

BY THIS REFERENCE THE STANDARD MARGIN TERMS CONDITIONS AND DISCLOSURES ARE INCORPORATED.

OVERVIEW OF PORTFOLIO MARGIN

1. Portfolio margin is a margin methodology that sets margin requirements for an account based on the greatest projected net loss of all positions in a "security class" or "product group" as determined by an options theoretical pricing model using multiple pricing scenarios. These pricing scenarios are designed to measure the theoretical loss of the positions given changes in both the underlying price and implied volatility inputs to the model.
2. The goal of portfolio margin is to set levels of margin that more precisely reflect actual net risk. The client benefits from portfolio margin in that margin requirements calculated on net risk are generally lower than alternative "position" or "strategy" based methodologies for determining margin requirements. Lower margin requirements allow the client more leverage in an account.

CLIENTS ELIGIBLE FOR PORTFOLIO MARGIN

3. To be eligible for portfolio margin, clients (other than broker-dealers or members of a national futures exchange) must be approved for writing uncovered options. If a client (other than a broker-dealer or members of a national futures exchange) wishes to trade in unlisted derivatives, the client must have and maintain at all times account equity of not less than \$5 million, aggregated across all accounts under identical ownership at the clearing broker. This identical ownership requirement excludes accounts held by the same client in different capacities (for example, as a trustee and as an individual) and accounts where ownership is overlapping but not identical (for example, individual accounts and joint accounts). In addition to the requirements of the self-regulatory organization rule, TD Ameritrade, Inc. and its clearing firm TD Ameritrade Clearing, Inc. reserves the right to mandate that each account must have a net liquidating value of at least \$125,000 to be eligible. Portfolio margin is only available to margin (non-IRA) accounts. Smaller accounts cannot be combined to meet the \$125,000 requirement.

POSITIONS ELIGIBLE FOR A PORTFOLIO MARGIN ACCOUNT

4. All margin equity securities (as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System), warrants on equity securities or on indices of equity securities, equity-based or equity-index based listed options, and security futures products (as defined in Section 3(a)(56) of the Securities Exchange Act of 1934) are eligible for a portfolio margin account. In addition, a client who has an account with equity of at least \$5 million may establish and maintain positions in unlisted derivatives (for example, OTC swaps, options) on an equity security or index of equity securities that can be priced by a theoretical pricing model approved by the Securities and Exchange Commission ("SEC").

SPECIAL RULES FOR PORTFOLIO MARGIN ACCOUNTS

5. A portfolio margin account may be either a separate account or a sub-account of a client's standard margin account. In the case of a sub-account, equity in the standard account will be available to satisfy any margin requirement in the portfolio margin sub-account without transfer to the sub-account.
6. A portfolio margin account or sub-account will be subject to a minimum margin requirement of \$0.375 for each listed option, unlisted derivative and security futures product, multiplied by the contract's or instrument's multiplier, carried long or short in the account. Other eligible products are not subject to a minimum margin requirement.
7. A margin deficiency in the portfolio margin account or sub-account, regardless of whether due to new commitments or the effect of adverse market movements on existing positions, must be met within three business days. Failure to meet a portfolio margin deficiency will result in a prohibition on entering any new orders, with the exception of new orders that reduce the margin requirement. Failure to meet a portfolio margin deficiency by the end of the third business day will result in immediate liquidation of positions on the fourth business day, to the extent necessary to eliminate the margin deficiency.
8. If an account falls below \$100,000 this will create a portfolio margin deficiency. Any shortfall must be met within three business days. An account with a minimum equity deficiency will be prohibited from entering any new orders, with the exception of new orders that reduce the margin requirement until such time as the minimum equity requirement is satisfied. TD Ameritrade Clearing, Inc. reserves the right to disable portfolio margin on an account if the account falls below \$100,000 or a call is not met in a timely fashion. Additionally, there is no guarantee that portfolio margin will be reinstated on an account that had portfolio margin disabled.
9. When a broker-dealer carries a standard cash account or margin account for a client, the broker-dealer is limited by the rules of the SEC and Options Clearing Corporation ("OCC") to the extent to which the broker-dealer may permit the OCC to have a lien against long options positions in those accounts. In contrast, the OCC will have a lien against all long options positions that are carried by a broker-dealer in a portfolio margin account, and this could under certain circumstances, result in greater losses to a client having long options positions in such an account in the event of the insolvency of the client's broker. Furthermore, TD Ameritrade, Inc., and/or TD Ameritrade Clearing, Inc. has a lien on all long positions in a portfolio margin account, including margin equity securities, even if fully paid. Accordingly, to the extent that a client does not borrow against long options and margin equity positions in a portfolio margin account or have margin requirements in the account against which the long options or margin equity securities can be credited, there is no advantage to carrying the long options and margin equity securities in a portfolio margin account and the client should consider carrying them in an account other than a portfolio margin account.
10. Clients participating in portfolio margin will be required to sign an agreement acknowledging that their security positions and property in the portfolio margin account will be subject to the client protection provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 and the Securities Investor Protection Act.

