

Risk Disclosure Statement

THE RISK OF LOSS IN ELECTRONIC DAY TRADING CAN BE SUBSTANTIAL. YOU SHOULD, THEREFORE, CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR CIRCUMSTANCES AND FINANCIAL RESOURCES. IN CONSIDERING WHETHER TO TRADE, YOU SHOULD BE AWARE OF THE FOLLOWING POINTS:

- The national securities markets are extremely efficient and competitive. Successful Electronic Day Trading typically requires skill as well as experience and knowledge of the capital markets. There is no guarantee that a particular individual will be successful in implementing his or her investment strategy. A substantial number of Electronic Day Traders will not be successful.
- Electronic Day Trading involves a high volume of trading activity. The number of transactions in an account may exceed 100 per day. Each trade generates a commission and the total daily commission on such a high volume of trading can be in excess of any earnings.
- Electronic Day Trading is designed to generate short-term profits. However, the activity also may result in losses that can exceed more than 100% of the customer's initial capital. The customer is solely responsible for any losses in his or her account.
- Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit your losses to the intended amounts, since market conditions on the exchange where the order is placed may make it impossible to execute such orders.
- Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market reaches a daily price fluctuation limit.
- In addition to normal market risks, a customer may experience losses due to NASDAQ and other Exchanges' system failures. NASDAQ and other Exchanges' systems often malfunction. Customers may experience losses due to: system crashes during both peak and low volume periods; the loss of live customer orders on both SOES, Select Net and other Exchanges' systems; and, delayed, conflicting and inaccurate quotes and confirmations on orders or cancellations initiated by the customer.
- The use of any margin or leverage in an account can work against you as well as for you. Leverage can lead to large losses as well as gains. You may sustain a total loss of the initial margin funds and any additional funds that you deposit with your broker to establish or maintain a position, and you may incur losses beyond your initial investment. If the market moves against your position, you may be called upon by your broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain your position. If you do not provide the required funds within the time required by your broker, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account.
- You should consult your broker concerning the nature of the protections available to safeguard funds or property deposited in your account.
- You must have the necessary skills to operate the computer as well knowledge of the trading software utilized. By entering orders on your own behalf you represent that you have necessary skills.

ALL OF THE POINTS NOTED ABOVE APPLY TO ELECTRONIC DAY TRADING OF DOMESTIC EQUITY SECURITIES. IF YOU ARE CONTEMPLATING TRADING FUTURES OR OPTIONS CONTRACTS, YOU SHOULD BE AWARE THAT THESE INSTRUMENTS POSSESS ADDITIONAL RISKS.

THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF ELECTRONIC DAY TRADING. THESE STATEMENTS DO NO PURPORT TO BE COMPLETE. NO RESPONSIBILITY IS ASSUMED WITH RESPECT TO ANY SUCH STATEMENT, NOR WITH RESPECT TO ANY EXPRESSION OF OPINION HEREIN CONTAINED. THE RISK OF ELECTRONIC DAY TRADING MAY BE SUBSTANTIAL. ONLY RISK CAPITAL SHOULD BE USED FOR SUCH TRADING.