Margin Disclosure Statement

D.A. Davidson & Co. member SIPC

D.A. Davidson & Co. ("D.A. Davidson") 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 trading securities in a margin account. Before trading stocks in a margin account, you should carefully review your "Client Account Agreement" which you signed when you opened your account with D.A. Davidson and which governs the use of margin in your account. Please consult your D.A. Davidson financial professional regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from D.A. Davidson in non-qualified accounts via margin and pay D.A. Davidson interest on the margin balance. The securities purchased as well as other assets in your accounts are D.A. Davidson's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, D.A. Davidson can take action, such as issue a margin call (which would advise you of your need to add additional funds or securities to provide an adequate amount of collateral to support your loan) and/or sell securities or other assets in any of your non-qualified accounts held with D.A. Davidson, in order to restore the required amount of collateral in the account. If you fail to meet a margin call, you could lose the funds you originally deposited as well as all or a portion of the funds you borrowed from D.A. Davidson. It is important that you fully understand the risks involved in trading securities on margin.

These risks include the following:

- **You may 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 to D.A. Davidson to avoid the forced sale of those securities or other securities or assets in your account(s). This is referred to as a margin call.
- **D.A. Davidson can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the regulatory margin maintenance requirements or D.A. Davidson's higher "house" requirements, D.A. Davidson may sell securities or assets in certain other of your non-IRA accounts held by D.A. Davidson to cover the margin deficiency. You will be responsible for any shortfall in the account after such a sale.
- **D.A. Davidson can sell your securities or other assets without contacting you.** Some investors mistakenly believe that their 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. D.A. Davidson will attempt to notify their customers of margin calls, but they are not required to do so. However, even if D.A. Davidson has contacted a customer and provided a specific date by which the customer can meet a margin call, D.A. Davidson can still take necessary steps to protect its financial interests, including immediately selling the securities or withdrawing funds from your bank insured deposit account without notice to the customer.
- **If you do not meet the margin call funding requirements, you are not entitled to choose which securities or other assets in your account(s) are liquidated or sold.** Because the securities are collateral for the margin loan, D.A. Davidson has the right to decide which security to sell in order to protect its interests.
- **D.A. Davidson can increase its "house" maintenance margin requirements at any time and is not required to provide you advance notice.** These changes in policy often take effect immediately and can result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause D.A. Davidson to liquidate or sell securities 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, a customer does not have a right to an extension.

How does margin work?

When you use margin, you are employing leverage—using borrowed money in an attempt to increase your investment returns. However, leverage is a double-edged sword. When the price of a margined security declines, leverage will increase the risk of loss.

Consider an example:

	Using Cash Only	Using Margin
Value of Purchase	$10,000	$10,000
Investor's Cash Payment	$10,000	$5,000
Margin Loan from Davidson	0	$5,000

Assume Value Increase of $1,000		
New Value	$11,000	$11,000
Profit	$1,000	$1,000
Cash Investment	$10,000	$5,000
Return on Investment	10%	20%
Assume Value Decrease of $1,000		
New Value	$9,000	$9,000
Loss	$1,000	$1,000
Cash Investment	$10,000	$5,000
Return on Investment	-10%	-20%

The example shows that an investor who makes a cash purchase either loses or gains 10%, while the margined investor loses or gains 20%. For this reason, investors who employ margin usually have a more aggressive approach to investing with a willingness to take larger risk. Before choosing to invest using margin, you should consult your Davidson Financial Advisor to determine if the risk is appropriate for your investment objectives and risk tolerance. The example does not include the margin interest charges that the investor would be required to pay.

Initial Margin Requirements and Maintenance Requirement

The initial margin requirement is the percentage amount required as initial equity from the investor. Federal Reserve Board Regulation T establishes a minimum equity value for margin transactions. For most equity securities, which meet standards as defined in the regulation, this requirement is 50%—the investor must have 50% of the security's value on deposit. Some securities, including many U.S. Treasury issues, have lower margin requirements while some may have higher requirements or not be eligible for margin lending. If you borrow on margin, there is an ongoing minimum equity requirement called the maintenance requirement, usually 30%. In some cases, Davidson may have a "house" requirement that is above 30%.

If the value of the securities in a margin account falls so that the equity is below the maintenance requirement, a margin call will be issued requiring the client to deposit cash or securities into the margin account to bring the equity value up to the required maintenance level. As noted earlier, Davidson can change maintenance requirements at any time without prior notification.

Consider the table below showing a decline in value. The example assumes that the maintenance level on all securities in the account is 30%. When the value of the securities in the account falls below $7,000, the equity falls below 30% which will trigger a margin call.

Impact of a Decrease in Value				
Account Value	$10,000	$9,000	$8,000	$7,000
Margin Loan	$5,000	$5,000	$5,000	$5,000
Equity (value minus loan)	$5,000	$4,000	$3,000	$2,000
Equity percent (equity divided by value)	50%	44%	38%	29%

When equity falls below the maintenance requirement, and a margin call is issued, Davidson will try to contact the client. As noted above, however, Davidson can sell securities to meet a margin call at any time, without notice.

Margin Interest

Davidson will charge interest to margin accounts based on the Davidson Base Rate. The Davidson Base Rate is an internally calculated rate established by Davidson and changes from time to time based on Davidson's cost of funds as well as Davidson's assessment of the rates charged in the financial markets. To determine your margin account's interest rate, we will use the schedule linked below. The interest rate you will be charged for borrowing on margin will increase or decrease as the Davidson Base Rate increases or decreases. Interest charges accrue daily and are billed on a monthly basis. The Davidson Base Rate is published here and is subject to change without prior notice to you. We encourage you to check our website frequently to be sure you are aware of the current Base Rate at all times.

D.A. Davidson & Co. Disclosures Pursuant to: FINRA Rule 2264