# eToro USA Securities Inc. Margin Disclosure Statement

In accordance with FINRA rules, no member shall open a margin account, as specified in Regulation T of the Board of Governors of the Federal Reserve System, for or on behalf of a noninstitutional customer, unless, prior to or at the time of opening the account, the member has furnished to the customer, individually, in paper or electronic form, and in a separate document, the margin disclosure statement specified herein. In addition, any member that permits noninstitutional customers either to open accounts online or to engage in transactions in securities online must post such margin disclosure statement on the member's website in a clear and conspicuous manner.

## Margin Disclosure Statement

eToro USA Securities Inc. (herein, “we” or “us”) is furnishing this document to you 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. Even if some or all margin trading features are not currently made available by us, we hope these disclosures are still informative. We have entered into a fully disclosed clearing agreement with APEX Clearing Corporation where your account will be held (“**Clearing Broker**”). Before trading securities in a margin account, you should carefully review the margin agreement provided to you when you open an account as well as this Statement in its entirety. Please contact us if you have any questions or concerns.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from us. If you choose to borrow funds from us, you will need to do so through a margin account with us through the Clearing Broker. The securities purchased are used as 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, we can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include, without limitation, the following:

• **<u>You can lose more funds than you deposit in the margin account.</u>** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).

• **<u>We can force the sale of securities or other assets in your account(s).</u>** If the equity in your account falls below the maintenance margin requirements, or the firm's higher "house" requirements, we 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 shortfall in the account after such a sale.

• **<u>The firm can sell your securities or other assets without contacting you.</u>** 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. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if we have contacted you and provided a specific date to meet a margin call, we can still take necessary steps to protect our financial interests, including immediately selling the securities without notice to you. We may forcibly liquidate all or part of your account without prior notice, regardless of your intent to satisfy a margin call, in order to protect your interests or our interests.

• **You are not entitled to 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, we have the right to decide which security to sell in order to protect its interests.

• **The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause us or the Clearing Broker 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 customers under certain conditions, a customer does not have a right to the extension.

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Securities purchased on margin are the firm'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, the firm can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account. It is important that you fully understand the risks involved in trading securities on margin.

These risks include the following:

**• You can lose more funds than you deposit in the margin account.**

**• The firm can force the sale of securities or other assets in your account(s).**

**• The firm can sell your securities or other assets without contacting you.**

**• You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.**

**• The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.**

**• You are not entitled to an extension of time on a margin call.**