

## **Sarna Finance LLC**

### **Risk Disclosures**

**Please read and understand this important information regarding the risks associated with investing through a self-directed account with Sarna Finance LLC (“Sarna”).**

#### **Self-Directed Accounts**

Your Sarna Finance account is self-directed account unless you have independently entered into a separate agreement with a registered investment advisor to manage your account. Sarna customers bear sole responsibility for any order placed in their accounts and understand that all orders entered by them are based on their own investment decisions or the investment decisions of a duly authorized representative or agent. By investing your funds in securities through Sarna, you, as a customer, take full responsibility for the risks associated with your investments and should make every effort to understand the risks involved before making any investment decisions.

#### **General Risks of Investing and Trading**

All securities investments, whether in stocks, options or other investment vehicles, is speculative in nature and involves the substantial risk of loss. Sarna encourages its customers to invest carefully and to review the information available from the Financial Industry Regulatory Authority (“FINRA”). FINRA has published information on how to carefully invest at [finra.org](http://finra.org). Sarna wants their customers to understand all of the risks of investing prior to placing and trades or holding and securities investments in their Sarna accounts(s).

#### **Additional Risks Associated with Investing in Options**

Option investments carry an additional degree of risk for investors. Sarna encourages their customers to read the [Characteristics and Risks of Standardized Options](#) which is published by the Options Clearing Corporation. You can obtain a copy of this document by visiting [sarnafinance.com](http://sarnafinance.com), [theocc.com](http://theocc.com) or by emailing us at [info@sarnafinance.com](mailto:info@sarnafinance.com).

#### **Additional Risks Associated with Investing Using Margin**

Carrying investments on margin carry additional risks for investors including, but not limited to, the following additional risks:

- You can lose more money than you deposited in your account;
- Sarna may be forced to sell securities or other assets held in your account;
- Sarna may be forced to sell securities or other assets without first contacting you;
- Sarna is entitled to select which securities or other assets in your account are liquidated or sold to meet a margin call;
- Sarna may increase “house” maintenance margin requirements at any time, and is not required to provide advance written notice of the increase; and
- Margin calls must be met immediately and extensions of time to meet a margin call may not be approved.

Carefully consider the risks of making investments using margin prior to making any trades.

### **Risks Associated with Online Trading**

Prior to making investment decisions, please carefully consider the risks of placing and executing your orders on an online platform like Sarna's. If you cannot access the platform or the platform is not operational, you may not be able to place orders in your account. Also, when trading volumes soar in the markets and many investors want to buy or sell securities at the same time, backlogs may form and orders may not be able to be quickly filled.

While Sarna has put very significant resources into building and testing its systems, computer glitches, slowdowns, and outages can and will occur. Sarna may also need to restrict access to some parts of the platform to perform routine maintenance. Sarna will do its best to schedule system updates and maintenance during times when the exchange markets are closed.

### **Risks Associated with Securing your Account Access information**

Sarna's customers bear sole responsibility for protecting the username and password needed to access their account. If you authorize another individual to access your account, you are solely responsible for that individual securing the information needed to access your account. If, for whatever reason, you determine that your login information has been compromised, then you are responsible for immediately notifying us at [info@sarnafinance.com](mailto:info@sarnafinance.com).

### **Risks Associated with low-priced securities**

The term "low-priced securities" refers to those securities that are sometimes referred to as "microcap stocks" or "penny stocks". The term "microcap stocks" generally refers to securities issued by companies with a market capitalization of less than \$250 to \$300 million. The term "penny stocks" generally refers to low-priced (below \$5) speculative securities of very small companies. While penny stocks generally are quoted over the counter, such as on the OTC Bulletin Board or in the Pink Sheets, they may also trade on securities exchanges, including foreign securities exchanges. In addition, penny stocks include the securities of certain private companies with no active trading market.

Low-priced securities can exhibit erratic market movements and high price volatility. Investing in low-priced securities can be speculative and involves considerable risk. When investors buy or sell these securities, they can significantly affect the quoted price. Also, an investor of a low-priced security may not be able to liquidate the position within a reasonable time.

Reliable information regarding issuers of low-priced securities, or the risks associated with investing in such securities may not be adequate or available. Some issuers may provide regular reports to investors. However, others may not be required to provide such information to investors. These securities may continue to be traded if issuers are delinquent with some or all of their reporting obligation to the SEC, other federal or state regulatory agencies.

Trading low-priced securities is subject to significant risks, increased regulatory requirements and oversight and potentially additional fees. Therefore, for these reasons, Sarna recommends that its customers consider the risks associated with purchasing and/ or holding low-priced security positions in their account.