**Leveraged or Inverse Exchange Traded Product**

**(Including ETFs and Mutual Funds)**

**Managed/Discretion Accounts**

**Account Number**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Rep Number** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Investment Objective/Risk Tolerance of Account** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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*Due to the complexity and risks involved with this type of trading, Growth and Speculation would likely be the best choice for this type of trading. If the account is coded with something other than Growth and Speculation, please explain why you believe the account shouldn’t be coded as such.*

**Percentage of Client’s Liquid Net Worth in Leveraged or Inverse ETFs? \_\_\_\_\_\_\_\_\_%**

(Should not be more than 10% of liquid net worth)

**Prospectus provided to client? Yes or No (please circle)**

***FINRA Regulatory Notice 09-31:*** *“Exchange-traded funds (ETFs) that offer leverage or that are designed to perform inversely to the index or benchmark they track—or both—are growing in number and popularity. While such products may be useful in some sophisticated trading strategies, they are highly complex financial instruments that are typically designed to achieve their stated objectives on a daily basis. Due to the effects of compounding, their performance over longer periods of time can differ significantly from their stated daily objective. Therefore, inverse and leveraged ETFs that are reset daily typically are unsuitable for retail investors who plan to hold them for longer than one trading session, particularly in volatile markets. This Notice reminds firms of their sales practice obligations in connection with leveraged and inverse ETFs. In particular, recommendations to customers must be suitable and based on a full understanding of the terms and features of the product recommended; sales materials related to leveraged and inverse ETFs must be fair and accurate; and firms must have adequate supervisory procedures in place to ensure that these obligations are met.”*

**Trade Rationale**

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**I have read, understand and taken into consideration the following statements when determining whether to utilize Leveraged or Inverse ETP into the above account.**

 ***Please place an “X” or checkmark next to each blank.***

**\_\_\_\_\_** **Market Risk** - One of the biggest risks of ETFs is **market risk**. Like a mutual fund or a closed-end fund, ETFs are only an investment vehicle—a wrapper for their underlying investment.

**\_\_\_\_\_** **Costs** - A disadvantage of leveraged ETFs is that **the portfolio is continually rebalanced, which comes with added costs**. Experienced investors who are comfortable managing their portfolios are better served by controlling their index exposure and leverage ratio directly, rather than through leveraged ETFs. When compared to traditional ETFs, leveraged ETFs generally have higher expenses. For example, the average expense ratio for a traditional ETF is 0.45%, whereas average expenses for leveraged ETFs are 0.95%. Because these expenses are taken from the fund, they reduce the net return to the investor. *Source Seeking Alpha, Jul.29,2022*

**\_\_\_\_\_** Even though an **Exchange Traded Products** may be designed to track a particular index in a positive or an inverse way, it may not track the index at all. The ETP is still subject to the supply and demand forces of the market and may not track the index in the intended manner.

**\_\_\_\_\_** **Leveraged ETPs** are rebalanced daily so they are not generally suitable for holding periods longer than one day unless part of a strategic trading strategy closely monitored by the Financial Advisor. For this and other reasons outlined in the prospectus, it is recommended that most leveraged and inverse ETPs are to be held for ONE DAY only.

 **\_\_\_\_\_ Leveraged ETFs** are designed to achieve their investment objective on a daily basis meaning that they are not designed to track the underlying index, benchmark, or single security over an extended period of time. Leverage can increase volatility.

**\_\_\_\_\_** **Leveraged ETFs** amplify daily returns and can help traders generate outsized returns and hedge against potential losses. A leveraged ETF's amplified daily returns can trigger steep losses in short periods of time, and **a leveraged ETF can lose most or all of its value**.

**\_\_\_\_ Inverse ETFs** attempt to deliver returns that are the opposite of the returns of the underlying benchmark, index, or single security. Typically, the longer you hold a leveraged or inverse ETF, the greater your potential loss.

**\_\_\_\_\_** **Inverse ETFs** are designed to produce positive returns when a benchmark index declines. Inverse leveraged ETFs are thus designed to have a 2x or 3x move in the opposite, or "inverse", direction as the benchmark index. For example, if the benchmark index falls in price by -1% in a day, the 2x inverse leveraged ETF would theoretically produce a price increase of 2%.

**\_\_\_\_\_** **Inverse leveraged ETFs** have a similar effect as short selling, although would still suffer from value erosion over time due to their leveraged nature

**Registered Representative Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Compliance Officer Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**