

RESOLUTION OF MARGIN CALLS

Mini Account	Standard Account		
Maintenance Call	Money Due Call	Regular Maintenance Call	Equity Maintenance Call
	Fed Call	Concentrated Maintenance Call	Day Trading Call

Maintenance Call

Reason for the call:

The value of the account does not cover the Margin Requirement (Margin Equity < Margin Requirement).

Recall of certain rules:

- In order to keep overnight positions on your margin and short accounts, the following condition must be respected: **Margin Equity > Margin Requirement.**
 - **Margin Equity** represents the value of equity available for margin trading
 - **Margin Requirement** represents maximum potential loss to which your portfolio is exposed under following criteria:

Type of position	Margin Requirement in %
Long stock > \$3	35% of position*
Long stock \$3-\$5	50% of position
Long stock < \$3	100% of position
Short stock > \$3	\$5 per stock or 30% or \$250, highest of two options
Short stock < \$3	\$2.5 per stock or 100% or \$250, highest of two options
Long option	100%
Short option naked	100% of the premium + highest of following options : 20% of the stock less difference with 'out of the money' or 10% of the share Minimum : \$250 per contract
Credit option spread	Lowest of following options: difference between strikes or margin on option naked short
Debit option spread	Debit

* Note : this percentage is higher than the one mentioned on the Penson Intranet site.

- WHS reserves the right to close out positions without warning the client if margin equity < 25% x positions.
- OTCBB stocks, Pink Sheets and stocks <\$3 must be traded on the cash account. It is prohibited to day trade on the cash account.

Covering a Maintenance Call

You have **5 business days** to cover a maintenance call by taking the following measures:

- Transfer the sum corresponding to the Call
- Close out positions. Example:
 - Selling \$1 of stock (< \$3) covers \$1 of the call
 - Selling \$1 of stock (> \$3) covers \$0.35 of the call
 - Buying \$1 of short stock covers \$0.30 of the call
- Market appreciation

Penalty in case of failure to meet the Maintenance Call :

- WHS will liquidate part of your positions.

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Money Due Call

Reason for the call:

Insufficient funds to cover the purchases on your Cash account.

Recall of certain rules :

- Each purchase on the Cash account must be settled in full.
 - *Ex : A trader wishes to place on the same day two consecutive day trades for a value of \$10,000 each. This will only be permitted if he has at least \$20,000 on his account.*
- OTCBB stocks, Pink Sheets and all stocks < \$5 must **only** be traded on the cash account.
- U.S. regulations stipulate that day trading is only authorized on the margin and short accounts and is prohibited on the cash account.

Covering a Money Due Call

You dispose of **5 business** days to respond to a Money Due Call by means of a money transfer.

Penalty in case of failure to meet a Money Due Call

- Penson will put your account under supervision for 90 days. During this period you can continue to trade as usual.
- If you receive a 2nd Money Due Call or a Fed Call during the 90-day supervision period, Penson will grant you a single business day to settle it. If you do not meet the 2nd Money Due Call, Penson will freeze your account for 90 days.
- When an account is frozen, the Buying Power is removed from the platform and trading is disabled. Existing positions can still be closed out through telephone orders.
- Attention: accounts that have been frozen twice will be closed definitively by Penson.
- Remark: The page 'Account information/Customer information' on the Penson Intranet shows the status of the account: Restricted = account under supervision for 90 days, Closed = account frozen for 90 days.

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Fed Call

Reason for the call:

Insufficient overnight Buying Power

Recall of certain rules:

- The addition of new positions kept overnight is limited by the overnight buying power.
- On the trading platform, the size of orders is limited by the intraday buying power. Overnight buying power is not visible on the platform.
- Attention: intraday buying power is always superior to overnight buying power therefore the platform cannot prevent you from exceeding your overnight buying power. You are the only one to decide whether a position should be liquidated before market close.

Covering a Fed Call

You dispose of **5 business days** to cover an initial Fed Call by taking the following measures:

- Transfer the sum corresponding to the call
- Transfer margin eligible stocks for twice the value of the call

Penalty in case of failure to meet a Fed Call

- Person will close out all excessive positions and will put your account under supervision for 90 days. During this period you can continue to trade as usual. The liquidation will be executed according to the following rules:
 - \$2 of liquidated stock (>\$5) cover \$1 of the Fed Call
 - \$1 of liquidated stock (<\$5) covers \$1 of the Fed Call
- If you receive a second Fed Call or a Money Due Call whilst the account is under supervision, Person will grant you a single business day to settle it. If you do not meet the 2nd Money Due Call within 24 hours, your account will be frozen for 90 days.
- When an account is frozen, the buying power is removed from the platform and trading is disabled. It is impossible to open new positions. Existing positions can still be closed out through telephone orders.
- Remarks:
 1. The liquidation of excessive positions is not sufficient. To cover the Fed Call you will also need to do a money transfer.
 2. If you receive two consecutive Fed Calls, each Fed Call will have to be covered separately.
 3. Person will definitively close all accounts that have been frozen twice in a row.
 4. The page 'Account information/Customer information' on the Person Intranet shows the status of the account: Restricted = account under supervision for 90 days, Closed = account frozen for 90 days.

