



## MARGIN DISCLOSURE STATEMENT

Your Financial Advisor provides securities brokerage services through Sterne Agee Financial Services, Inc. (SAFS) which offers a wide variety of services designed to help you achieve your financial goals. SAFS has a clearing relationship with Sterne, Agee & Leach, Inc. (SALI). SALI offers a number of services to SAFS as outlined in their clearing agreement and as disclosed to you under the terms of FINRA Rule 4311. Under the clearing agreement SALI is the lender with respect to margin loans. Used properly, margin can be an important component of a successful investment plan. Margin is not suitable for all investors. The use of margin involves potential risk, and SAFS and SALI strongly believes investors should be fully aware of the potential risks and rewards underlying their investment plans.

SAFS and SALI are furnishing you this document 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 or using a margin loan for other purposes, you should carefully review the margin agreement provided upon opening your margin account. Consult your Financial Advisor regarding any questions or concerns you may have with your margin account.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from SALI. If you choose to borrow funds from SALI, you will open a margin account with SALI through SAFS. You may also choose to use the equity in your margin account for other purposes. The securities purchased/held are SALI'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, SALI or SAFS can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with SALI, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in using margin, whether trading securities on margin or using your margin account equity for other purposes. These risks include the following:

- **You can lose more funds than you deposit in the margin account.** A decline in the value of securities purchased/held in your margin account may require you to provide additional funds to SALI to avoid the forced sale of those securities or other securities or assets in your account(s).
- **Although generally not our policy, SALI or SAFS 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 higher "house" requirements, SALI or SAFS can sell the securities or other assets in any of your accounts held at SALI to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.
- **SALI and SAFS diligently work to consult with you on any problems involving your account, but either firm 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 their clients of margin calls, but they are not required to do so. However, even if SALI or SAFS has contacted you and provided a specific date by which you can meet a margin call, either firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- **Although it is our policy to work with you on resolving margin account issues, regulations do not require us to let you 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, SALI or SAFS has the right to decide which security to sell in order to protect its interests.
- **When possible, we will attempt to notify you in advance, but can increase our "house" maintenance margin requirements at any time and are not required to provide advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Failure to satisfy the call may cause SALI or SAFS 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 you under certain conditions, you do not have a right to the extension.

As always, if you have questions about your margin account, please contact your Financial Advisor.