



## MARGIN DISCLOSURE STATEMENT

Sterne, Agee & Leach, Inc. (SALI) provides a wide variety of services designed to help you achieve your financial goals. 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 SALI strongly believes investors should be fully aware of the potential risks and rewards underlying their investment plans.

SALI is furnishing 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 Sterne Agee 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. 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 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 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 the firm's higher "house" requirements, SALI can sell the securities or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.
- **SALI diligently works to consult with you on any problems involving your account, but the 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. Although SALI generally will attempt to notify you of margin calls, we are not required to do so. Even if SALI has contacted you and provided a specific date by which you can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- **Though it is SALI's policy to work with you on resolving margin account issues, regulations do not require SALI 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 has the right to decide which security to sell in order to protect its interests.
- **When possible, SALI attempts to notify you in advance, but can increase its "house" maintenance margin requirements at any time and is 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 the firm 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 or any other financial services offered by Sterne, Agee & Leach, Inc., please contact your Financial Advisor. We look forward to continuing our relationship and providing you with the highest quality investment products and services.