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Regular Maintenance Call

Reason of the call :

The value of the account does not cover the Margin Requirement (Margin Equity < Margin Requirement).

Recall of certain rules:

- In order to keep positions overnight on the margin and short accounts, the following condition must be filled: **Margin Equity > Margin Requirement**.
 - **Margin Equity** is the value of equity available for margin trading.
 - **Margin Requirement** is the maximum potential loss to which your portfolio is exposed according to rules below:

Type de position	Margin Requirement* en %
Long stock > \$5	25%
Long stock between \$3 and \$5	50% of the position
Long stock < \$3	100%
Short stock > \$5	\$5 per stock or 30%, highest of two options
Short stock < \$5	\$2.5 per stock or 100%, highest of two options
Long option	100%
Short option naked	100% of the premium + highest of following options : 20% of the stock less difference with 'out of the money' or 10% of the stock Minimum : \$250 per contrat
Credit option spread	Lowest of following options: difference between strikes or margin on option naked short
Debit option spread	Debit

* These percentages can be higher in case of high risk stock (40% to 100%) and with concentrated accounts (see Maintenance Concentrated Call).

Covering a Regular Maintenance Call

You dispose of **3 business days** to meet a Regular Maintenance Call by taking the following measures:

- Transfer the sum corresponding to the call
- Close out positions. Examples:
 - Selling \$1 of stock (< \$5) covers \$1 of the call
 - Selling \$1 of stock (> \$5) covers \$0.25 of the call
 - Buying \$1 of short stock covers \$0.30 of the call
- Transfer margin eligible securities (please contact us)
- Market appreciation

Penalty in case of failure to meet a Regular Maintenance Call

- Person will close out part of your positions.

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Concentrated Maintenance Call

Reason for the call :

Margin Equity falls below value of the position on the Margin- or Short account.

Recall of certain rules :

- See definition of Margin Equity under section 'Regular Maintenance Call'.
- A concentrated account has a margin requirement of at least 40% per position.

Covering a Concentrated Maintenance Call

You dispose of **3 business days** to meet a Concentrated Maintenance Call by taking the following measures:

- Transfer the sum corresponding to the call
- Close out positions. Examples:
 - Selling \$1 of stock (< \$5) covers \$1 of the call
 - Selling \$1 of stock (> \$5) covers \$0.40 of the call
 - Buying \$1 of short stock covers \$0.40 of the call
- Transfer margin eligible securities (please contact us)
- Market appreciation

Penalty in case of failure to meet a Concentrated Maintenance Call

- Penson will liquidate part of your positions.

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Equity maintenance

Reason for the call :

The value of the account falls below \$25.000.

Pattern Day trader and Non Pattern Day Trader:

- Person will classify each new trader as a « pattern day trader ».
- A « pattern day trader » will only be authorised to day trade if the condition Total Equity > \$25.000 is satisfied.

What happens if account equity falls below \$25.000?

Person will immediately apply the following restrictions:

- Limitation to 3 day trades per 5 business day period
- Intraday Buying Power on the trading platform will be reduced from 4:1 to 2:1

Covering an Equity Maintenance Call

Transfer of money or securities in order to bring account value above \$25.000.

Penalty in case of failure to meet an Equity Maintenance Call

- No penalty is applied if you do not cover an Equity Maintenance Call, however, if you execute more than 3 day trades in the course of a 5-day period, you will receive a Day Trade Call (see the section on Day Trading Call).

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Day Trading Call

Reason for the call:

Insufficient Intraday Buying Power to satisfy initial requirement on day trading transactions.

Note: such a situation is only possible if the account value falls below \$25,000. As explained in the section on Equity Maintenance Call, you will then be limited to 3 day trades per 5-day period and your intraday buying power will be reduced from 4:1 to 2:1. **A day trade call will only be caused by the execution of more day trades than authorized.**

Recall of certain rules:

- A day trade is defined as the opening and closing out of a position in the course of one trade day.
- Selling an overnight position is not considered as day trading.
- Closing out and re-opening an overnight position is not considered as a day trade.
- On the trading platform, the size of orders is limited by the intraday buying power which is calculated in real time.

Covering a Day Trading Call

You dispose of **5 business days** to meet a Day Trading Call by means of a money transfer.

The following restrictions apply in case of a Day Trade Call:

- Your intraday buying power will be set to zero on the trading platform
- You will be able to close out open positions by telephone
- You will not be able to open new positions

Penalty in case of failure to meet a Day Trading Call

- Penson will freeze your account for 90 days.
- When an account is frozen, the buying power is removed from the platform and trading is disabled. It is impossible to open new positions. Existing positions can still be closed out through telephone orders.