



## **Risk Sell Out Policy**

**TradeZero may take the following actions if any of your positions pose a threat to the Firm's internal risk thresholds. Here are some reasons, but not all, a sell out may occur.**

TradeZero America can force the sale or cover of equities and or option positions in a customer's account(s) without prior notice. If during the trading day, the equity in a customer's account:

- **Falls between 15-20%\*, TradeZero America may, at its discretion, buy-in or liquidate the customer's position in order to raise account equity up to 25% or more;**
- **Falls to 15%\* or below, TradeZero America may, at its discretion, buy-in or liquidate the customer's entire account.**

Likewise, TradeZero America can force the sale or cover of equities position(s) if an account is concentrated in one security during afterhours trading and the account is using 3X\* or more margin.

\*These percentages can be raised without notice due to increase in market volatility or increase in individual stock and option volatility.

A buy-in can occur during pre-market trading, regular market hours and post market trading.

After a buy-in or liquidation, it is the customer's responsibility to maintain or increase account equity to meet the requirements stated in the Apex Clearing ("APEX") Margin Form.

## **Short Position Closing Policy**

If APEX cannot continue to borrow the securities in which a customer has a short position, TradeZero America or APEX may close a customer's short position. Two examples, but not conclusive, where this may occur are:

- SEC Rule 204 of Regulation SHO
- Broker Recall

In these examples, TradeZero America will try to notify customers that their short position(s) may be covered and if the customer covers their position prior to a Reg Sho Rule 204 or Broker Recall buy-in, the customer may end up long the position. A Reg Sho Rule 204 cover normally happens on the opening of trading on T+3 but if the customer's position is greater than the opening volume, the covering transaction may be spread out during the day. A Broker Recall can occur any time during the trading day.

## **Margin Call Liquidation**

If the customer receives a margin call and fails to fund his/her account or fails to cover the call by liquidation, TradeZero or APEX may liquidate any position(s) in the account to satisfy the margin call.

Furthermore, the margin requirement for day trading is calculated differently than the margin requirement for holding position(s) overnight. As a result, if a customer is holding a position(s) in the afterhours trading session that will incur a large margin call or the portfolio is deemed too consolidated in one position by TradeZero America risk department, TradeZero America may reduce the position(s) to prevent an excessive margin call or undue risk. This may bring the equity % for the portfolio to 50% or even 100% depending on the marginability of the position(s) and or the volatility of the securities held in the account.