

# Account Feature Margin Agreement

MA

Account Number

**Instructions:** This agreement presents the terms and conditions governing margin your existing account (see Account Number and Account Information as set out herein) with LPL Financial LLC ("LPL"). Your signature confirms that you agree to abide by the terms and conditions outlined in this agreement. Please read it carefully and maintain a copy for future reference. Any questions you have regarding this document or your account should be discussed with your representative. **Managed Accounts such as MWP, GWP, OMP, PWP, MAS, MAN, and Manager Select are not eligible for margin.**

Please mail the completed form to LPL Financial, Attn: Trade Direct, P.O. Box 509049 San Diego, CA 92150-9049 or fax to (858) 202-8500.

## 1. Account Information

Account Registration

## 2. Operation of Your Brokerage Account on Margin

### Margin

Purchase of securities on credit, commonly known as margin purchases, enable you to increase the buying power of its equity and thus increase the potential for profit—or loss. A portion of the purchase price is deposited when buying securities on margin and LPL extends credit for the remainder. This loan appears as a debit balance on your periodic statement of account. LPL charges interest on the debit balance and requires margin clients to maintain securities, cash, or other property to secure repayment of funds advanced and interest due.

Interest will be charged for any credit extended to you for the purpose of buying, trading or carrying any securities, for any cash withdrawals made against the collateral of securities, or for any other extension of credit. When funds are paid in advance of settlement on the sale of securities, interest will be charged on such amount from the date of payment until settlement date. In the event that any other charge is made to the account for any reason, interest may be charged on the resulting debit balances.

### Deposit of Collateral, Lien on Accounts and Liquidation

In the event that additional collateral is requested, you may deposit cash or acceptable securities into your margin account. If satisfactory collateral is not promptly deposited after a request is made, LPL may, at its discretion, liquidate securities held in any of your accounts. In this connection, pursuant to this agreement, LPL retains a security interest in all securities and other property held in its accounts, including securities held for safekeeping, so long as any credit extended remains outstanding. Notwithstanding any other provision in this agreement to the contrary, any lien or security interest arising out of fees, charges or other obligations owed to LPL by an account of an individual retirement account or other plan subject to the prohibited transaction provisions of section 4975(c) of the Internal Revenue Code ("Plan") shall be limited to and enforceable against only the assets of such Plan account and any lien or security interest arising out of fees, charges or other obligations owed to LPL by a non-Plan account shall not extend to or be enforceable against the assets of any Plan account.

### Liquidation

If, in LPL's discretion, LPL considers it necessary for its protection to require additional collateral or in the event that a petition in bankruptcy, or for appointment of a receiver is filed by or against you, or an attachment is levied against your accounts, or in the event of your death, LPL shall have the right to sell any or all securities, commodities, and other property in your accounts with LPL, whether carried individually or jointly with others, to buy any or all securities, commodities, and other property which may be short in such accounts, to cancel any open orders and to close any or all outstanding contracts, all without demand for margin or additional margin, notice of sale or purchase or other notice or advertisement. Any such sales or purchases may be made at LPL's discretion on any exchange or other market where such business is usually transacted, or at public auction or private sale, and LPL may be the purchaser for LPL's own account. It is understood that a prior demand, or call, or prior notice of the time and place of such a sale shall not be considered a waiver of LPL's right to sell or buy without demand or notice.

### Payment of Indebtedness upon Demand and Liability for Costs of Collection

You shall at all times be liable for the payment upon demand of any debit balance or other obligations owing in any of your accounts with LPL and you shall be liable to LPL for any deficiency remaining in any such accounts in the event of the liquidation thereof, in whole or in part, by LPL or by you; and, you shall make payments of such obligation and indebtedness upon demand. The reasonable costs and expense of collection of the debit balance, recovery of securities, and any unpaid deficiency in your accounts with LPL, including, but not limited to, attorneys' fees, incurred and payable or paid by LPL shall be payable to LPL by you.

Since you may be subject to a higher tax rate on these payment types, you should consult with your tax advisor to discuss the possible implications of this exception from the reduced tax rates. By signing this agreement, you further certify that no tax advice has been given to you by LPL, unless your financial professional is employed, as an outside activity, as a duly qualified tax advisor for which separate and distinct considerations may have been paid and is unrelated in any way to LPL. By entering into this agreement, you expressly assume responsibility for tax implications and adverse consequences, which may arise from entering into this agreement.

### Pledge of Securities

Securities purchased on a cash or margin basis may be hypothecated under circumstances which will permit the co-mingling thereof with securities carried for other customers, but such securities, if hypothecated, will be withdrawn from hypothecation as soon as practicable upon receipt of payment therefor.

