

**Options
New Account Form**



Registered Rep:	Date Completed:
Company:	Main Contact:
Address:	Phone:
City, St Zip:	Email:

Direct Trading Forms:

- OPRA
 Risk Disclosure Delivery _____

Approved Levels:

- Buying
 Covered Writing
 Uncovered Writing
 Spreading
 Index Trading

Trading Experience (years):

Stocks: _____ Options: _____

I have authorized and approved the trading of options in my account with Direct Trading, and I have received from you an options risk disclosure document. I have read and understand the documents. You may rely on this information as provided until it is changed by me. I understand that the risk of loss in trading options can be substantial, and that:

- 1) Options may be speculative and the sale of uncovered calls and puts are the most speculative.*
- 2) I may sustain a total loss of funds used to buy or sell options, or to establish or maintain a position in the options market. If I trade on margin, and the market moves against my positions, I may be called upon by my prime broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain my positions. If I do not provide the required funds within the prescribed time period, my position may be liquidated by my prime broker at a loss, and I will be obligated for any resulting deficit in my account.*
- 3) Placing contingency orders will not necessarily limit my losses to intended amounts, since market conditions may make it impossible to execute such orders.*
- 4) A 'spread' position may not be less risky than a simple "long" or "short" position.*
- 5) The high degree of leverage that is often obtainable in options trading because of the small margin requirements can work against me as well as for me. The use of leverage can lead to large losses.*

*I understand that this brief statement cannot cover all elements of risk and other significant aspects of trading in options, and that it will be incumbent upon me to carefully consider all options trades made in my account.
 The firm is authorized to rely on this statement in order to ensure themselves that I fully understand the risks associated with trading options.*

SPECIAL STATEMENT FOR UNCOVERED OPTION WRITERS

There are special risks associated with uncovered option writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

- 1. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.*
- 2. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.*
- 3. Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.*
- 4. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.*
- 5. If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.*
- 6. The writer of an American-style option is subject to being assigned an exercise at any time after he has written the option until the option expires. By contrast, the writer of a European-style option is subject to exercise assignment only during the exercise period.*

Registered Options Principal:

Date

Customer Signature:

Date