

Account Number \_\_\_\_\_

Rep ID \_\_\_\_\_ Alternate Branch \_\_\_\_\_

**OPTIONS CLIENT AGREEMENT AND APPROVAL FORM**

**CLIENT INFORMATION**

Name and Address of Primary Account Owner/Trustee		Name and Address of Joint Owner (if joint account)	
Date of Birth	Home Phone	Date of Birth	Home Phone
Marital Status	Business Phone	Marital Status	Business Phone
Number of Dependents	Occupation	Number of Dependents	Occupation
Employer Name and Address (If retired, state previous employer.)		Employer Name and Address (If retired, state previous employer.)	
Estimated Annual Income	Liquid Assets	Net Worth (Excluding Home)	

**ACCOUNT TYPE**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> 1. Individual or Joint   | <input type="checkbox"/> 4. RBC CM Retirement Plan     | <input type="checkbox"/> 7. Partnership |
| <input type="checkbox"/> 2. Custodian (UTMA/UGMA) | <input type="checkbox"/> 5. Non-RBC CM Retirement Plan | <input type="checkbox"/> 8. Trust       |
| <input type="checkbox"/> 3. Sole Proprietor       | <input type="checkbox"/> 6. Corporation                | <input type="checkbox"/> 9. Other _____ |

For approval of account types 5-9, please attach a copy of the proper documentation that specifically states who may enter orders and the type of options strategies that may be employed.

Is the account being traded by power-of-attorney or trading authorization?  Yes  No  
 (If yes, attach a copy and complete a separate options approval form for the agent.)

Does the Financial Consultant have approved discretionary authority to place trades in the account without prior client approval?  Yes  No

Date a copy of the current disclosure document was furnished to client \_\_\_\_\_

**INVESTMENT OBJECTIVE**

- |   |   |
|---|---|
| <input type="checkbox"/> <b>Preservation of Principal/Income</b> -Focus is on preservation of Principal and income. <i>Very conservative.</i><br>Note: For Advisory accounts, the investment objective for this category is Income.   | <input type="checkbox"/> <b>Growth</b> – Focus is on generating long-term capital growth. <i>Moderate.</i>  |
| <input type="checkbox"/> <b>Balanced/Conservative Growth</b> – Focus is on generating current income and/or long – term capital growth. <i>Conservative</i><br>Note: For Advisory accounts, the investment objective for this category is either Balanced or Conservative Growth. | <input type="checkbox"/> <b>Aggressive Growth</b> – Focus is on generating growth and/or income with a willingness to assume a high level of risk. <i>Aggressive.</i>                   |
|   | <input type="checkbox"/> <b>Speculation</b> – Focus is on generating highest potential growth and/or income with a willingness to assume highest level of risk. <i>Very aggressive.</i> |

**EXPERIENCE**

Type of Experience	Yes/No	Length of Time (yrs)	Type of Previous Options Experience				
Options				Buying	Covered Writing	Spreads	Uncovered Writing
Stocks			Stock Options				
Bonds			Index Options				
Commodities							

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STRATEGIES		COMPLIANCE APPROVAL
<input type="checkbox"/> <b>Level 1</b> (Includes Level 1 Approval)	<p><b>Covered Equity/Index Call Writing</b> – Calls fully covered by the underlying stock/index. If assigned, client will be required to sell sufficient shares of stock/index at the strike price which may be substantially lower than the current market price. Potential for loss on the stock/index position is substantial. The hedging benefit of the option is limited only to the amount of the premium received.</p> <p><b>Buying Equity/Index Puts Against Long Stock/Index Position</b> – Losses are limited to the premium paid. Used as insurance against a decline in a long stock/index position.</p>	
<input type="checkbox"/> <b>Level 2</b> (Includes Level 1 Approval)	<p><b>Cash-Backed Equity/Index/Foreign Currency Put Writing</b> – Client must hold in the account 100% of the cash needed to pay for the underlying stock/index at the strike price during the life of the option.</p>	
<input type="checkbox"/> <b>Level 3</b> (Includes Level 2 Approval)	<p><b>Purchasing Equity/Index/Foreign Currency Puts and Calls</b> – Losses are limited to the premium paid. If position is not closed or exercised, options will expire worthless on expiration date.</p>	
<input type="checkbox"/> <b>Level 4</b> (Includes Level 3 Approval)	<p><b>Equity/Index/Foreign Currency Spreads</b> – Requires the use of margin. If the long position is closed out, leaving only a short position, the investment becomes high risk due to the potentially unlimited financial risk assumed and such clients may be required to request approval as Level 5 options investors.</p>	
<input type="checkbox"/> <b>Level 5</b> (Includes Level 4 Approval)	<p><b>Equity/Index/Foreign Currency Put Writing on Margin</b> – Client may use cash and marginable securities to fulfill the margin requirement for the option position.</p> <p><b>Uncovered Equity/Index/Foreign Currency Call Writing</b> – If a client is assigned an Equity option, they may be required to purchase sufficient shares of the underlying stock in the open market at the prevailing market price which may be substantially higher than the strike price in order to satisfy delivery. If assigned an Index option, client must deliver, in cash, the difference between the option strike and the Index settlement value, which may be substantial. Uncovered call writing requires the use of margin and carries unlimited financial risk.</p> <p><b>Writing Equity/Index/Foreign Currency Combinations/Straddles</b> – Risk component must be evaluated on a case by case basis. These strategies require the use of margin and present unlimited financial risk.</p> <p><b>Special Signature Required for Level 5 Options Investors</b></p> <p><b>I represent that I am a knowledgeable and sophisticated investor and I hereby request that my account be approved for high risk options strategies. I further represent that my risk exposure and losses taken from options trading will be significantly within my financial capabilities.</b></p>	
_____ Client Special Signature	_____ Date	_____ Client Special Signature
	_____ Date	

