

Margin Disclosure Statement

FINRA Rule 2264

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from Cesta Capital. If you choose to borrow funds from Cesta Capital, you will open a margin account. The securities purchased are collateral for the loan made 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, Cesta Capital can take action, such as issue a margin call and/or liquidate securities in your account, in order to maintain the required equity in your account.

It is important that you fully understand the risks associated with trading securities on margin. These risks 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 Cesta Capital in order to avoid the forced sale of those securities or other securities in your account.
- Cesta Capital can force the sale of securities in your account. If the equity in your account falls below the maintenance margin requirements under the law, or Cesta Capital's "higher house" margin requirements, Cesta Capital can liquidate the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such actions are taken.
- Cesta Capital can liquidate securities 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 in their accounts to meet the call unless the firm has contacted them first. This is not the case. Cesta Capital will attempt to notify you of margin calls, but we are not required to do so. Even if we have contacted you and provided a specific date by which you can meet a margin call, Cesta Capital can still take necessary steps to protect its financial interest, including by immediately liquidating securities without notice to the customer.
- You are not entitled to choose which security in your margin account is liquidated or sold to meet a margin call. Because the securities are collateral for the margin loan, Cesta Capital has the right to decide which securities to liquidate to protect its interests.

- Cesta Capital can increase its "house" maintenance requirement at any time and is not required to provide you with advance notice. Changes in our policy often take effect immediately and may result in the issuance of a margin call. Your failure to satisfy the call may cause Cesta Capital to liquidate securities in your account.
- 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.
- The IRS requires broker-dealers to treat dividend payments on loaned securities as a substitute payment" in lieu of a dividend. A substitute payment is not a qualified dividend.
- Industry regulations may limit, in whole or part, your ability to exercise voting rights of securities that have been lent or pledged to others. You may receive proxy materials indicating voting rights for a fewer number of shares than are in your account, or you may not receive proxy materials.