



Margin Disclosure Statement

Dear Customer,

GBS Financial Corp (the "Firm") is furnishing this document to you, our customer, 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. Before trading stocks in a margin account, you should carefully review the margin agreement, which serves as a contract between yourself and the Firm. Consult your registered representative regarding any questions or concerns you may have with the margin agreement or your margin account(s).

When you purchase securities on margin you borrow all or part of the purchase price. If you choose to borrow funds from the Firm to initiate a purchase of securities, you will be required to open a margin account. The securities purchased will serve as collateral for the funds loaned to you. If the securities in your account decline in value, so will the value of the collateral supporting your loan. As a result, the Firm may take action pursuant to the margin agreement, including issuance of a margin call and/or selling securities or other assets 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. Some of the risks associated with margin trading include the following:

- ***You can lose more funds than you deposit in the margin account.*** 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).
- ***The firm can force the sale of securities or other assets in your account(s).*** If the equity in your account falls below the maintenance margin requirements, or the firm's higher "house" requirements, the firm can sell the securities or other assets in any of your account held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.
- ***The firm can sell your securities or other assets without contacting you.*** 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 a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.

- ***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, the firm has 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 the member 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.

By signing below, I acknowledge the receipt of this document and understand the potential risks and hazards associated with this type of securities transaction. Therefore, I desire to have my account approved for trading on margin. I did not receive or rely on any advice from employees or brokers at the Firm in my decision to open a margin account or participate in trading on margin.

Customer Name

Joint Tenant Name (If Applicable)

Signature

Signature

Date

Date

Authorized Use Only:

Name of Authorized Principal Title

Date