKing to meet a margin call. Legent and/or TradeKing can increase their "house" maintenance margin requirements at any time and is not required to provide you advance written notice. You are not entitled to an extension of time on a margin call.

**Interest Maintenance** charged by Legent is based on the amount of money loaned to you. Interest is calculated in the manner described below and posted to your account statement as an addition to your debit balance.

**The Interest Rate** will vary from time to time without prior notice, in accordance with shifts in money rates. If Legent's interest rate is to be increased for any other reason, you will be notified in writing at least 30 days prior to such change.

**Short account** securities will be "marked to the market" daily. The value of the short security will be considered as a debt to your account.

**Securities** in a margin account are registered in Legent's name and are collateral for any margin loan. You still receive credit for all dividends or interest as long as all account requirements have been met. Your account will be charged for any dividends or interest on short positions.

### Margin Agreement

**TradeKing** will be pleased to answer any questions You may have regarding Your margin account. This Margin Agreement is part of the Customer Agreement ("Agreement") between TradeKing, Legent and the undersigned ("You & Your"). In consideration of Legent's acceptance of Your account under this Margin Agreement, You agree to the following supplemental terms and provisions:

**Provision of Credit.** Pursuant to Regulation T under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities Exchange Commission ("SEC") and the Board of Governors of the Federal Reserve System, it is agreed that You may purchase, carry and trade certain

securities on margin. You authorize Legent and TradeKing to obtain reports concerning Your credit-worthiness and business conduct. Upon Your request, Legent and TradeKing agree to provide You a copy of said reports.

**Maintenance of Margin.** You agree to maintain such positions and margins as are required by Regulation T and all other applicable statutes, rules and regulations, or as Legent or TradeKing deem necessary, (which requirements may be more stringent than those required by law or exchange regulations). Legent and/or TradeKing may change or modify such requirements without prior notice to You. You shall promptly satisfy all margin and maintenance calls.

**Short Sales.** You shall clearly designate any order to sell "short" or "short exempt;" all other sales shall be deemed to be "long."

**Interest on Margin.** On demand, You shall pay interest on credit extended by Legent under this Margin Agreement for the purpose of purchasing, carrying or trading securities. The rate of interest charged for the provision of credit shall be calculated on a 360-day year and actual days elapsed, and in accordance with the following schedule determined by TradeKing. For purposes of this provision, the following definitions apply:

- a. "Average Debit Balance" means the average daily amount of money loaned by Legent to You during the calculation period.
- b. "Broker Call Rate" means the daily rate of interest quoted by Legent's primary bank from time to time as its "broker call rate."

On demand, You also shall pay any balance owing with respect to Your Accounts, including fees and any cost of collection (including attorney's fees). All payments received in Your Account, including interest, dividends, premiums and principals, may be applied to the balance owed to Legent.

**Securities Lending.** For any securities held by Legent as property on margin under this Margin Agreement or as collateral for Your obligations under this Margin Agreement, You authorize Legent to lend such securities, either separately or with other securities, to Legent or to other entities. Until written revocation is received by Legent, this Margin Agreement constitutes Your continuing consent to effect securities lending transactions. Upon such written revocation, Legent shall have reasonable time to deliver such securities to You.

**Hypothecation of Securities.** For any amount due to Legent, You authorize Legent to pledge and re-pledge, and hypothecate and re-hypothecate, any security held or carried by Legent in an account, without notice to You, either separately or with other securities of other bona fide Legent clients. You represent that You will not cause or allow any collateral in any of Your Accounts to become subject to any liens, security interests, mortgages or encumbrances. You further represent that You are not controlled by or in control of any issuer of any security You have provided as collateral to Legent.

**Disclosure Regarding Liquidation.** You acknowledge that: (i) Legent is not required to provide notice to You of a margin deficiency, and (ii) Legent may, under certain circumstances, liquidate Property held in Your Account, without notice, to satisfy minimum maintenance or margin calls. You also acknowledge that failure of Legent to promptly enforce its margin requirements does not prevent Legent from subsequently enforcing such margin requirements with respect to Your Account.

