



Stock Locate Agreement

The purpose of this Stock Locate Agreement (the "Agreement") is to ensure that you understand and agree to the terms and conditions associated with selling securities short. Through Velocity Clearing LLC, a FINRA registered broker dealer, ("Broker") offers its clients the ability to enter short sale orders in securities that are not on the easy to borrow list ("HTB Stocks"). This Agreement is to be reviewed and executed in conjunction with the Firm's Margin Agreement, which is included in the new account document package. Should any conflicts arise, the terms and conditions of the Margin Agreement supersede this Agreement.

Locates

By entering into this Agreement, the Broker will grant you the ability to locate HTB Stocks. Your acceptance of a locate for a short sale order does not guarantee that the necessary shares will be delivered for settlement of your short sale transaction. Velocity Clearing LLC, at its sole discretion, may elect to buy in some or all of the shares necessary to cover your short position at any time, including on the trade date in which your short position was established, and at any time or date thereafter. By entering into a short position, you agree that you take on full financial and market risk, including the risk that you may incur losses as a result of the Broker buying in your short position. Please note that Velocity Clearing LLC, reserves the rights to request any amount of any security it deems necessary to be borrowed before your short sale order is entered (pre borrow) at any time. Any quantity of stock is subject to being closed out by the Broker, on trade date, starting at 3:45 PM Eastern Standard Time. On pre borrows, you will begin accruing short interest charges on trade date at a rate determined by the clearing firm.

HTB Fees

By entering into this Agreement, you acknowledge that you may incur significant fees by selling securities short in your account. When you accept a locate for a HTB Stock, you will be charged a locate fee based on the price per share quoted and the quantity of shares accepted ("Locate Fee"). The Locate Fee is charged the moment you accept a locate on a HTB Stock, even if you never enter an order to sell short the located security. If you hold a located HTB Stock overnight, you will incur an overnight fee ("Overnight Fee"). The Overnight Fee is in addition to the Locate Fee and is calculated as a product of the price of the initial Locate Fee multiplied by the amount of nights between trade date and settlement date. For example, if you locate an HTB Stock and the Locate Fee is \$50, holding that stock overnight on a Monday will result in the initial \$50 charge for the Locate Fee and, assuming a Wednesday settlement date, a \$100 Overnight Fee (\$50 times two nights between trade date and settlement date). This same formula creates a higher multiple when a weekend falls between trade date and settlement date. For example, the Overnight Fee for a locate obtained on Friday will typically be the Locate Fee multiplied by four (four nights between Friday trade date and Tuesday settlement date). The Locate Fee and Overnight Fee will be billed daily and will appear on your statement collectively as "HTB Fees." HTB Fees are completely separate from the short interest fees that the Velocity Clearing LLC, may charge your account for holding short positions overnight. The amount of the Locate Fee is determined by Velocity Clearing LLC, which is providing the locate. However, Velocity Clearing LLC, does participate in volume discounts when applicable.

Short Interest Fees

Velocity Clearing LLC, will charge you short interest fees that are separate and unrelated to the HTB Fees charged by Velocity Clearing LLC. Velocity Clearing LLC, calculates short interest, and the total charges are dependent upon various factors such as the size of your short position, the price of the underlying security, the number of days between settlement of the short sale transaction and settlement of the buy to cover transaction, and the short interest rate. The short interest rate is variable and may change from day to day without notice. Increases in the short interest rates may be extreme, especially when there is considerable volatility in a given security. Furthermore, Velocity Clearing LLC, does not give advanced notice when a short interest rate will be changing. You can get the short interest rate for a given symbol on a specific date by contacting Velocity Clearing LLC. However, the rate provided to you will only be applicable for that given date and may change the following day. By signing below, you acknowledge and agree to the terms and conditions described herein.

I/We acknowledge and agree to the terms and conditions described herein.