Margin Disclosure

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Margin Disclosure statement

Barclays Capital Inc. ("Barclays") 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. Before trading stocks in a margin account, you should carefully review the margin portion of the Barclays Prime Brokerage Services Agreement. Please feel free to contact your Client Service Representative if you have any questions or concerns regarding your margin account.

Terms of this Margin Disclosure document are subject to the terms of our contractual agreement with you. Margin, minimum net equity requirements, and interest calculations may differ depending on the margin platform that you utilize. The interest rate or pricing for your account may change at Barclays' discretion unless your contractual agreement with Barclays provides otherwise and such rates may differ among Barclays' clients. Any such changes in rates will be reflected in your daily account statements.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from Barclays. If you choose to borrow funds from Barclays, you will open a margin account with Barclays. The securities purchased are Barclays' collateral for the loan to you. If the securities in your margin account decline in value, so does the value of the collateral supporting your loan, and, as a result, Barclays can take action, such as issue a margin call. If you fail to deliver the required margin in accordance with the terms of your contractual agreement, Barclays may determine that an event of default has occurred, at which point Barclays may sell securities or other assets in any of your account(s) held at Barclays, in order to satisfy your obligations to Barclays.

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 your margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to Barclays to avoid the forced sale of those securities or other securities or assets in your account(s).

- If you fail to deliver the required margin in accordance with the terms of your prime brokerage contract, Barclays may declare an event of default, at which point Barclays may force the sale of securities or other assets in your account(s) as well as close out any or all short positions in such account(s). If the equity in your account falls below the maintenance margin requirements or Barclays' higher "house" requirements and you fail to deliver the required margin, Barclays may declare an event of default and sell the securities or other assets in any of your account(s) held at Barclays as well as close out any or all short positions in such account(s) in order to satisfy your obligations to Barclays. You will also be responsible for any shortfall in the account after such a sale.
- If you fail to deliver the required margin upon demand in accordance with the terms of your prime brokerage or loan agreement following a margin call from Barclays, Barclays can sell your securities or other assets without contacting you. Some investors mistakenly believe that Barclays must contact them for a margin call to be valid, and that Barclays cannot liquidate securities or other assets in their account(s) to meet the call unless Barclays has contacted them first. This is not the case. Barclays will attempt to notify its customers of margin calls, but we are not required to do so. Moreover, 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, Barclays has the right to decide which security to sell in order to protect its interests.
- Barclays can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice. These changes in Barclays' policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause Barclays to declare an event of default and liquidate or sell securities in your account(s).
- Barclays is not obligated to extend credit in the form of cash to you in connection with your purchase or sale of securities. If Barclays makes a cash loan to you, Barclays may call the loan at any time.
- You are not entitled to an extension of time on a margin call. While Barclays, in its sole discretion, may grant an extension of time to meet margin requirements to customers under certain conditions, a customer does not have a right to the extension.

- Barclays may rehypothecate collateral in your margin account to support your margin loan and may lend the securities in your account (along with all attendant rights of ownership) to others. If your securities are loaned or pledged, you may not be able to exercise voting rights with respect to the securities in your margin account for the time during which the securities have been loaned. If you currently have a margin account and your securities are loaned, during the term of any securities loan, you are entitled to receive the amount of all dividends and distributions made on or in respect of your margin securities. However, you will receive manufactured payments (e.g., receive cash substitute payments) in lieu of receiving dividends or distributions directly from the issuer. A payment in lieu of a dividend will be treated as ordinary income for US federal income tax purposes and will be labeled as such on any tax reporting forms you receive from Barclays. We strongly recommend that you consult with your tax advisor if you have, or intend to have, a margin balance.
- If you have a margin account with us, as permitted by law, we may use certain securities in your account for, among other things, settling short sales and lending the securities for short sales, and as a result, may receive compensation in connection therewith.

The margin account/short account relationship

Your short account will contain all the proceeds from the sale of securities not owned by you (short sales). The credit balance in this account will not be considered when determining the net debit balance in your margin account until the position is covered and such order is settled.

When you order a short sale in your account, Barclays will deliver to the purchaser the securities you sold. Barclays must borrow securities to complete the trade and use the proceeds of the sale as collateral. The amount needed to collateralize this loan will increase or decrease daily proportionately with the value of the securities that you sold.

The value of the securities in your margin account will be assessed daily to ensure that the account is in compliance with margin maintenance requirements.

Then, transfers will be made between your margin and your short account in order to keep the accounts in balance. These transfers will be calculated daily and posted to your account as a mark-to-market entry daily.

Margin credit

If you currently have a margin account or wish to open one, please read the following sections carefully. They will explain to you the terms under which credit may be extended to you.

Net debit balance

The amount of money loaned to you will be your net debit balance. To determine your net debit balance, it will be necessary to combine the balances in all your account types and subtract the short market value. For instance, a credit balance in your cash account will reduce your net debit in other account types, while a debit balance in your cash account will increase your net debit balance in your margin account. Furthermore, a credit balance in the short account will not be considered when determining the net debit balance. From a billing perspective, this is done by unique currency (e.g., USD debit and EUR credit will not net for debit billing).

