

# White Pacific Securities, Inc.

## OPTIONS AGREEMENT

Account No.: \_\_\_\_\_

Account Name: \_\_\_\_\_

### INVESTMENT OBJECTIVE

#### Anticipated Types of Trades:

- Writing Puts & Calls: Covered
- Buying Puts & Calls
- Spreading Puts & Calls
- Naked Puts (must have prior approval)
- Naked Calls (must have prior approval)

#### Options Knowledge Level:

- None
- Limited
- Good
- Extensive

#### Objective(s) of Account:

- Income
- Growth
- Speculation (occasional)
- Speculation

#### Options Investment Experience:

Number of Years: \_\_\_\_\_  
Trades Per Year: \_\_\_\_\_  
Size of Transactions  
(\$1,000, \$5,000, \$10,000): \_\_\_\_\_

I have read the "Characteristics and Risks of Standardized Options" brochure and understand all the risks associated with option trading.

## Options Agreement

To: Ridge Clearing and White Pacific Securities, Inc. (collectively "You", "Your")

This option agreement sets forth our respective rights and obligations arising in connection with any transaction by you on my behalf including, but not limited to, the purchase and sale of put and call options:

1. I wish to commit a portion of my funds to trading in options. I consider myself sophisticated in investment matters and am able to read and understand confirmations and monthly statements. I realize and understand that any form of option trading has a number of risks connected therewith. I understand that the risk associated with option trading is extremely high, and in maintaining an option account and engaging in option trading through the facilities of your firm, I am engaging in transactions of a speculative nature. In investing in an option contract, I am speculating that the price of the underlying security will not only move in the direction which I anticipate (i.e., the price will move up in the case of a call option and will move down in the case of a put option), but that the price move of the underlying security will also exceed the premium which I pay for the option, commissions and other transaction costs. Thus, if the price movement is not sufficient, I could lose my entire investment in the option contract. If I write an option contract without depositing or owning the underlying security, I realize that my risk of loss is potentially unlimited. Notwithstanding this risk of loss I agree to honor all assignments and deliver to you the underlying security in the prescribed time, and if I fail to deliver the underlying security in the proper time, I designate you to act as my agent and buy in such stock at the current market price so that I may honor my commitment to deliver. I understand that my account will be debited for any loss and that you will charge me a commission and a fee for this service. I have sufficient income and other assets to sustain the risks inherent in such investments.
2. I understand that I may not write calls (sell options) on restricted stock which I own as an insider.
3. I am familiar with the risks of option trading, and you shall not be held liable for such risks in connection with the execution, handling, purchasing, selling, exercising and endorsement of options for my account.
4. Where I am long an option which is about to expire in the money, you are authorized, in your sole discretion and without notification to me, to exercise the option and liquidate the underlying stocks for my account, using your best efforts. This is in no way to be construed as an obligation on your part to sell or exercise such option on behalf of my account, and I therefore waive any and all claims for damages or loss which I may incur at any time against you arising from the fact that any option in my account(s) was not exercised, unless I instructed you to so.
5. I have previously received from you a prospectus from the Option Clearing Corporation (OCC) and any supplement thereto and I acknowledge your procedures regarding the latest hour at which exercise notices will be accepted by you. These procedures are as follows: Notice of exercise instructions must be given to you on normal business days not later than 4:45 P.M., Eastern Time. You will not be held liable for failure to tender an exercise if such notice is not received within the aforementioned time limitations. If I am an option writer, I understand that I am still liable for exercise against me within one business day following the expiration of the option contract.
6. I understand that should I have any open short position in options during the month of expiration which is in the money or near the exercise price, it is most likely it will be assigned on my short position and that as a writer of an option I may receive a Notice of Assignment as late as one or two business days following the expiration date. Therefore, I should not take any action until being assured by you that you have received all notices of Assignment for your accounts from the Options Clearing Corp., and that the particular open short options in the accounts have or have not been called. I also understand that Notices of Assignment for option contracts are allocated among customers on a random selection basis and that a more detailed description of your allocation procedure is available upon request.
7. I have read and am familiar with the OCC prospectus and any supplement thereto and agree to abide by all rules of the OCC, or any securities exchange rules governing options transactions, including but not limited to position and exercise limit rules. Under the position limit rules, unless some different provision has been made by the OCC for a particular stock, no single investor or a group of investors acting in concert (regardless of whether the options are held in one or more accounts or through one or more brokers) may hold more than 2,000 option contracts covering the same underlying stock on the CBOE or Amex, etc. Under the exercise limit rules, unless otherwise determined and announced by the OCC, no holder or group of holders acting in concert, within any five consecutive business days, may exercise more than 2,000 options covering the same underlying security.

