

OPTIONS AGREEMENT

The following is a legally binding agreement (“the Options Agreement”) between you and RQD* Clearing, LLC (“RQD”) with regard to your Account and supplements, your Customer Agreement, and also possibly your Margin Supplement Agreement, between you and RQD. This Options Agreement contains important information regarding your Account with RQD. Please keep a copy of this Options Agreement for your records.

This Options Agreement sets forth the respective rights and obligations arising in connection with any options Account carried by RQD on your behalf including but not limited to, the purchase and sale of put and call options.

Definitions

“Account” means any securities account you open with RQD.

“Introducing Broker” means a broker/dealer that utilizes RQD to perform clearing services on its behalf.

“Customer,” “you,” “your,” or “yours” means the undersigned and any other actual or beneficial owner of property in the Account.

“Margin Account” means any securities margin account you open with RQD.

“Securities and other property” means securities or other property, held, carried, or maintained by RQD, in RQD’s possession and control, for any purpose, in your Account.

“Securities and other property” includes, without limitation, money, securities, and financial instruments of every kind and nature, and related contracts and options.

“RQD,” “we,” “us,” or “our” refers to RQD* Clearing, LLC.

Understanding the Risks of Trading Options

You wish to commit a portion of your funds to trading in options. You consider yourself sophisticated in investment matters and are able to read and understand confirmation and monthly statements. You realize and understand that any form of option trading has a number of risks connected therewith. You also understand that the risk associated with options trading is extremely high, and that by maintaining an option Account and engaging in option trading, you are engaging in transactions, which may be speculative nature. You are aware of the high degree of risk involved in options transactions and have provided your Introducing Broker with information to demonstrate that your Account and the options trading anticipated in connection therewith is not unsuitable for you in light of your investment objectives, financial situation and needs, experience and knowledge.

Options Disclosure Documents

You acknowledge receipt of the current Characteristics and Risks of Standardized Options (also known as the Options Disclosure Document or ODD), and the Special Statement for Uncovered Options Writers, if applicable, and that you have read these disclosure documents and supplements, if any, thereto. Further, you agree that we will not be held liable for risks such as those disclosed therein, including risks in connection with the execution, handling, purchasing, selling, and exercising of options for your account.

Special Statement for Uncovered Options Writers

Further, you understand that there are special risks associated with uncovered option writing that expose

investors to potentially significant and/or unlimited losses. Therefore, this type of strategy may not be suitable for all customers approved for options transactions. It is expected that you will read the Characteristics and Risks of Standardized Options booklet, which can be found here: <https://www.theocc.com/Company-Information/Documents-and-Archives/Options-Disclosure-Document>. In particular, your attention is directed to the chapter entitled Risks of Options Writers and any supplements thereto. You further understand and agree that should you be approved for uncovered writing, there is this additional disclosure entitled Special Risks of Uncovered Writers as well as other restrictions and limits that may apply separate from this Options Agreement. The undersigned also agrees that in connection with any uncovered options(s) for the undersigned’s account, uncovered options are prohibited in IRA accounts. The following list details the risks associated with writing uncovered options. This list is not intended to enumerate all the risks entailed in writing uncovered options:

- 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.
- As with writing uncovered call, 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.
- Writing uncovered options is thus suitable only for knowledgeable investors who understand 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 payment. If an investor does not make such margin payment, 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.
- For combination writing, where a call and put option on the same underlying instrument, is written by the investor, the potential risk is unlimited.
- If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and an options writer would remain obligated until expiration or assignment.
- The writer of an American-style option is subject to being assigned an exercise at any time after the option has been written and up until the option expires. The writer of a European-style option is subject to exercise assignment only during the exercise period

Options Regulations

You agree to abide by all rules of the Options Clearing Corporation (“OCC”), and other regulatory authorities governing option transactions, including but not limited to position and exercise limit rules. You understand that under the position limit rules, which can be found here: <https://www.theocc.com/Market-Data/Market-Data-Reports/Series-and-Trading-Data/Position-Limits>, unless a different provision has been made by the OCC or other regulatory authority for a particular stock, no single investor acting alone or a group of investors acting in concert (regardless of whether the options are held in one or more

Accounts through us or more brokers) may hold more than the allowable number of option contracts covering the same underlying stock or index, and also that under the exercise limit rules, unless otherwise determined and announced by the OCC or other regulatory authority, no investor acting alone or group of investors acting in concert, within any five consecutive business days, may exercise more than the allowable number of options covering the same underlying security or index. The number of allowable contracts varies widely for different equity and index options. You further understand that it may be necessary for us to report your options position(s) to the proper regulatory authority, indicating your name, address and other identifiable information.