A debit balance may be increased by

- Additional purchases
- Withdrawal of funds
- Interest charges and dividends paid
- Any special charges for services performed
- Margin or short account mark-to-market entries
- Tax withholding
- Margin methodology calculation

A debit balance may be decreased by

- Sales of securities held in the account
- Funds deposited
- Interest and dividends credited
- Margin or short account mark-to-market entries
- Securities redemptions and maturities
- Margin methodology calculation

Additional collateral

There will be a general lien and security interest to ensure the discharge of all of your obligations to Barclays however they arise and irrespective of the number of accounts you may have. This lien will apply to all securities, cash and other property held or carried for you at any time in any such account, including deposits for safekeeping.

You may be required to deposit additional collateral (margin) in the form of cash or securities in accordance with the rules and regulations of the Federal Reserve Board, Financial Industry Regulatory Authority, Inc. (FINRA) or any other governing regulatory agency or self-regulatory organization.

You will be required to maintain your margin account at certain minimum equity levels. These levels will be generally equal to the minimum requirements set forth by FINRA, unless Barclays has higher minimum "house" requirements depending on the types of securities and transactions.

If the equity in your account falls below minimum maintenance requirements, Barclays will request additional collateral. The maintenance requirements may increase above 25% and may range as high as 100% under certain circumstances including, but not limited to, any of the following reasons: liquidity, concentration, marginability and salability. Barclays retains the right to require the deposit of additional collateral as needed.

For additional information about opening or maintaining a margin account, please consult your Client Service Representative.

Calculating margin interest

If you have a margin account, your daily net debit balance will be the amount owed as a result of combining the balances in all of your account types and subtracting the short market value at the end of each day. Credit balances will not include credits generated by short sales or credit balances relating to long sales where you have either (1) not delivered the securities to be sold or (2) delivered securities in non-negotiable form.

The daily interest charges are calculated by multiplying your daily net debit balance (as described above) by your applicable interest rate (as described below).

Rate of interest and changes thereto

The rate of interest that will be charged for margin accounts will reflect short-term market interest rates and blended borrowing costs. Please note that the rate of interest may change without notice but will be reflected in your daily account statements. To determine your rate, please refer to your daily account statements.

Certain interest rates used to compute the rates applicable to your credit cash balances and debit balances may be negative ("Negative Interest Rate"), in which case, you may be (1) charged interest on (a) the gross credit cash balances (being, if positive, the net cash balance less the total market value of short positions) and (b) the amount equal to the total market value of short positions and (2) paid interest on the gross debit cash balances (being, if negative, the net cash balance less the total market value of short positions), held with Barclays in such currencies at the rate provided for in your fee schedule, as amended and supplemented from time to time. Barclays shall notify you of the application of such Negative Interest Rate in the form of the daily account statements.

Interest charge formula

Interest will accrue daily at the interest rate applicable to you as described above and is calculated on a compounding basis on the actual daily net debit balance or as Barclays may otherwise notify you from time to time on the basis of a 360-day year and the number of days elapsed. This method of computation will result in interest charges greater than those derived from the use of a formula based on a 365-day year. For certain currencies other than US Dollars, Barclays, in its discretion, may use a 365-day year when it is market practice to do so. The interest rate will not exceed the rate of interest permitted by applicable law. Interest periods will run from the first day to the last calendar day of the month and Barclays will post such interest during the first week of the month following the month in which the interest accrued. Barclays will be entitled to debit or credit your account for such accrued interest.

Prime brokerage financing platforms

Barclays offers two primary prime brokerage financing platforms for customers in the United States.

- In one platform, Barclays, our US broker-dealer, offers customers leverage, in Barclays' discretion, under the FINRA portfolio margining rules, which allow Barclays to charge less margin in certain circumstances than that ordinarily required under Federal Reserve Board Regulation T and FINRA's standard maintenance margin requirements. The goal of portfolio margining is to set levels of margin requirements that more precisely reflect the net risk of all of the positions in a customer's account whereas margin is determined under Federal Reserve Board Regulation T position by position. Under the FINRA portfolio margin regime, Barclays' clients are margined at the greater of Barclays' FINRA-reviewed house margin requirements or the margin that would be charged under the Theoretical Intermarket Margining System (TIMS) model developed by the Options Clearing Corporation. Positions will be subjected to simulated price shocks to determine the greatest potential net loss on a predetermined scale.
- The second is Barclays' Bank Prime US platform, which separates the activities of clearance, custody and financing in a traditional prime brokerage model into distinct functions that are performed by Barclays and Barclays Bank PLC ("BBPLC"). Barclays acts as the customer's prime broker and provides all execution settlement and clearing services. BBPLC, our UK bank, has appointed Barclays to act as its agent within the scope of SEC Rule 15a-6 with respect to all transactions under this platform and Barclays is compensated by BBPLC for acting as its agent. Accordingly, Barclays will not be acting as principal with respect to any loans of cash or securities made by BBPLC. BBPLC provides custody services for all securities not held by Barclays through its New York branch. In addition, BBPLC's London head office provides margin loans of cash and securities, in its discretion, to prime brokerage clients of Barclays, and also holds all money held at BBPLC as banker and not as trustee. Customers that are not exempt from Federal Reserve Board Regulation X will have their accounts margined in accordance with Federal Reserve Board Regulation U in addition to BBPLC's house margin requirements.