



SCORE PRIORITY

## MARGIN DISCLOSURE STATEMENT

This document provides you information about purchasing securities on margin and alerts you to the risks involved with trading securities using margin. Consult your introducing broker at Score Priority Corp. regarding any questions 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 your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased are the firm'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 the firm can take action (including issuing a margin call and/or selling securities in your account) to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading on margin. These risks include:

**You can lose more funds than you deposit in your account.** A decline in the value of securities purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid a forced sale of those securities or other securities in your account.

**The firm can force the sale of securities in your account.** If the equity in your account falls below legally required maintenance margin requirements or the firm's higher house requirements, the firm can sell the securities in your account 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.** While many firms will attempt to notify their customers of margin calls, they are not required to do so. 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.

**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, the firm has the right to decide which securities to sell in order to protect itself.

**The firm can increase its house maintenance margin requirement at any time and is not required to provide you advance notice.** 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 firm to liquidate or sell securities in your account.

**You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be provided, 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.



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**Industry regulations may limit 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.

### **Disclosure of Credit Terms and Policies**

The following Disclosure of Credit Terms and Policies is required by the Securities and Exchange Commission and is part of your agreement with Score Priority Corp. It describes the terms under which your clearing and carrying firm (on behalf of Score Priority Corp., as your introducing firm) extend credit and charge interest and how your obligations are secured by property in your account.

**Interest Charges.** We will charge interest on a daily basis on the credit we extend 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.

We calculate 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, we may adjust your account to reflect interest charges you have incurred.

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

**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 ("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, we will give you written notice at least 30 days prior to that change.

**Compounding Interest Charges.** We compound interest on a daily basis. Interest charges will accrue to your account each day. We 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 we currently may loan for common stock (equity)



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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. We 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 securities are marginable. At our discretion, we reserve 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.