



Margin Call Grid

Call Type	Due Date in Business Days	Description	Call Meeting Methods	Result if not met by deadline
Daytrade Call	<u>Equities</u> : Trade date plus 5 business days	Created when 4:1 intraday buying power is exceeded.	<p>Deposit of cash in the entire amount of the call.</p> <p>Deposit of margin eligible securities valued at 1 ½ times the amount of the call.</p>	<p>If a day trade call is not met by the due date, the account is restricted for 90 days in which the next call must be met in T+1 (instead of T+5). Additionally, intraday/overnight buying power is not restored until the call has been met and the account is limited to liquidating transactions only. If the second call is not met, account will be frozen and limited to closing transactions only for 90 days.</p> <p>Money deposited to pay a DT call must remain in the account two days before withdrawn.</p>
Reg T Call	<p>Trade date plus 5 business days</p> <p><u>Options</u> : Trade Date plus 2 business Days</p>	Insufficient overnight buying power to satisfy initial requirement on opening transactions.	<p>To satisfy the call:</p> <ul style="list-style-type: none"> ▪ Deposit of cash in the entire amount of the call ▪ Deposit of margin eligible securities worth 2 times the call amount ▪ Liquidation of marginable securities worth 2 times the call amount <u>if the account is not in a Required Maintenance</u> (RM) call.* <p><i>*Note: If the account has a Required Maintenance call in conjunction with the Reg T call, deposits are the only method to meet the Reg T call (without penalty).</i></p>	<p>Reg T calls are subject to liquidation on T+5 if payment or liquidation has not occurred.</p> <p>If the call is not satisfied with a deposit of funds or marginable-eligible securities, the account will be sold out to satisfy the deficiency and incur a “strike”. The account is permitted a total of four (4) strikes within a rolling 12 month period.</p> <p>After the account has received its fourth (4th) strike, the account is restricted whereby the next call must be met with the deposit of funds only in T+1 for 90 days. If the call is not met within T+1, then the account is frozen and limited to closing transactions only for 90 days. The account is subject to liquidation of positions that created the call on T+1 if payment has not occurred.</p>
Good Faith Warning	No due date, violation has already occurred.	Notification that you have purchased in a cash account with unsettled funds. All cash accounts are permitted to purchase and sell securities with full cash payment for each purchase.	<p>Call may not be met, warning has already occurred since security is purchased with unsettled funds.</p> <p>However, if liquidation of position that created the warning occurs prior to settlement, a Good Faith Violation is created.</p>	Liquidation of purchase prior to settlement of funds will create a Good Faith Violation. Four Good Faith Violations within a rolling 12 month period will result in the account being restricted for 90 days. If a 5th Good Faith Violation is not met, the account will be frozen for 90 days and limited to liquidating transactions only.

Good Faith Violation	No due date, violation has already occurred.	Purchasing a position in cash account with unsettled funds and liquidating prior to settlement (Trade Date plus 3 business days). All cash accounts are permitted to purchase and sell securities with full cash payment for each purchase. The proceeds from those trades are considered "unsettled funds" until settlement day.	Call may not be met, violation has already occurred.	If the Good Faith Violation is not satisfied by the due date, a "strike" may be placed on the account. This will remain on the account for 12 months and 4 "strikes" within a rolling 12 month period will result in a Good Faith Violation restriction for the next 90 days. If a 5th Good Faith Violation is generated during this 90 day period, the account will be frozen and limited to closing transactions only for 90 days.
Money Due Call	Trade date plus 5 business days	Insufficient available funds to satisfy requirements on cash account transactions.	Deposit of cash in the entire amount of the call	<p>Money Due (MD) calls are subject to liquidation on T+5 if payment or liquidation has not occurred.</p> <p>If a <u>unsatisfied</u> MD call is satisfied by a customer liquidation of the same security, the customer has been issued a "Freeride". The account is subject to restriction where the next call is due in T+1 for 90 days. If the second call is not met within T+1, then the account is frozen and limited to closing transactions only for 90 days.</p> <p>If a <u>unsatisfied</u> MD call is created whereby the account had insufficient funds to hold a security on the trade date and liquidates a different security to satisfy the deficiency after the trade, the account will incur a "strike". The account is permitted a total of four (4) strikes within a rolling 12 month period. After the account has received its fourth (4th) strike, the account is restricted whereby the next call is due in T+1 for 90 days. If next call is not met within T+1, then the account is frozen and limited to closing transactions only for 90 days.</p> <p>The account is subject to liquidation of positions that created the call on T+1 if payment has not occurred.</p>
Concentrated Maintenance (CM)	Trade date plus 3 business days	<p>Created by holding a stock whose market value exceeds 50% of the equity of an account (when using margin)</p> <p>Certain "volatile" stocks are held at a higher requirement than 50%</p>	<p><u>Calls can be met by one or a combination of methods listed below:</u></p> <ul style="list-style-type: none"> ▪ Deposit money in the amount of the call. ▪ Deposit of margin eligible securities valued at 2 times the amount of the call. ▪ Liquidation of margin eligible securities valued at 2 times the amount of the call ▪ Liquidation of non-margin securities equal to the amount of the call ▪ Market Appreciation ▪ Any combination of these five methods 	<p>If any position in the account is greater than the margin equity, margin positions can be held up to 50% concentrated maintenance. Certain volatile stocks may be held at a higher requirement more than 50%.</p> <p>Liquidation is required to bring the account up to 50% equity to market value ratio if call has not been satisfied by T+3.</p>

