



Account Number: \_\_\_\_\_

## Active Trading Risk Disclosure

You should carefully consider the following points before engaging in an active trading strategy or what is sometimes called "day trading." Active trading or day trading may be described as engaging in frequent purchase and sale transactions (at least several per week and, for some active traders, often numerous transactions per day) using systematic or strategic approaches.

**Active trading has a very high level of risk:** Active trading generally is not appropriate for someone of limited resources or limited investment or trading experience or low-risk tolerance. You should be prepared to lose all of your funds that you invest in your trades. In particular, you should not fund this type of trading 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 active trading:** You should be wary of advertisements or other statements that emphasize the potential for large profits from active trading. Active trading may result in few or no profits, and worse, may lead to large financial losses very quickly.

**Active trading requires sophisticated knowledge of securities markets:** Active trading requires in-depth knowledge of the securities markets and of sophisticated and disciplined trading techniques and strategies. Also, you must compete with professional, licensed traders employed by securities firms and other knowledgeable, experienced and well-trained traders. You should have appropriate knowledge and experience before engaging in active trading.

**Active trading requires in-depth knowledge of your broker's operations:** An important part of executing active trading strategies is the quality and consistency of the order execution systems and procedures. Whether you use the services of professional brokers or electronic systems, your success will be affected by their strengths and weaknesses and the methods and practices of the brokerage firm in executing trades. You should develop an intimate knowledge of these matters before you engage in active trading.

**Active trading may result in you paying large commissions:** You pay commissions on each trade you make. The more actively you trade, the more commissions will increase your losses or reduce your profits.

**Active trading on margin or short selling may result in losses beyond your initial investment account amount:** When you actively trade with borrowed funds, you can lose more than you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to avoid the forced sale of those securities or other securities or collateral in or for your account. Short selling as part of your trading strategy also may lead to large losses, because you may have to purchase a stock at a very high price in order to cover a short position.

In summary, active trading is not a game. It is not recommended for inexperienced traders or for persons who do not have sufficient resources and time to devote to their trading activities. Active trading is a serious commitment that should not be undertaken unless you are able to handle high risk, and high stress and are willing to consistently adhere to objective and disciplined trading strategies and approaches. **I have read and understand the E1 Asset Management Active Trading Risk Disclosure form.**

X \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

X \_\_\_\_\_  
Joint Account Holder Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

FOR INTERNAL USE ONLY

General Principal Signature: \_\_\_\_\_

Date: \_\_\_\_\_