Purchaser of Options and Exercise Notices

In the event that you purchase any option position, you agree to be solely responsible for providing notice in writing or electronically to your Introducing Broker of your intent to exercise the right of purchase or sale no later than 4:20 p.m. Eastern Time on the business day preceding the date of expiration of such option. You agree that your Introducing broker is not obligated to exercise an option on your behalf but may do so.

Furthermore, you agree to pay a commission upon the opening of an option position and to pay a second commission upon the exercise or closing of that option position. The rate of commission is determined by your Introducing Broker.

Writer of Options and Obligations to Satisfy Assignments

In the event that you write any option position, you agree to deliver the securities subject to a call option written by you at such time RQD determines and, in the event that you do not deliver the underlying securities, you authorize RQD to act as your agent to purchase replacement securities at the then-current market price in order for that delivery to the exercising holder of your call option is effectuated.

You agree to make funds available to purchase securities subject to a put option written by you at such time RQD determines and, in the event that you do not make the funds available, you authorize RQD to act as your agent to make funds available in order that delivery to the exercising holder of your put option is effectuated.

Furthermore, you agree to pay a commission upon the opening of an option position and to pay a second commission upon the assignment or closing of that option position. The rate of commission is determined by your Introducing Broker.

Exercise Notices

You agree that you are aware of our requirements and time limitations for accepting an exercise notice. As the Account owner, it is your responsibility to exercise, in a proper and timely manner, any right, privilege, or obligation of any put, call, or other option that RQD may purchase, handle, endorse, or carry for your Account(s). However, in the absence of any instructions from you, you authorize us to exercise any in-the-money options that remain in your Account on their expiration day, so long as they are in-the-money by \$0.01 or greater or otherwise in accordance with RQD's policies then in effect, as applicable. If you do not want RQD to exercise an expiring option, you must notify your Introducing Broker and/or RQD in writing or electronically by 4:20 p.m. Eastern Time on the appropriate day to exercise an options contract on the last business day before the expiration date. If we do not receive your instructions by this time, you agree to waive any and all

claims for damage or loss that you might have against us, at that time or later, arising out of the fact that we did not receive your order to exercise or not exercise in time. If an option is exercised, you authorize RQD to close out the position(s) that results from the exercise. You agree to waive and to release us and Introducing Broker and our (its) officers, employees and agents from any and all claims of damage or loss, then or at a later time sustained, as a result of the exercise or non-exercise of an options contract(s).

Exercises and Allocation of Assignments

You acknowledge that you are aware that all short American-style option positions are subject to assignment at any time and that European-style option contracts are only exercisable on the option's date of expiration. In the event it becomes necessary to allocate between two (or more) persons who have written an option position, RQD shall have sole discretion to determine which writer actually shall receive notice of such assignment, and that you are bound by this "random selection" system of assignment. Further, you understand that this random method of allocation for all option(s) assignments is accomplished by an automated procedure, which randomly selects from all customer short positions, including positions established on the day of assignment. You agree and understand that a more detailed description of this procedure is separately available upon written request.

Cash and/or Margin Maintenance

You understand and agree to maintain in your Account(s) appropriate cash and/or margin as we deem necessary or advisable, which may be changed by us from time to time, for the protection of our position as endorser of option contracts issued pursuant to your orders. You also understand and agree to promptly respond to any and all margin calls issued by us in connection with such Account(s). If you fail to promptly comply with our margin calls, you understand and agree that we are authorized, without notification and in our discretion, to take such action as we may deem appropriate to protect the position(s) and obligation(s) which we may have assumed. This authorization is intended to include (without limitation thereby) the purchase and sale for your Account, and risk of, any part or all of the shares represented by options endorsed by us at your request, and the purchase and/or sale for your Account, and risk of, such additional puts and calls as we may deem necessary to fully protect ourselves. Any securities and funds held in any Account with us shall be held by us as collateral for the performance by your obligations to us under this Options Agreement.

Option Levels

Depending on your responses in your account opening documentation, you may be approved for one of the following levels for options trading:

Level 1: Covered calls, including: Covered calls sold against stock held long in your brokerage account; Buy-writes (simultaneously buying a stock and writing a covered call); Covered call roll-ups/roll-downs.