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**OPTIONS CLIENT AGREEMENT AND APPROVAL FORM**

**SIGNATURES**

**Important: Before signing, please read the agreement on pages 3 and 4 of this form.**

- I have received the Disclosure Document, "Characteristics and Risks of Standardized Options," and am aware of the special risks inherent in options trading.
- I confirm that my financial information, investment experience, and objectives as stated on this document are accurate.
- I agree to inform my Financial Consultant of any material changes in the above information
- I have read, understand, and agree to the terms and conditions on pages 3 and 4 of this form.

**This agreement contains a pre-dispute arbitration clause, listed on page 4 in bold print.**

Client Signature	Date	Client Signature	Date
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Print Name from Signature Above	Print Name from Signature Above
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Financial Consultant	Date	Approved by: Firm Principal	Date
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Compliance Approval	Date
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Date of Initial Transaction

**CLIENT OPTIONS AGREEMENT**

This agreement shall apply to all transactions handled for any account of mine. In this agreement the terms "you" and "your" mean my brokerage firm. I agree to advise you in writing of any changes in my financial situation, needs, experience, knowledge and investment objectives insofar as I deem such changes material to any options transactions.

I understand that any options transaction made for any account of mine is subject to the rules, regulations, customs and usages of the respective exchange, Clearing Corporation or market where such transaction was executed. I, acting individually or in concert with others, will not exceed any applicable position or exercise limits imposed by an exchange or other market with respect to options trading. I further understand that it may be necessary to report to the proper regulatory authority my position in a class of options having the same underlying security. Due to the short-term nature of options, it is likely that I will be trading such options more frequently than stocks and/or bonds. I understand you will charge me a commission in connection with the exercise of any options and each time an options trade is effected.

I believe that I am capable of evaluating, carrying and bearing the financial risks and hazards of options trading, especially those attendant to (a) the writing of a call on a security which is not long in my account with you or which I do not contemplate purchasing concurrently with such call and (b) the writing of a put on a security not presently short in my account. I agree that I will in no way hold RBC Correspondent Services, a division of RBC Capital Markets Corporation ("RBC CM"), Member NYSE/FINRA/SIPC, its officers, directors, employees, or agents responsible for such losses incurred through following your trading recommendations or suggestions offered to me in good faith by your representatives.

In the event I do not satisfy on a timely basis your request for funds or collateral, you are authorized at your sole discretion and without notification to me to take any and all steps you deem necessary to protect yourselves.

I understand that it is my responsibility to give you specific instructions, notice, or directives with respect to taking any action to exercise, sell, or liquidate an option prior to the expiration date of that option. I understand that in the event I fail to give you instructions or take action regarding options positions which are about to expire, you may at your sole discretion exercise, sell, or liquidate those positions; however, you are under no obligation to do so and you shall not be liable for any failure to act. I will bear full responsibility for taking action to exercise a valuable option.

I understand that you randomly assign exercise notices to clients and that all American-style short options positions are subject to assignment at any time, including new positions that were just established. I understand that you will provide me with a detailed description of your random allocation procedure if I request it and that exercise assignment notices are allocated according to an automated procedure by which selection is made randomly from among all your client short positions.

In the interest of better customer service and for our mutual protection, I agree to immediately report any trades or transactions that were executed without my authorization; any transactions which are not properly reflected on my confirmation or monthly statement; or any other activities or

**OPTIONS CLIENT AGREEMENT AND APPROVAL FORM****CLIENT OPTIONS AGREEMENT CONTINUED**

omissions by you or your agents or employees that I believe to be improper. Such communication will be directed to the Manager of the branch office where my account is maintained. Unless I immediately object, verbally and in writing, confirmations of transactions and statements for my account shall be binding upon me.

If any provision or condition of this agreement is held to be invalid or unenforceable by any court, regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions of this agreement shall not be affected thereby, and this agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein.

Except to the extent to which they conflict with this agreement, if I have executed a Margin Agreement with you, the provisions of such Margin Agreement are incorporated here in by reference. In the event of a conflict, this agreement shall control.

**AGREEMENT TO ARBITRATE DISPUTES**

**This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:**

- **All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.**
- **Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.**
- **The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.**
- **The arbitrators do not have to explain the reason(s) for their award.**
- **The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**
- **The rules of some arbitration forums may impose time limits for bringing a claim in arbitration in some cases, a claim that is ineligible for arbitration may be brought to court.**
- **The rules of arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.**

**I agree, and by carrying any account for me you agree, that all controversies between me and RBC CM, the introducing broker or any of their present or former agents or employees concerning any transaction or the construction, performance or breach of this or any agreement between us, whether the transaction or the agreement is entered into prior, on, or subsequent to the date hereof, shall be settled by arbitration pursuant to the Federal Arbitration Act and in accordance with the rules, then in effect, of the Financial Industry Regulatory Authority ("FINRA"). The arbitrability of disputes under this agreement shall be governed by the Federal Arbitration Act.**

**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 clients 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 option 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 on expiration date.

**NOTE:** It is expected that you will read the booklet entitled **CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS** available from your Financial Consultant. In particular, your attention is directed to the chapter entitled *Risks of Buying and Writing Options*. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.