



Margin Calls & Flags Guidelines

Maintenance Call: When a margin account falls below the minimum required equity percentage, a margin call is issued for the deficiency. This call serves to bring the account's equity percentage to at least the minimum required levels. Note that the margin department reserves the right to issue calls and liquidate securities to meet calls at their discretion. Failure to meet maintenance calls will result in liquidation of securities to meet the call. A \$25 liquidation fee will be applied on a per trade basis. A maintenance call can be met by one of the following methods:

- Deposit of cash in the amount of the call
- Deposit of margin-eligible security(ies) valued at 1 1/3 times the amount of the call
- Liquidation of margin-eligible security(ies) valued at 4 times the amount of the call
- Liquidation of non-margin security(ies) equal to the amount of the call
- Market appreciation

Initial Fed Call: Also known as a Regulation T call, a federal margin call is issued when an account exceeds its overnight buying power. A fed call may be met by one of the following methods:

- Deposit of cash in the entire amount of the call
- Deposit of margin-eligible security(ies) valued at 2 times the amount of the call
- You may liquidate positions only in the following circumstances:
 - Ascertain that you did not liquidate to meet a fed call twice in the last 12 months.
 - Liquidate ONLY a security you did not purchase or sell short on the day you entered into the fed call, if you meet one of the following criteria:
 - Liquidation of margin-eligible security(ies) valued at 2 times the amount of the fed call
 - Liquidation of non-margin security(ies) equal to the amount of the fed call
 - If you have no other positions than the ones you opened on the day the fed call was generated, then you cannot liquidate, otherwise your account will be restricted.
 - If you have already liquidated twice in the last 12 months to meet a fed call, then you cannot liquidate to meet this call, otherwise your account will be restricted.

Day Trade Definition: A day trade constitutes a buy and sell of the same security within one trading day. This rule applies regardless of the security quantity sold. This rule is also applicable to short sells and corresponding buy-to-covers. Please note that day trading regulations apply specifically to margin accounts.

- Ex1: Buy 100 shares of Symbol A
Sell 100 shares of Symbol A (This



constitutes 1 day trade)

- Ex2: Buy 100 shares of Symbol A
Sell 1 share of Symbol A
(This constitutes 1 day trade)
- Ex3: Short 100 shares of Symbol A
Buy to Cover 100 Shares of Symbol A
(This constitutes 1 day trade)
- Ex4: Buy 100 shares of Symbol A
Sell 1 share of Symbol A
Buy 100 shares of Symbol A
Sell 1 share of Symbol A
(This constitutes 2 day trades)

*Note that the examples given do not necessarily represent every possible example of a day trade

Day Trade D Call: A D call is issued when an account exceeds the intraday day trading buying power. The intraday buying power is 4 times the NYSE excess for long, margin-eligible securities. Note that the intraday buying power does not increase when securities held overnight are liquidated. A D call can be met by one of the following methods:

- Deposit of cash in the entire amount of the call
- Deposit of security(ies) valued at 4 times the amount of the call

Q Call: A Q call is issued when an account that is flagged as a pattern day trader executes a day trade when the start-of-day account equity is below \$25,000.

- The only way to satisfy this call is to deposit cash in the entire amount of the call.
- The restriction may be met by market appreciation but this does not satisfy the call; if you day trade again while under \$25,000 your account will be closed. If you choose to have your account unrestricted after you have appreciated over \$25,000, you must contact Score Priority via email at info@scorepriority.com to notify us that this is your intention. In the email, you must state that you will not day trade when your start-of-day equity is below \$25,000.
- If you would like to continue trading but cannot meet the minimum equity requirements and do not wish to deposit additional funds, you may do one of the following:
 - Reply to the call email stating that you will not execute day trades from this point forward.
 - Reply to the call email stating that you want margins removed from your account and your account will be changed to a cash account.



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Pattern Day Trader Flag: An account is flagged as a pattern day trader if more than 3 day trades are executed within a 5 trading day period. Once an account is flagged, no day trades can be executed unless the start of day equity is greater than \$25,000. If a day trade is placed in a flagged account while the start of day equity is below \$25,000, a Q call will be issued and the account will be restricted until the call is addressed. If you have not been issued a Q call, no longer wish to be categorized as a pattern day trader and would like to execute 3 day trades or less in a 5 day period, please submit a Change of Strategy Form. Once you submit a Change of Strategy Form, you may not submit one again. Please note that once your Change of Strategy Form is processed, you must still consider day trades that have been placed in the previous 5 trading day period.