Level 2: All Level 1 strategies, plus: Married puts, Long calls, Long puts, Long straddles, Long strangles, Covered puts (short stock and short put position)

Level 3: All Level 1 and 2 strategies, plus: Equity debit spreads, Equity credit spreads, Equity calendar/diagonal spreads, Index debit spreads, Index credit spreads, Index calendar/diagonal spreads

Level 4: All Level 1, 2, and 3 strategies, plus: Naked equity puts

Level 5: All Level 1, 2, 3, and 4 strategies, plus: Naked equity calls

Level 6: All Level 1, 2, 3, 4 and 5 strategies, plus: Naked index calls, Naked index puts

Authorization of Action to Protect Account

You hereby authorize us in our discretion, should we deem it necessary for our protection for any reason, including the Account holder's death, to buy, sell, or sell short for the Account any risk, puts, calls or other forms of options and/or to buy, sell or sell short any part or all of the underlying shares represented by options endorsed by us for your Account. Further, you agree and understand that you will reimburse any and all expenses incurred by us in connection with such transactions. You also agree and understand that when transactions on your behalf are executed and the options are traded in more than one marketplace, we may use our discretion in selecting the market in which to enter the order. All monies, securities, or other property which we may hold in your Account shall be held subject to a general lien for the discharge of your obligations to us under this Options Agreement or otherwise. For example, if you are long an option which is about to expire in the money, we are authorized, in our sole discretion and without notification to you, to exercise the option and liquidate the underlying securities and other property for your Account, using our best efforts. This is in no way to be construed as an obligation on our part to sell or exercise such option on behalf of your Account, and you therefore waive any and all claims against us for damages or loss which may incur at any time arising out of the fact that any option in your Account(s) was not exercised.

Further, you understand and agree that we reserve the right to deny, revoke or discontinue options privileges on your Account(s).

Customer Agreement and Margin Supplement Agreement

This Options Agreement is supplementary to the Customer Agreement and Margin Supplement Agreement simultaneously or heretofore entered into between you and us and shall in no event be deemed to abrogate or in any other way diminish any of our rights under such agreements; provided, however, that in the event of any conflict between the terms of this Options Agreement and the terms of either such agreement, the provisions of this Options Agreement shall prevail.

Application

The provisions of this Options 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 your Account(s) and shall also apply to all put options, call options or other options which we may hereafter purchase, sell, handle, endorse or carry for your Account(s) and shall inure to our benefit.

You understand and agree that we are under no obligation to convey to you any information relating to the underlying securities covered by any options in your Account(s) or any securities related thereto, or any information relating to the options, whether such information is then or thereafter known or available. You further understand that any information or

notification in respect to any option or any underlying securities or securities related thereto which we may give to you and which we are not required to give by the terms of this Options Agreement, express or implied, shall not be construed as creating an implied agreement or course of dealing between you and RQD and shall not impair the provisions of this or any other agreement between you and RQD.

Order Destination

Your Introducing Broker may or may not use RQD for the execution of your option orders. The Introducing Broker has the ultimate decision on the executing broker to use for the execution of your option orders. If RQD is the executing broker you hereby authorize us to select the exchange or market center to which your orders are directed, unless your Introducing Broker gives specific instructions to us as to where to direct your orders.

Supplemental IRA Provisions (if applicable)

Pledging. You understand that under Section 408(e)(4) of the Internal Revenue Code of 1986, as amended, if you pledge any portion of your IRA as collateral for a loan, the amount pledged will be treated as a distribution, and may be included in your gross income for the taxable year in which you pledge the assets to the extent it represents earnings or be subject to excise taxes.

Prohibited Transactions. You understand that the margin borrowing will not be made available in IRA because of applicable regulatory limitations. If you or your beneficiary engage in a prohibited transaction with your IRA, your IRA may lose its tax-deferred or tax-exempt status.

ERISA and IRC. You acknowledge that transactions in your IRA do not and will not constitute a prohibited transaction as defined under ERISA, the Internal Revenue Code ("IRC") and related regulations, interpretations, and guidance, and are otherwise in compliance with all applicable laws, rules, and regulations.

No Advice. You are advised to consult your tax advisor regarding the advisability of holding options or conducting options strategies in your IRA.. You have not and will not, rely on RQD for legal or tax advice in connection with engaging in options transactions in your IRA. You will not hold RQD responsible for any adverse tax consequences or penalties that you or your IRA may incur in connection with options transactions.

Obligations. You agree to maintain a sufficient cash balance in your IRA to satisfy all obligations that may arise from option transactions or options strategies and during the time that such options are held or options strategies are conducted in your IRA. You further understand and acknowledge that amounts available for purchases within your IRA may be limited due to amounts needed to satisfy options or options strategies obligations. You acknowledge responsibility for not conducting options transactions that can result in liabilities or obligations in excess of your IRA account balance. RQD will not be responsible for the dishonor of any transaction due to an insufficient balance in your IRA. To the extent that options transactions or options strategies create a short or debit position in your IRA account, such short or debit position will immediately be covered with other assets from your IRA.

Amendments

We may amend this Option Agreement at any time. This may include changing, dropping, or adding fees and policies, changing features and services or entities that provide them, and limiting the usage or availability or any feature or service,

within the limits of applicable laws and regulations. The most current version of this Option Agreement is available online at <https://www.rqdclearing.com/> under personal investing/investor information or by contacting your Introducing Broker. No provision of this Option Agreement can be amended or waived except in writing by an authorized representative of RQD.