Required Maintenance (RM)	Trade Date plus 3 business days	1. Created when a customer's equity-to-long market value ratio falls below 25% or when the equity-to-short market value ratio falls below 30%. 2. Maintenance Requirements on short positions - (a) \$2.50 per share or 100 percent of the current market value, whichever amount is greater, of each stock "short" in the account selling at less than \$5.00 per share; (b) \$5.00 per share or 30 percent of the current market value, whichever amount is greater, of each stock "short" in the account selling at \$5.00 per share or above.	<u>Calls can be met by one or a combination of methods listed below:</u> ▪ Deposit money in the amount of the call. ▪ Deposit of margin eligible securities valued at 1 1/3 times the amount of the call. ▪ Liquidation of margin eligible securities valued at 4 times the amount of the call. ▪ Liquidation of non-margin securities equal to the amount of the call. ▪ Market Appreciation	Accounts with less than 20% margin equity are due in 1 business day and subject to liquidation on T+1 if call is not satisfied. Liquidation is required to bring the account up to 25% equity-to-long market value ratio or 30% equity-to-short market value ratio if call has not been satisfied by T+3.
Equity Maintenance (EM)	Trade date plus 3 business days	1. Created in a pattern daytrading account when the balance falls below \$25,000. 2. Created in a non- pattern daytrading account when there are more than 3 daytrades within the rolling 5 business day period.	Calls can be met by bringing the account value above \$25,000 by one or a combination of methods listed below: ▪ Deposit money in the amount of the call. ▪ Deposit securities equal to the call amount. ▪ Market Appreciation.	EM call will be generated, in which the account will have zero (0) day trading buying power and zero (0) overnight buying power. In addition, the account will be restricted to liquidating transactions only until the day after the EM call is met. **If eligible, the restriction may be removed once every 90 days**
Futures Call (Futures products only)	Trade Date plus 1 business day	Insufficient overnight buying power to satisfy initial requirement on opening transactions.	Calls can be met by: ▪ <u>Initial Calls</u> : deposit of money in the entire amount of the initial call by wire transfer only. ▪ <u>Maintenance Calls</u> : deposit of money or liquidation to meet overnight initial maintenance call.	<u>At a minimum, liquidation of position(s) and</u> <u>Initial Calls</u> : (1) After the first missed call, a restriction of one trading day, whereby the account can only conduct liquidating transactions only. (2) After the second call is missed, the account is restricted to 1 week (5 consecutive business days). <u>Maintenance Calls</u> : Liquidation to overnight initial requirement.

Definitions:

1. Daytrading (Intraday) Buying Power: Four (4) times the Excess Equity in the account, amount of funds available to daytrade marginable securities.
2. Overnight Buying Power: amount of funds available to hold marginable securities overnight.
3. Daytrade: One buy and one sell (or one short sale and one buy to cover) of the same security in the same day.
4. Pattern Day Trader: An account with a minimum account value of \$25,000 that makes four (4) or more day trades within a rolling five (5) business day period.
5. Non-Pattern Day Trader: An account value that is less then \$25,000 that makes three (3) day trades or less within a rolling five (5) business day period.
6. Account Restriction (restricted): An account is restricted when a trade has not been paid for by the margin call due date and there is no request for an extension to meet the margin call has been made. It is the firm's policy to liquidate the position and restrict the account for **90 days**. (1) When the restriction is initiated, you may continue to purchase securities only if the funds required are in the account prior to purchase **where 100% of the requirement must be met.**

7. Frozen Account (closed): If an account has missed the margin call due date after the account was previously restricted (**within the 90-day period**), the account will be frozen and marked closed. The only activity permitted is **liquidating transactions during the frozen period for 90 days.**

Disclaimer:

1. MB Trading has the right to liquidate customer positions at any time it feels such action is necessary to protect itself and its customers.
2. All call due dates are subject to change upon the discretion of MB Trading and Penson Financial Services.
3. Under no circumstances shall Penson and MB Trading bear any liability to Customer for any losses that may result from the inability to access markets due to such restrictions.
4. For risks associated with daytrading and margin, please visit our website <http://www.mbtrading.com> - Trading Risk Disclosures.