Pursuant to industry standards, in signing this agreement, you are agreeing to allow LPL to borrow your stock from your margin account. If your stock pays a dividend or other distribution and is loaned out over the record date for that payment, you may receive a substitute payment or payment in lieu of dividends instead of a qualifying dividend. Substitute payments are subject to a higher tax rate and would be reported to you on an IRS Form 1099-MISC instead of an IRS Form 1099-DIV. By entering into this agreement, you expressly assume responsibility for tax implications and adverse consequences, which may arise from entering into this agreement.



## 2. Operation of Your Brokerage Account on Margin (continued)

### Margin Requirements and Credit Charges

You will at all times maintain such securities, commodities, and other property in your accounts for margin purposes as LPL shall require from time to time and the monthly debit balances or adjusted balances in your accounts shall be charged, in accordance with LPL's practice, with interest at a rate permitted by the laws of the Commonwealth of Massachusetts. It is understood that the interest charge made to your account at the close of a charge period will be added to the opening balance for the next charge period unless paid.

### Interest Rates

Interest charged on credit extended in margin accounts will be charged interest at an annual rate ("Schedule Rate") based on the following factors: (1) the LPL Base Lending Rate; and (2) a tiered schedule of premiums or discounts based on your account or group margin balance. The Schedule Rate will change, without notice, based on changes in the LPL Base Lending Rate and account or group margin balance. Your Schedule Rate will reflect changes in margin balance one to two business days after any changes in your account or group margin balance. The LPL Base Lending Rate will be set with reference to commercially recognized interest rates, industry conditions relating to the extension of credit, and general market conditions. If the Schedule Rate charged to you is increased for any other reason, you will be notified at least 30 days in advance. When your Schedule Rate changes during an Interest Period due to a change in: the LPL Base Lending Rate or your margin balance; interest will be calculated according to the number of days each Schedule Rate is in effect during that period. The actual margin interest rate charged may be a customized rate. LPL may, without prior notice, change (increase or decrease) a customized rate to the Schedule Rate. LPL retains a portion of any interest charged on margin debit balances. The LPL Base Lending rate and tiered schedule of premiums and discounts can be found at [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

Interest on trading-related debit balances in brokerage cash accounts will be charged the Cash Due Interest Rate, beginning three days after settlement, and only charged if accrued interest exceeds a minimum dollar amount for the Interest Period. Please reference the Miscellaneous Account and Service Fees Schedule, which is also available at [LPL.com/disclosures.html](http://LPL.com/disclosures.html).

### Interest Period

Interest charges for the period shown on periodic statements reflect the second to last business day of the month prior to the period covered by the statement through the third to last business day of the current month ("Interest Period"). Accordingly, the interest charges for the month(s) shown on your periodic statement are based only on the daily net debit and credit balances for the Interest Period.

### Method of Interest Computation

At the close of each Interest Period during which credit was extended to you, an interest charge is computed by multiplying the average daily debit balance by the applicable Schedule Rate and by the number of days during which a debit balance was outstanding and then dividing by 360. If there has been a change in the Schedule Rate, separate computations will be made with respect to each rate of charge for the appropriate number of days at each rate during the Interest Period. The interest charge for credit extended to your account at the close of the Interest Period is added to the opening debit balance for the next Interest Period unless paid.

With the exception of credit balances in your short account, all other credit and debit balances in each portion of your account will be combined daily and interest will be charged on the resulting average daily net debit balances for the Interest Period. If there is a debit in the cash account (type 1) and there is a margin account (type 2), interest will be calculated on the combined debit balance and charged to the margin account. Any credit balance in the short account is disregarded because such credit collateralizes the stock borrowed for delivery against the short sale. Such credit is disregarded even if you should be long the same position in your margin account (i.e., short against the box). If the security that you sold short (or sold against the box) appreciates in market price over the selling price, interest will be charged on the appreciation in value. Correspondingly, if the security that you sold short depreciates in market price, the interest charged will be reduced since your average debit balance will decline. This practice is known as "marking to market." The daily closing price is used to determine any appreciation or depreciation of the security sold short.

If your account is short shares of stock on the record date of a dividend or other distribution, however such short position occurs, your account will be charged the amount of dividend or other distribution on the following Business Day.

