

Stifel is furnishing this information to you to provide some basic facts about purchasing securities on margin and to alert you to the risks involved with investing in or trading securities in a margin account. Before investing in or trading securities in a margin account, you should carefully review the provisions concerning margin in the Stifel Account Agreement and Disclosure Booklet. Consult your Financial Advisor regarding any questions or concerns you may have with your margin account(s).

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from Stifel. If you choose to borrow funds from Stifel, you will need to establish margin privileges on your account. The securities purchased are Stifel's collateral for the loan to you. You will pay interest on the margin balance. If the securities in your account decline in value, so does the value of the collateral supporting your loan. As a result, Stifel can take action, such as issue a maintenance or margin call and/or sell securities in your account or other assets in any of your accounts held at Stifel in order to maintain the required equity in the account.

Stifel will, as necessary, buy assets or contracts relating to any short positions in your account in order to close out in whole or in part short sale commitments on your behalf – even if that results in a sale of another asset.

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

The leverage provided by margin, while increasing the potential return, also increases risk.

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 or securities to Stifel to avoid the forced sale of those securities or other securities in your account(s).

Stifel can force the sale of securities in your account(s). If the equity in your account falls below the maintenance margin requirements under the law, or Stifel's higher "house" requirements, Stifel can sell the securities in your account or other assets in any of your accounts held at Stifel to cover the margin deficiency. You also will be responsible for any remaining shortfall in the account after such a sale – you are responsible for any losses in your account.

Stifel can sell your securities without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that a firm cannot liquidate securities in their accounts to meet the call unless a firm has contacted them first. This is not the case. Most firms will attempt to notify their clients of margin calls, but they are not required to do so. Moreover, even if a firm has contacted a client and provided a specific date by which the client may meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the client.

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

Stifel can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice. These 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 Stifel 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 granted to clients under certain conditions, a client does not have a right to an extension.