Day Trading Margin Requirements

A "day trade" is defined as the buying then selling (or selling short then buying the same security) on the same day. Just purchasing a security, without selling it later that same day, would not be considered a day trade, but would instead be considered as an overnight purchase. Every order placed to open a position is considered one end of a day trade. Multiple orders to open the same position will count towards multiple day trades. (For example, if you buy 300 shares of a stock in lots of 100 and close the position in one sale of 300, you have made three (3) day trades.)

Day Trading Buying Power is equivalent to four (4) times the excess equity as of the close of business of the previous day in an account or 4:1.

Overnight Buying Power is equivalent to two (2) times the excess equity in an account or 2:1 for margin accounts. In some cases, the overnight buying power may be less than the excess equity available due to a variety of possibilities such as settlement, withdrawals, trading activity, other position maintenance requirements, etc. Generally, most equities between \$3 and \$4.99 have a 50% overnight margin requirement, while equities under \$3 are deemed non-marginable and have a 100% overnight requirement. However, the clearing firm may determine certain stocks that are above \$3 as non-marginable, in which case, these positions would require 100% overnight requirement.

An account should never exceed two (2) times its equity when holding positions overnight, or else a Reg. T Call will be generated. If an account holds a non-marginable position (i.e. stocks under \$5), the overnight buying power will be reduced by the market value of the position held in cash.

Example: Margin Account with \$10,000 beginning equity and 2:1 overnight buying power of \$20,000

John Smith holds an overnight position of 2,000 XYZ stock @ \$4.
2,000 XYZ x \$4 (non-marginable) = \$8,000 market value
\$10,000 (equity) - \$8,000 (market value) = \$2,000 equity

Therefore, the overnight buying power will be:
Marginable positions: \$4,000 (2,000 x 2)
Non-marginable positions: \$2,000

Pattern Day Trader (Account value > \$25,000)

The term "pattern day trader," which includes any margin customer that day trades four or more times in five business days. Under the rules, a pattern day trader must maintain a minimum account value of \$25,000 on any day that the customer day trades. The required minimum equity must be in the account prior to any day-trading activities. The \$25,000 minimum equity requirement is a combination of cash and eligible securities.

If the pattern day trading account falls below the \$25,000 requirement, an equity maintenance call will be generated, in which the account will be issued with zero (0) day trading buying power and zero (0) overnight buying power. In addition, the accounts will be restricted to liquidating transactions only until the day after the Equity Maintenance call is met. If an account cannot bring in additional equity, a customer may request to change from pattern day trading to non-pattern day trading status once every 90 days.

After a request has been made to change the account to non-pattern day trading status, but the account exceeds more than 3 day trades in the rolling 5-business day period, the account will be restricted to liquidating transactions only until the 90-day period has passed or when the account value has been brought to \$25,000.

Non-Pattern Day Trader (Account value < \$25,000)

An account with a balance of less than \$25,000 is coded as a "non pattern day-trading" account. The account is given day trading buying power of a 4:1 basis as long as the account does not exceed three (3) day trades in a rolling five (5) business day period.

However, if the account exceeds three (3) day trades in a rolling five (5) business day period, the account will be coded as a pattern day trading account and an equity maintenance call will be generated, in which the account will be issued with zero (0) day trading buying power and zero (0) overnight buying power. In addition, the account will be restricted to liquidating transactions only until the day after the equity maintenance call is met. The restriction can be removed by bringing the account value to \$25,000 or above to change status to Pattern day trading. If eligible, the restriction may be removed once every 90 days.

Cash trading restricts buying power to one (1) times the cash aggregate balance of the account. If an account balance is \$10,000, the account may buy and sell up to \$10,000 worth of stock intraday.

****Strikes can be comprised of Good Faith, Money Due and Reg T call strikes (total of four) within a rolling 12 month period in order to constitute for an account restriction.**