**Liquidation.** It is understood and agreed that to satisfy Legent's and TradeKing's policy regarding margin maintenance requirements. Legent and/or TradeKing may, in their discretion, require You to provide additional collateral or liquidate any part of the Property in Your Account. Without limitation, any of the following circumstances may give rise to Legent's and/or TradeKing's exercise of this power: (i) Your failure to meet promptly any call for additional collateral; (ii) the filing of a petition in bankruptcy by or against You; (iii) the appointment of a receiver is filed by or against You; (iv) a significant judgment is entered against You, and any levy on Your Account is made; (v) Your death; or (vi) the occurrence of any event which, in Legent Clearing's and/or TradeKing's judgment, operates to impair Client's ability to perform its obligations under this Margin Agreement. In any such event, and without further notice, You authorize Legent and TradeKing (i) to sell any Property held in the Account; (ii) to buy any security or other property which may be short; (iii) to cancel any open order; (iv) to close any outstanding order; and (v) otherwise to take such action as Legent, in its discretion, deems necessary to comply with applicable statutes, rules and regulations governing a margin account.

## Margin Account Disclosure Statement

Kane Reid Securities Group, Inc. d/b/a TradeKing ("TradeKing" and Legent Clearing ("Legent") 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. Before trading stocks in a margin account, you should carefully review the Legent Margin Agreement. Consult TradeKing or Legent 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 Legent. If you choose to borrow funds from Legent, you will open a margin account with Legent. The securities purchased are Legent's 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, Legent can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with Legent 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 Legent to avoid the forced sale of those securities or other securities or assets in your account(s).

**Legent 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 Legent's higher "house" requirements, Legent can sell the securities or other assets in any of your accounts held at Legent to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.

**Legent 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. Legent or TradeKing will attempt to notify its customers of margin calls but is not required to do so. However, even if Legent or TradeKing have contacted you and provided a specific date by which you must meet a margin call, Legent or TradeKing can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.

**You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold by Legent to meet a margin call.** Because the securities are collateral for the margin loan, Legent has the right to decide which security to sell in order to protect its interests.

**Legent can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.** These changes in Legent's policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause Legent to liquidate or sell securities in your account(s).

**You are not entitled to an extension of time on a maintenance margin call.** While an extension of time to meet margin requirements may be available to you under certain conditions, you do not have a right to the extension.

I hereby request that Kane Reid Securities Group, Inc. d/b/a TradeKing ("TradeKing") and Legent ("Legent") amend the account in the name(s) listed as account owner(s) on this MARGIN application and to that purpose endorse this account as a MARGIN ACCOUNT. By signing below, I acknowledge that I have received, read, understand and agree to be bound by the terms & conditions as set forth in the MAIN Customer Agreement as currently in effect and as amended from time to time. I acknowledge that I have received, read, understand and agree to be bound by the terms & conditions as set forth in the Margin Account Agreement as currently in effect and as amended from time to time. I represent that I am of required legal age to enter into this Agreement. I understand and acknowledge that Legent does not provide investment, tax, legal, accounting, financial or other advice.

**Please Note: Legent and/or TradeKing will verify information provided on this form through a third-party vendor in accordance with the USA Patriot Act.**

**I UNDERSTAND THAT THIS ACCOUNT IS GOVERNED BY A PRE-DISPUTE ARBITRATION AGREEMENT, WHICH IS SET FORTH IN SECTION 30 IN THE MAIN CUSTOMER AGREEMENT. I ACKNOWLEDGE THAT I HAVE RECEIVED AND READ THE PRE-DISPUTE ARBITRATION AGREEMENT.**

Account Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

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Account Holder's Signature      Date

\_\_\_\_\_  
Joint Holder's Signature      Date

\_\_\_\_\_  
TradeKing Broker's Signature      Date

\_\_\_\_\_  
TradeKing General Principal's Signature      Date