

Option Account Agreement

Account Number _____ Account Name (As it appears on your statement.) _____

This Option Agreement is attached to and part of the Agreement (“Agreement”) between your Introducing Broker (“IB”) and the undersigned (“Client”). In consideration of Legent’s acceptance of Client’s account (“Account”) under the Option Agreement, Client agrees to the following supplemental terms and provisions.

O-1 Client Acknowledgment. Client acknowledges having received and read the booklet entitled “Characteristics and Risks of Standardized Options” issued by the Options Clearing Corporation (“OCC”), and is familiar with and understands the risks, duties and responsibilities associated with options trading. In the event Client requests Level 4 or Level 5 Option Trading, Client further acknowledges having received written disclosure describing the additional risks associated with uncovered options trading entitled “Special Statement for Uncovered Option Writers.” Client further acknowledges that any options trading activity engaged in pursuant to this Option Agreement will be governed by the rules and regulations of the Securities and Exchange Commission (“SEC”), the National Association of Securities Dealers, Inc. (“NASD”), the OCC and the several exchanges. Client further agrees not to take any action, either alone or in concert with others, to violate the position or exercise limits that the exchanges or marketplaces where executed may establish from time to time.

O-2 Purchase and Sale of Options. In the event Client purchases or writes any options position, Client agrees:

- a. to pay a commission upon the opening of an option position and to pay a second commission upon the exercise of that option position;
- b. to deliver the securities subject to an option at such time as Legent determines and, in the event Client does not deliver the underlying securities, Client authorizes Legent to act as Client’s agent to purchase replacement securities at the then-current market price in order that delivery to the exercising holder of Client’s put option is effectuated;
- c. with respect to the purchase of an option position, to be solely responsible for providing notice to Legent of Client’s intention to exercise the right of purchase not later than 3 p.m. Central Time on the business day preceding the date of expiration of such option, and that Legent is not obligated to exercise an option on behalf of Client, but may do so; and
- d. in the event it becomes necessary to decided between two (or more) accounts that have been assigned on their short option position, Legent shall allocate the assignment on a random basis amongst all holders of eligible options at Legent; and, Client is bound by this random system of allocation.

O-3 Remedies. In the event Client fails to satisfy any cash or collateral call, Legent may, in its discretion and without notice to Client, take any step necessary to protect Legent’s position, including and without limitation, (i) buying and/or selling short, or short exempt, for the account of and at the risk of Client, all or any portion of the shares or instruments represented by options endorsed by Legent for the account of Client, and (ii) engaging in any other lawful transaction reasonably calculated to protect Legent’s position.

O-4 Uncovered Sale of Options. Client specifically acknowledges that the sale of any option without depositing the underlying securities may subject Client to a significant loss.

