

Day Trading Risk Disclosure

This Day Trading Risk Disclosure Statement may be provided to you at account opening or in the event your M1 Finance margin account becomes, or already is, classified as a Pattern Day-Trader account. M1 Finance DOES NOT PROMOTE DAY TRADING. Investors should consider their investment objectives and risks carefully before investing. If a customer engages in day trading, the following rules apply.

Day Trading Rules

Definition

Day trading refers to buying then selling or selling short then buying the same security on the same day. Just purchasing a security, without selling it later that same day, would not be considered a day trade.

Customers are considered to be engaging in Pattern Day Trading if they execute four or more stock day-trades within a five business day period in a margin account.

Minimum Account Equity

If the trading activity in your account results in a “Pattern Day-Trader” designation, you must maintain at least \$25,000 in start of day account equity in order to maintain day-trading privileges.

Under normal circumstances the M1 platform will prevent users with an invested equity balance of less than \$25,000 from entering opening and closing trades in a trading session that would be flagged as a day trade. If a user does get flagged as a Pattern Day-Trader the following will apply:

- The account will be prohibited from performing day trades; and
- The account will not be able to close positions opened that day until the next business day.

If a day trade is performed while a call to bring the account equity to the minimum amount is issued, the account will be restricted to closing transactions only until the account equity satisfies the minimum requirement or 90 days from the last day-trading activity.

Please click [here](#) to read FINRA’s investor guidance, which provides information about day trading margin requirements.

Day-Trading Risk Disclosure Statement

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.

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 system failures.

Day trading on margin 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.

Potential Registration Requirements. Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Adviser" under the Investment Advisers Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.