

Margin Disclosure

First Asset Financial Inc., would like to provide you some basic facts about purchasing securities on Margin, and to alert you to the risks involved with trading securities in a margin account. You should carefully review the margin agreement provided by your brokerage firm. Consult with your brokerage firm regarding any questions or concerns you may have with your margin account(s).

When you purchase securities from your brokerage firm, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm's clearing firm, Southwest Securities. If you choose to borrow funds, you will open a margin account with your brokerage firm. The securities purchased are Southwest Securities's collateral for the loan to you. If the securities in your account decline in value, so does the value of collateral supporting your loan. And, as a result, Southwest Securities can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account.

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

- **You can lose more funds than you deposit in the margin account.**
A decline in the value of securities that are purchased may require you to provide additional funds to Southwest Securities, the firm that has made the loan, to avoid the forced sale of those securities or other securities or assets in your account(s).
- **Southwest Securities can force the sale of securities or other assets in your account(s).**
If the equity in your account falls below the maintenance margin requirements or Southwest Securities's higher "House" requirements, Southwest Securities can sell the securities or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- **Southwest Securities can sell your securities or other assets without contacting you.**
Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. (Most firms will attempt to notify customers of margin calls, but they are not required to do so.) However, 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 interests, including immediately selling securities without notice to the customer.
- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.**
Because the securities are collateral for the margin loan, Southwest Securities has the right to decide which securities or asset to sell in order to protect its interests.

- **Southwest Securities can increase its "House" maintenance margin requirements at any time and is not required to provide you with any 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 Southwest Securities to liquidate or sell securities or other assets in your account(s).

- **You are not entitled to an extension of time on a margin call.**

While an extension of time to meet margin requirements may be available to customers under certain conditions, you do not have the right to the extension.