



Guardian Trading ~ A doing business as (DBA) website of Velocity Clearing, LLC Member FINRA/ SIPC

Day Trading Risk Disclosure

Pattern Day Traders

Per FINRA rule 4210, an account is classified as a pattern day trader when the account day trades four or more times over five trading days. Accounts, which are classified as pattern day traders, are required to have a minimum equity of \$25,000. Day trade accounts are also subject to special margin requirements called "Day Trading Buying Power." Day trading buying power is calculated by taking account equity at the close of the previous day less any regulatory maintenance requirement as stated in the rule multiplied by four (4) for equity securities. Other security type requirements are determined based on their specific regulatory requirement. Velocity Clearing uses the "Time and Tick" method for calculating day trade violations.

Overnight Buy Power Release

You cannot use "Day Trading Buying Power" to hold positions overnight. If you decide to hold a position overnight, you must liquidate that position before you buy more of that same position. When you cover a position you had held overnight, we can allow the DAS Trader software to give you a release of buy power. This release will show up in both your intraday and overnight buy power numbers on the software. The reason for this is because the overnight buy power amount shown in the software is only informational. It does not actually limit you to only trading that amount because the software does not know how long you will hold a position when you open it. The release that goes into your intraday buy power CANNOT be used for intraday trading (day trading). If you do any intraday trades (day trades), they can only be done using the initial intraday buy power you had before you covered the overnight position and got an additional release. You cannot use the newly released funds for new day trades. It can ONLY be used for taking new overnight positions. If you do use the released funds for new intraday trades (day trades) then you will get a day trading (DT)

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margin call. That type of DT call can ONLY be met by depositing new funds. If you get a DT call and do not deposit funds to meet that call, your account will be restricted for 90 days which means your account will not be issued any buying power during the 90-day restriction.

The DT Call must be met in order to remove the restriction. If you meet the call and you do not use the funds, those funds can be returned after two full business days.

Short Selling -The margin maintenance requirements are listed below:

Initial Margin 30% * Stock Value Maintenance Margin 30% * Stock Value if Stock Value > \$16.67
\$5.00 if Stock Value < \$16.67 and > \$5.00 100% * Stock Value if Stock Value < \$5.00 \$2.50 if Stock
Value <= \$2.50

If you have questions, or need help calculating you're buying power, please
contact info@guardiantrading.com.

Day Trading Risk Disclosure Statement

As per rule 2361, we must disclose information to individuals that will practice day trading strategies. You should consider the following points before engaging in a day-trading strategy. For the purpose of this notice, a "day trading strategy" refers to an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to affect both purchase and sale transactions in the same security or securities.

Day trading can be extremely risky. Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all funds that you use for day trading. In particular you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more will in no way guarantee success.

Be cautious of claims of large profits from day trading. You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional licensed

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traders employed by securities firms. You should have appropriate experience before engaging in day trading.

Day trading requires knowledge of a firm's operations. You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to systems failures.

Day trading will generate substantial commissions, even if the per trade cost is low. Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, if a trade costs \$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$111,360 just to cover commission expenses.

Day trading on margin or short selling may result in losses beyond your initial investment. When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

Potential Registration Requirements

Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration.

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