### General Margin Policies

The amount of credit that may be extended by LPL and the terms of such extension are governed by rules of the Federal Reserve Board and the Financial Industry Regulatory Authority. Within the guidelines of these rules and subject to adjustment required by changes in such rules and our business judgement, LPL establishes certain policies with respect to margin accounts. If the market value of securities in a margin account declines, LPL may require the deposit of additional collateral. Margin account equity is the current market value of securities and cash deposited as security less the amount owed LPL for credit extended at its discretion. It is LPL's general policy to require margin account holders to maintain equity in its margin accounts of the greater of 30% of the current market value or \$3.00 per share for common stock purchased on margin. LPL applies other standards for other types of securities. For example, securities may be ineligible for margin credit from time to time. For information with respect to general margin maintenance policy as to municipal bonds, corporate bonds, listed United States Treasury notes and bonds, mutual funds, and other securities, as well as information about the eligibility of particular securities for margin credit, please contact your financial professional. Notwithstanding the above general policies, LPL reserves the right, at its discretion, to require the deposit of additional collateral and to set required margin at a higher or lower amount with respect to particular accounts or classes of accounts as it deems necessary. In making these determinations, LPL may take into account various factors including the size of the account, liquidity of a position, unusual concentrations of securities in an account, or a decline of credit worthiness. If you fail to meet a margin call in a timely manner, some or all of your positions may be liquidated.

### Credit Investigation

LPL may exchange credit information about you with others. LPL may request a credit report on you and upon request, LPL will state the name and address of the consumer reporting agency that furnished it. If LPL extends, updates, or renews your credit, LPL may request a new credit report without telling you.



**2. Operation of Your Brokerage Account on Margin (continued)**

Arbitrability of Disputes

This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

- (A) All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- (B) Arbitration awards are generally final and binding; a party’s ability to have a court reverse or modify an arbitration award is very limited.
- (C) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- (D) The arbitrators do not have to explain the reason(s) for their award, unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first hearing date.
- (E) The Panel of Arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- (F) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- (G) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

In consideration of opening one or more accounts for you and entering into this agreement, you agree that any claims or controversy arising between you and LPL and/or your Representative(s), and their parents, subsidiaries, affiliates, officers, directors, employees, agents, and Third-Party Service Providers (whether or not a signatory to this Margin Agreement or the Account Agreement), arising out of or relating in whole or in part to your account, transactions with or for you, this agreement or any other agreement you have entered into with the parties hereto, or the construction, performance, or breach of this agreement, or any other agreement you have entered with the parties hereto, whether entered into prior, on or subsequent to the date hereof, shall be settled by arbitration to be filed at and to be conducted in accordance with the rules, then in effect of the FINRA. If the claim or controversy is not arbitrable before FINRA, then arbitration will be conducted by, and in accordance with the rules and procedures of Judicial Arbitration and Mediation Services, Inc. (“JAMS”). If arbitration before JAMS is unavailable or impossible for any reason, then you agree to arbitrate in another forum to which the parties otherwise agree. This agreement does not prohibit or restrict you from requesting arbitration of a dispute in the FINRA arbitration forum as specified in FINRA rules. Notwithstanding any provision of JAMS Rules (or other applicable arbitration forum rules), any such arbitration shall occur on an individual basis only, and not on a class or collective basis, and you waive the right to initiate, participate in, or recover through, any class or collective action in any claims that are not arbitrable before FINRA. To the extent any claim on a class or collective or representative basis is nonarbitrable under the law, then such claims shall be filed and adjudicated in a court of competent jurisdiction, and not in arbitration. A court of competent jurisdiction (and not an arbitrator) shall resolve any dispute about the formation, validity, or enforceability of any provision of this Agreement. Any arbitration award hereunder shall be final, and judgment upon the award rendered may be entered in any court, state or federal, having jurisdiction. Nothing in this Agreement requires arbitration of any claim that under the law cannot be made subject to a pre-dispute agreement to arbitrate claims, including any dispute or controversy nonarbitrable under federal law.

This arbitration agreement will be binding upon and inure to the benefit of the parties hereto and their respective representatives, attorneys-in-fact, heirs, successors, assigns, and any other persons having or claiming to have a legal or beneficial interest in any account you maintain at LPL, including court-appointed trustees and receivers. This arbitration agreement will also inure to the benefit of third-party service providers that assist or enable LPL to provide services hereunder including investment and investment product manufacturers and insurance and annuity carriers (“Third-Party Service Providers”), and such Third-Party Service Providers are deemed to be third-party beneficiaries of this arbitration agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.

**3. Client Acknowledgment and Agreement**

This agreement contains a pre-dispute arbitration clause appearing above on this page of the agreement. If the account agreement for my existing account is amended after the date of this agreement, I agree to be bound by the account agreement as amended, including its provisions as to margin and pre-dispute resolution. I acknowledge receiving and reading a copy of this agreement and agree to abide by its terms as currently in effect or as they may be amended from time to time. I acknowledge that I have received a copy of the Margin Disclosure statement.

Date Margin Disclosure Statement provided:

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Account Holder Name (print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Account Holder Name (print)

\_\_\_\_\_  
Date

