



DAY-TRADING RISK DISCLOSURE STATEMENT

Eddid Securities USA provides this Day-Trading Risk Disclosure Statement to you as required by SEC and SRO rules and regulations. Eddid Securities USA will classify a margin account that effects more than three day trades within any running five day period, as a Pattern Day Trader Account.

A day trade is a buy and sell of the same securities on the same day. A Pattern Day Trader Account needs to maintain a Minimum Equities Requirement of at least \$25,000. If the account falls below the \$25,000 requirement, the pattern day trader will not be permitted to day trade until the account is restored to the \$25,000 minimum equity level.

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a "day-trading strategy" means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect 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 of the 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 KNOWLEDGE OF SECURITIES MARKETS

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 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 commission 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, assuming that 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 requirements.