

## MARGIN DISCLOSURE STATEMENT

Folionet Financial LLC is furnishing this document to you 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, please review this statement and our margin agreement carefully and contact Folionet Financial LLC regarding any questions you may have about 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 Folionet Financial LLC or its clearing firm. If you choose to borrow funds from Folionet Financial LLC or its clearing firm, you will open a margin account. The securities purchased are their 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, Folionet Financial LLC or its clearing firm can take action, such as issue a margin call and/or sell securities in your account, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include, but are not limited to, the following:

**You can lose more funds than you deposit in the margin account.**

A decline in the value of securities that are purchased on margin may require you to provide additional funds to Folionet Financial LLC or its clearing firm to avoid a forced sale of those securities or other securities in your account.

**Folionet Financial LLC or its clearing firm can force the sale of securities or other assets in your account.**

If the equity in your account falls below the maintenance margin requirements or the firm's higher "house" requirements, Folionet Financial LLC or its clearing firm can sell the securities in your account to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.

**Folionet Financial LLC or its clearing 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. Folionet Financial LLC or its clearing firm may attempt to notify their customers of margin calls, but they are not required to do so. However, even if Folionet Financial LLC or its clearing firm has contacted a customer and provided a specific date by which the customer can meet a margin call, they can still take necessary steps to protect their financial interests, including immediately selling the securities without notice to the customer.

**You are not entitled to choose which securities in your account are liquidated or sold to meet a margin call.**

Because the securities are collateral for the margin loan, Folionet Financial LLC or its clearing firm has the right to decide which security to sell in order to protect its interests.



**Folionet Financial LLC or its clearing firm can increase its “house” maintenance margin requirements at any time and is not required to provide you advance written notice.**

These changes at Folionet Financial LLC or its clearing firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may Folionet Financial LLC or its clearing firm to liquidate or sell securities in your account.

**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 customers under certain conditions, a customer does not have a right to the extension.