SPECIAL RISK OF PORTFOLIO MARGIN ACCOUNTS

11. A portfolio margin account generally permits greater leverage in an account, and greater leverage creates greater losses in the event of adverse market movements.
12. All accounts are approved for Short Uncovered Options positions therefore each client must know and understand the risks of these types of strategies.
13. Because the maximum time limit for meeting a margin deficiency is shorter than in a standard margin account, there is increased risk that a client's portfolio margin account will be liquidated involuntarily, possibly causing losses to the client.
14. Because portfolio margin requirements are determined using sophisticated mathematical calculations and theoretical values that must be calculated from market data, it may be more difficult for clients to predict the size of future margin deficiencies in a portfolio margin account. This is particularly true in the case of clients who do not have access to specialized software necessary to make such calculations or who do not receive theoretical values calculated and distributed periodically by an approved vendor of theoretical values.
15. Portfolio Margin Requirements are calculated intraday using a proprietary risk model which includes underlying price shocks along a risk array. Additionally, for option positions the implied volatility is shocked at each corresponding underlying price move. These theoretical price and volatility shocks used to calculate the portfolio's margin requirement represent TD Ameritrade Clearing, Inc.'s best estimate of the maximum portfolio risk. The risk model may not account for all potential portfolio risks.
16. For the reasons noted above, a client who carries long eligible positions in a portfolio margin account could, under certain circumstances, be less likely to recover the full value of those positions in the event of the insolvency of TD Ameritrade, Inc. or TD Ameritrade Clearing, Inc.
17. Trading of margin equity securities, warrants on equity securities or on indices of equity securities, listed options, unlisted derivatives, and security futures products in a portfolio margin account is generally subject to all the risks of trading those same products in a standard securities margin account. Clients should be thoroughly familiar with the risk disclosure materials applicable to those products, including the booklet entitled "Characteristics and Risks of Standardized Options" because this disclosure statement does not disclose the risks and other significant aspects of trading in options.
18. It is the client's obligation to evaluate the risks of portfolio margin when making investment decisions. TD Ameritrade reserves the right at its sole discretion to decline a client the use of portfolio margin. In the event TD Ameritrade decides to terminate a client's use of portfolio margin, the client's account may be converted to the standard margin account. The conversion of a portfolio margin account to a margin account may require the liquidation of positions.
19. Clients should also consult with their tax advisors to be certain that they are familiar with the tax treatment of transactions in margin equity securities, warrants on equity securities, or on indices of equity securities, listed options, unlisted derivatives, and security futures products, including tax consequences of trading strategies involving both security futures and options contracts.
20. The descriptions in this disclosure statement relating to eligibility requirements for portfolio margin accounts, and minimum equity and margin requirements for those accounts are minimums imposed under the self-regulatory organization rules. Time frames within which margin and equity deficiencies must be met are maximums imposed under the self-regulatory organization rules. TD Ameritrade, Inc. may impose more stringent requirements.
21. Clients should bear in mind that the discrepancies in the cash flow characteristics of security futures and certain options are still present even when those products are carried together in a portfolio margin account. In addition, discrepancies in the cash flow characteristics of certain unlisted derivatives may also be present when those products are carried in a portfolio margin account. Both security futures and options contracts are generally marked to the market at least once each business day. Similarly, certain unlisted derivatives may also be marked to the market on a daily basis. However, there may be incongruity between each eligible product in that marks may take place with different frequency and at different times within the day. For example, when a security futures contract is marked to the market, the gain or loss is immediately credited to or debited from, respectively, the client's account in cash. While a change in the value of a long options contract may increase or decrease the equity in the account, the gain or loss is not realized until the option is liquidated, exercised, or assigned. Accordingly, a client may be required to deposit cash in the account in order to meet a variation payment on a security futures contract even though the client is in a hedged position and has experienced a corresponding (but yet unrealized) gain on an option. Alternatively, a client who is in a hedged position and would otherwise be entitled to receive a variation payment on a security futures contract may find that the cash is required to be held in the account as margin collateral on an offsetting options position.

ACKNOWLEDGEMENT FOR CLIENTS UTILIZING A PORTFOLIO MARGIN ACCOUNT

As discussed in the Portfolio Margin Risk Disclosure Statement, portfolio margin must be conducted in a margin account dedicated exclusively to portfolio margin. Portfolio margin accounts are treated as securities accounts carried with broker-dealers. As such, positions in portfolio margin accounts are covered by Rule 15c3-3 under the Securities Exchange Act of 1934, which protects client accounts.

