

Day Trading Risk Disclosure

This Day Trading Risk Disclosure Statement applies to all margin accounts. Cash accounts are not subject to day trading rules Kensington Capital Corp. (collectively, “Kensington”) 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

FINRA rules define a day trade as the purchase and sale, or the sale and purchase, of the same security (a stock, ETF, or option contract) on the same trading day in a margin account.

You’ll be considered a “Pattern Day Trader” if you execute 4 or more-day trades within 5 trading days, provided that the number of day trades represents more than 6% of your total trades within your margin account for that same 5 trading day period.

Minimum Account Equity

If the trading activity in your account results in a “Pattern Day Trader” designation, you must close the business day with a portfolio value (minus the value of any cryptocurrencies) of at least \$25,000 in order to maintain day trading privileges for the following trading day. Please note that even if you meet the \$25,000 minimum equity requirement, your account will still be marked permanently as a Pattern Day Trader.

If you are marked as a Pattern Day Trader, and you do not maintain the minimum \$25,000 requirement, you will not be able to continue day trading without further restrictions being imposed on your account.

If you execute a day trade while you are day trade restricted (i.e., have less than \$25,000 in your account), you will only be permitted to close positions (and will not be able to open any positions) until after (i) your portfolio value (minus the value of any cryptocurrencies) satisfies the minimum \$25,000 requirement and any margin calls have been covered, or (ii) 90 days have passed since your last day trade.

Day-Trading Buying Power

If your account is a Pattern Day Trader account, and you meet the \$25,000 requirement, you may be eligible to use “Day-Trading Buying Power.” A customer’s “Day-Trading Buying Power” (also referred to as “Day Trade Limit”) means the equity in the customer's account at the close of business of the previous day, less any maintenance margin requirement as established by Kensington or FINRA, multiplied by up to four for equity trades.

Trading in excess of your Day-Trading Buying Power will result in a day-trading call which must be met promptly. Until you satisfy the day-trading call, or the call expires, you won't be permitted to place further day trades regardless of your account equity.

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