8. I agree to maintain in my account(s) with you such margin as you deem necessary or advisable, which may be changed by you from time to time, for the protection of your position as endorser of option contracts issued pursuant to my orders and to respond to any and all margin calls issued by you in connection with such account(s). If I fail to comply with your margin calls you are authorized, in your discretion and without notification to me, to take such action as you may deem appropriate to protect the position and obligation which you may have assumed at my request. This authorization is intended to include (without limitation thereby) the purchase and sale for my account and risk of any part or all of the shares represented by options endorsed by you at my request, and the purchase for my account and risk of such additional puts and calls as you may deem necessary to fully protect yourselves. Any securities and funds held by you in any account of mine with you shall be held by you as security for the performance by me of my obligation to you under this agreement.

9. This agreement is supplementary to a Margin Agreement simultaneously or heretofore entered into between us and shall in no event be deemed to abrogate or in any other way diminish any of your rights under the Margin Agreement; provided, however, that in the event of any conflict between the terms of this agreement and the terms of the Margin Agreement, the provisions of this agreement shall prevail.

10. You shall not be liable for loss caused directly or indirectly by government restriction, exchange or market rulings, war, strikes, or any other conditions beyond your control.

11. The provisions of this agreement shall apply to all put options, call options, or other options which may have been previously purchased, sold, executed, handled, endorsed or carried for my account(s) and shall also apply to all put options, call options or other options which you may hereafter purchase, sell, handle, endorse or carry for my account(s) and shall inure to the benefit of your firm as now or hereafter constituted.

12. You are under no obligation to convey to me any information relating to the underlying securities covered by any options in my account(s) or any securities related thereto, or any information relating to the option, whether such information is then or thereafter known or available. I understand that any information, advice or notification in respect to any option or any underlying securities or securities related thereto which you may give me and which you are not required to give by the terms of this agreement, express or implied, shall not be construed as creating an implied agreement or course of dealing between us and shall not impair the provisions of this or any other agreement between us.

**13. AGREEMENT TO ARBITRATE ALL CONTROVERSIES**

**I represent that I understand the terms of the arbitration clause, as follows:**

**(a) Arbitration is final and binding on the parties.**

**(b) The parties are waiving the right to seek remedies in court, including the right to jury trial.**

**(c) Pre-arbitration discovery is generally more limited than, and different from court proceedings.**

**(d) The arbitrators' award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.**

**(e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**

**No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.**

14. I shall be responsible for all expenses incurred by you, including reasonable attorneys' fees in enforcing any provision of or collecting any amounts due you under this agreement.

15. Unless I give specific instructions as to where to direct orders, I hereby authorize you or the introducing broker to select the exchange or market to which my orders are directed.

16. I understand that firms clearing through you may from time to time purchase for their own account options, or securities underlying options, recommended to me.

17. I understand that my option account is subject to further review and acceptance. Transactions in my account made prior to such review and acceptance are valid transactions, notwithstanding future restrictions or limitations you may place on my account.

18. I hereby expressly confirm that ALL of the information contained on page 1 of this Options Agreement, especially concerning income, net worth and investment objectives is true, accurate, and correct, and that I will advise you in writing of any changes in such information which could be deemed to affect the suitability of executing options transactions for my account.

I hereby confirm that I have read the provisions of this option agreement and understand the contents thereof. I hereby expressly warrant, under penalty of perjury, that all information contained on the "Option Agreement", especially those concerning income, net worth, and investment objectives is true, accurate and correct, and will advise you immediately in writing, of any changes in such information which could be deemed to affect the suitability of executing options transaction for my account. BY SIGNING THIS AGREEMENT, I ACKNOWLEDGE THE FOLLOWING: (1) THAT, IN ACCORDANCE WITH PARAGRAPH #13, I AM AGREEING IN ADVANCE TO ARBITRATE ANY CONTROVERSIES WHICH MAY ARISE WITH YOU, AND (2) THAT I HAVE RECEIVED, READ, UNDERSTOOD, AND MADE A PERSONAL COPY OF THIS AGREEMENT.

\_\_\_\_\_  
(Applicant's Signature)

\_\_\_\_\_  
(Signature of Co-Applicant)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

**FOR COMPANY USE ONLY**

Date Customer Provided Options Disclosure Document \_\_\_\_\_

Option Approval Circle Choice(s): (2.) Covered Call/Put (3.) Buy Put/Call (4.) Spreading Puts/Calls (5.) Naked Puts (6.) Naked WRT

RR Confirms that he/she is licensed in the customers' state of residence.

Account Introduced By: \_\_\_\_\_ (RR) Date: \_\_\_\_\_ Approved By: \_\_\_\_\_ (SROP) Date: \_\_\_\_\_