Accuracy of Information

You represent that all of the information you provided to us and to your Introducing Broker is true and accurate, including, but not limited to, your investment experience and knowledge, net worth, and liquid net worth, and that you agree to promptly notify your Introducing Broker if any information you have provided requires amendment or supplement, not limited to, a change in your financial situation, investment objectives or other circumstances.

Indemnification and Damages

YOU UNDERSTAND THAT INDEMNIFICATION AND DAMAGES ARE GOVERNED BY THE CUSTOMER AGREEMENT AND YOU ACKNOWLEDGE THAT YOU HAVE READ AND ARE FAMILIAR WITH THE INDEMNIFICATION AND DAMAGES SECTIONS OF THE CUSTOMER AGREEMENT.

Arbitration

YOU UNDERSTAND THAT THIS ACCOUNT IS GOVERNED BY A PRE-DISPUTE ARBITRATION AGREEMENT, WHICH IS SET FORTH IN THE CUSTOMER AGREEMENT BETWEEN YOU AND RQD. YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED AND READ THE PRE-DISPUTE ARBITRATION AGREEMENT CONTAINED THEREIN.

Binding Agreement

By signing this Agreement:

- I. You agree that you have read and understand all of the terms and conditions set forth herein;
- II. All decisions that you make to enter into options transactions are entirely your own and are made without any investment advice from us;
- III. You agree to advise your Introducing Broker of any changes in your investment objectives, financial situation or other circumstances that may be deemed to materially affect the suitability of executing options transactions for your Account;
- IV. You agree that you have; a) received, and carefully and completely read, the Characteristics and Risks of Standardized Options, and any supplements thereto, b) the Special Statement for Uncovered Writers, if applicable, and any supplements thereto, c) this Options Agreement, d) and other applicable agreements (e.g.; Customer Agreement and Margin Agreement;
- V. You are aware of and agree to be bound by the applicable by-laws and rules of FINRA, OCC and other regulatory authorities, including, but not limited to, position limits and exercise limits, and that you further agree to not violate such limits established by the OCC or other applicable regulatory authorities;
- VI. You understand and acknowledge that this Options Agreement contains a pre-dispute arbitration clause in above;
- VII. You agree that this Options Agreement is a legally binding and valid contract under which you will be bound by all of the terms and conditions set forth above, including in

connection with any transactions in options which have been or may be purchased, sold, exercised or endorsed for your Account; and

VIII. You understand and agree that the sections of this Options Agreement entitled Accuracy of Information and Arbitration will survive the termination of this Options Agreement.

Electronic Signature (if applicable)

By signing below you indicate that you “acknowledge that you read and understand and agree”, to this Options Agreement and any subsequent agreement, you are signing this Options Agreement electronically. You agree your electronic signature is the legal equivalent of your manual signature on this Options Agreement. By signing this Agreement you consent to be legally bound by the indicated Options Agreement’s terms and conditions. You further agree that your use of a key pad, mouse or other device to select an item, button, icon or similar act/action, or to otherwise provide RQD, including its parents, subsidiaries, officers, directors, employees, agents and affiliates (collectively “RQD”) instructions to transact on your behalf, and/or in accessing or making any transaction regarding any agreement, acknowledgement, consent terms, disclosures or conditions constitutes your signature (hereafter referred to as “E-Signature”), acceptance and agreement as if actually signed by you in writing. You also agree that no certification authority or other third-party verification is necessary to validate your E-Signature and that the lack of such certification or third-party verification will not in any way affect the enforceability of your E-Signature or any resulting contract between you and RQD. You also represent that you are authorized to enter into this Options Agreement for all persons who own or are authorized to access any of your Accounts and that such persons will be bound by the terms of this Options Agreement. You further agree that each use of your E-Signature in obtaining any services offered by RQD constitutes your agreement to be bound by the terms and conditions of each and every one of your agreements with RQD. This includes, but is not limited to, your valid and binding arbitration agreement with RQD.

This Options Agreement is governed by the pre-dispute arbitration clause on page 4 of the Customer Agreement.

Option Level Requested:

- Level 1
- Level 2
- Level 3
- Level 4
- Level 5
- Level 6

Client Signature _____

Client Name _____

Date _____

Client Signature _____

Client Name _____

Date _____

FOR CORRESPONDENT APPROVAL:

- | | |
|----------------------------------|----------------------------------|
| <input type="checkbox"/> Level 1 | <input type="checkbox"/> Level 4 |
| <input type="checkbox"/> Level 2 | <input type="checkbox"/> Level 5 |
| <input type="checkbox"/> Level 3 | <input type="checkbox"/> Level 6 |

Principal Sig. _____

Principal Name _____

Date _____