Rule 15c3-3 under the Securities Exchange Act of 1934 requires that a broker or dealer promptly obtain and maintain physical possession or control of all fully paid securities and excess margin securities and maintain a special reserve account for the benefit of their clients. Fully paid securities are securities carried in a cash account and margin equity securities carried in a margin or special account (other than a cash account) that have been fully paid for. Excess margin securities are a client's margin securities having a market value in excess of 140% of the total of the debit balances in the client's non-cash accounts. For the purposes of Rule 15c3-3, securities held subject to a lien to secure obligations of the broker-dealer are not within the broker-dealer's physical possession or control. The Securities and Exchange Commission ("SEC") staff has taken the position that all long options positions in a client's portfolio margin account may be subject to such a lien by the Options Clearing Corporation ("OCC") and will not be deemed fully paid or excess margin securities under Rule 15c3-3.

The hypothecation rules under the Securities Exchange Act of 1934 (Rules 8c-1 and 15c2-1) prohibit broker-dealers from permitting the hypothecation of client securities in a manner that allows those securities to be subject to any lien or liens in an amount that exceeds the client's aggregate indebtedness. However, all long options positions in a portfolio margin account will be subject to the OCC's lien, including any positions that exceed the client's aggregate indebtedness. Furthermore, all long positions, including margin equity securities, in a portfolio margin account are held subject to a lien by TD Ameritrade, Inc. and its clearing firm TD Ameritrade Clearing, Inc., even if fully paid for. The SEC staff has taken a position that would allow clients to carry positions in the portfolio margin accounts even when those positions exceed the client's aggregate indebtedness. Accordingly, within a portfolio margin account, to the extent that you have long options and/or margin equity securities positions that do not operate to offset your aggregate indebtedness and thereby reduce your margin requirement, you receive no benefit from carrying those positions in your portfolio margin account and incur the additional risk of the OCC's lien on your long options position(s) and TD Ameritrade, Inc. and its clearing firm TD Ameritrade Clearing, Inc., lien on all of your long positions.

TD Ameritrade, Inc. is a member of the Securities Investor Protection Corporation ("SIPC"), which protects securities customers of its members up to \$500,000 (including \$250,000 for claims for cash). Explanatory brochure available on request at www.sipc.org. Additionally, TD Ameritrade provides each client \$149.5 million worth of protection for securities and \$2 million of protection for cash through supplemental coverage provided by London insurers. In the event of a brokerage insolvency, a client may receive amounts due from the trustee in bankruptcy and then SIPC. Supplemental coverage is paid out after the trustee and SIPC payouts and under such coverage each client is limited to a combined return of \$152 million from a trustee, SIPC, and London insurers. The TD Ameritrade supplemental coverage has an aggregate limit of \$500 million over all customers. This policy provides coverage following brokerage insolvency and does not protect against loss in market value of the securities.

By signing below you affirm that you have read and understood the **Portfolio Margin Risk Disclosure Statement** provided and Acknowledge and agree that:

THE UNDERSIGNED HAS/HAVE A COMPLETE UNDERSTANDING OF THE GUIDELINES AND POLICIES REGARDING THE EXTENSION OF CREDIT, MARGIN REQUIREMENTS, NET LIQUIDATIONS EQUITY AND THAT THE UNDERSIGNED WAIVE(S) ANY RIGHT TO REDEEM SHARES OF MONEY MARKET MUTUAL FUNDS WITHOUT THE MEMBER ORGANIZATION'S CONSENT AND THAT THE MEMBER ORGANIZATIONS RESERVE THE RIGHT TO REDEEM SHARES OF MONEY MARKET MUTUAL FUNDS IN CASH UPON REQUEST. LONG POSITIONS IN A PORTFOLIO MARGINING ACCOUNT WILL BE EXEMPTED FROM CERTAIN CLIENT PROTECTION RULES OF THE SECURITIES AND EXCHANGE COMMISSION AS DESCRIBED ABOVE AND WILL BE SUBJECT TO A LIEN BY TD AMERITRADE CLEARING, INC., AS WELL AS THE OPTIONS CLEARING CORPORATION WITH RESPECT TO LONG OPTIONS POSITIONS, WITHOUT REGARD TO SUCH RULES.

Client Account Number:

Client Name:

Title:

 Client Signature:

Date:

Joint Account Owner Name:

Title:

 Joint Account Owner Signature:

Date:

Original signatures are required; electronic signatures and/or signature fonts are not authorized.

Investment Products: Not FDIC Insured * No Bank Guarantee * May Lose Value

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