

## **Day Trading Rules**

Please note that Day Trading rules apply to margin accounts only.

The term “pattern Day-Trader” is defined as any customer who executes four or more day trades within five business days, provided the number of day-trades is more than 6% of the total trades in the account during that period.

Any accounts engaging in pattern Day Trading activity are subject to a minimum equity requirement of \$25,000. Pattern Day Trading accounts with less than \$25,000 in equity will not have day trading buying power.

If money market fund is contributing to the pattern day trader’s minimum equity requirement, sufficient money fund shares will be redeemed and the funds will be held in the type 2 margin account.

If the equity in an account of a pattern day trader falls below \$25,000 the Margin Department will issue a minimum equity maintenance call to bring the account back to minimum NYSE requirements and restrict the account from engaging in any further day trading until the deficiency is met.

When the account of a non pattern day trader with equity below \$25,000 becomes a pattern day trader the Margin Department will issue a minimum equity maintenance call to bring the account to minimum NYSE requirements and restrict the account from engaging in any further day trading until the deficiency is met.

The sale of an existing position from the previous day and subsequent repurchase is not considered a day trade.

Short Against the Box: A short sale “against the box” shall be treated as a long sale for the purpose of computing the equity and the required margin. A long purchase “against the box” shall also be treated as a long sale for the purpose of computing the equity and required margin. “Lifting a leg” will be treated as a long purchase for the purpose of computing the equity and required margin.

Day Trading buying power for equity securities will be 4 times the NYSE excess as of the close of business on the previous day, and the “time and tick” method of calculating Day Trading is acknowledged as acceptable.

If an account that is identified as a “Pattern Day Trading” account, has an outstanding Day Trading margin call which is less than 5 business days old, Day Trading buying power will be reduced to 2 times the NYSE excess, and the “time and tick” calculation method cannot be used. The aggregate method will be used.

If account fails to meet a Day Trading margin call by depositing additional funds within 5 days, Day Trading buying power will be reduced to cash available (1x NYSE) for a period of 90 days, or until the call is met.

If an account that is identified as a “Non-Pattern Day Trading” account, has an outstanding Day Trading margin call, Day Trading buying power remains at 4x NYSE excess, and the “time and tick” calculation method is acceptable.

Deposits of funds to meet minimum equity requirements or to meet day trading margin calls must remain in the customer’s account and cannot be withdrawn for a minimum of two business days.

Pattern Day Traders will be prohibited from utilizing cross guarantees to meet day trading margin calls or to meet minimum equity requirements

When a day trade call is met with a money market fund redemption, the funds must remain in the margin account for a minimum of two (2) days.

## **Day Trading Restrictions**

If the Day Trade call is not met on or before the fifth (5) business day, we will code the account with a Day Trade 90 Day Restriction (can only DT with available funds; 1x NYSE).

If the account over Day Trades through a 90 Day Restriction, we will code the account No Further Day Trading for a 90 day period.

If the account Day Trades through a No More Day Trading Restriction, we will code account No More Business and allow liquidating transactions only.

PDT accounts with equity less than \$25,000 will be restricted from engaging in any day trading for a period of 90 days or until the deficiency is met (whichever comes first). If the customer trades through this restriction, the trades must be cancelled to the correspondent's error account.