

# OPTION CUSTOMER ACCOUNT INFORMATION

PLEASE COMPLETE ALL ITEMS (EXCEPT "FOR BROKER USE ONLY" AREA), CHECK ALL APPLICABLE BOXES, SIGN AND RETURN.

1. Title  Mr.  Mrs.  Ms.  Dr. First Name \_\_\_\_\_ Middle Initial \_\_\_\_\_ Last Name \_\_\_\_\_ Suffix \_\_\_\_\_
2. Applicant's Marital Status  M  S  D  W Applicant's Number of Dependents \_\_\_\_\_ Applicant's Date of Birth \_\_\_\_\_
3. Applicant's Employment Status  Employed  Self-Employed  Student  Retired  Unemployed Annual Income \_\_\_\_\_
4. Applicant's Net Worth (Excluding Residence) \_\_\_\_\_ Applicant's Net Liquid Assets \_\_\_\_\_

**Co-Applicant's or Minor Information (For Joint or Custodian Accounts)**

5. Title  Mr.  Mrs.  Ms.  Dr. First Name \_\_\_\_\_ Middle Initial \_\_\_\_\_ Last Name \_\_\_\_\_ Suffix \_\_\_\_\_
6. Co-Applicant's Marital Status  M  S  D  W Co-Applicant's Number of Dependents \_\_\_\_\_ Co-Applicant's Date of Birth \_\_\_\_\_
7. Co-Applicant's Employment Status  Employed  Self-Employed  Student  Retired  Unemployed Annual Income \_\_\_\_\_
8. Co-Applicant's Net Worth (Excluding Residence) \_\_\_\_\_ Co-Applicant's Net Liquid Assets \_\_\_\_\_
9. **ONLY for Custodian Accounts and Entity Accounts (Corp., LLC, Assoc., Partnership, Sole Proprietorship, Trust, Investment Club)**  
 For Entities: please write Official Entity Name. /// For Custodian Accounts: please write Custodian Name C/F Minor Name UGMA/Home State.  
 (Example "John Doe C/F John Doe UGMA/NY")

**10. Investment Experience**

	Years of Trading Experience	Average Amount Invested	Estimated Frequency of Transactions*	Knowledge of the Investment**	Type of Account (check applicable boxes)			
					Cash	Margin	Long	Short
Stocks					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bonds					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commodities					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Options					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Specify Others \_\_\_\_\_

\*A = Annually                      S = Semi-annually                      M = Monthly or more frequently  
 \*\*1 = Extensive                      2 = Good                      3 = Nominal

11. Investment Objective:  Safety of Principal (long-term appreciation with limited risk)                       Income (use proceeds of Account as a source of income)  
 Growth (capital appreciation with risk)                       Trading Profits (short-term high risk)                       Speculative (long-term high risk)
12. **Options Experience**                       Purchase                       Writing                       None
13. **Anticipated Activity**                       Covered Writing                       Purchasing                       Spreading                       Uncovered Writing Check

**TDSC Account #** \_\_\_\_\_ **Penson Account #** \_\_\_\_\_

I HAVE RECEIVED FROM YOU THE RISK DISCLOSURE DOCUMENT AND ANY SUPPLEMENT ISSUED BY THE VARIOUS EXCHANGES AND THE OPTIONS CLEARING CORPORATION. I CONFIRM THAT I HAVE READ AND THAT I UNDERSTAND THE INFORMATION CONTAINED IN THAT DOCUMENT. I AM AWARE OF THE SPECIAL RISKS AND OBLIGATIONS OF OPTIONS TRADING. I HAVE READ AND I UNDERSTAND BOTH SIDES OF THIS AGREEMENT AND I AM BOUND BY IT.

**Applicant's Signature** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Co-Applicant's Signature** \_\_\_\_\_ **Date:** \_\_\_\_\_

**FOR BROKER USE ONLY**

**Date of Delivery of "Characteristics and Risks of Standard Options"** \_\_\_\_\_

**Date of Delivery of "Special Statement for Uncovered Option Writers"** \_\_\_\_\_

I have received this application and believe the account is suitable for the checked off items:  
 Covered Writing                       Buying                       Spreading                       Uncovered

Restrictions, if any: \_\_\_\_\_

Registered Rep. Signature \_\_\_\_\_ **Date:** \_\_\_\_\_

Registered Options Principal Signature \_\_\_\_\_ **Date:** \_\_\_\_\_

In connection with any transactions in options which have been or may be purchased, sold, exercised or endorsed for the undersigned's accounts with an introducing broker(s) which clears through Penson Financial Services, Inc, the undersigned agrees as follows:

- 1. Definitions. "Introducing broker"** means any brokerage firm which introduces security transactions on behalf of the undersigned, which transactions are cleared through you, whether one or more. **"Obligations"** means all indebtedness, debit balances, liabilities or other obligations of any kind of the undersigned to you, whether now existing or hereafter arising. **"Options"** means all types of options, including puts, calls, equity, debt, index or otherwise. **"Securities and other property"** shall include, but shall not be limited to money, securities, commodities or other property of every kind and nature and all contracts and options relating thereto, whether for present or future delivery. **"You"** or **"your"** refers to Penson Financial Services, Inc.
- 2. Limits.** The Undersigned shall not, acting alone or in concert with others, exceed the position/exercise limits set forth by any exchange or market or by any other regulatory authority having jurisdiction.
- 3. Authority, Execution of Orders, Security Interest.** The undersigned hereby authorizes you in your discretion, should you deem it necessary for your protection for any reason, or if the undersigned dies, to buy, sell, or sell short for the undersigned's account and risk, puts, calls or other forms of option and/or to buy, sell or sell short any part or all of the underlying shares represented by options endorsed by you for the undersigned's account. Any and all expenses incurred by you in connection with such transactions shall be reimbursed by the undersigned to you. The undersigned understands and acknowledges that when transactions on the undersigned's behalf are to be executed and the options are traded in more than one marketplace you may use your discretion in selecting the market in which to enter the undersigned's order unless the undersigned specifically instructs otherwise. All monies, securities, or other property which you may hold in any account of the undersigned shall be held subject to a general lien for the discharge of the undersigned's obligations to you under this Agreement or otherwise.
- 4. Notice, Exercise, Random Allocation.** The undersigned is aware of your requirements and time limitations for accepting an exercise notice and expiration date. The undersigned understands that the undersigned may not receive actual notice of exercise until the week following exercise. The undersigned bears full responsibility for taking action to exercise or sell valuable options; however, in the absence of the undersigned notifying the introducing broker to exercise a valuable options contract by 3 p.m. Central Standard/Daylight Time on the last business day prior to the expiration date of the options contract, and the introducing broker instructing you to sell valuable options on the undersigned's behalf within such time, the undersigned agrees that you may exercise the options contract on the undersigned's behalf. In the event of such exercise, the profit in excess of commission costs created thereby will be credited to the undersigned's account. In the event that the commissions to be charged for such an expiration transaction exceeds the proceeds to be realized, the undersigned agrees and hereby relinquishes the undersigned's ownership in said option to you, and you may exercise such option for your own account. If the undersigned does not instruct the introducing broker to exercise the valuable option by the time stated above, and you for whatever reason, do not exercise such option on the undersigned's behalf, the undersigned hereby waives any and all claims for damage or loss which the undersigned might at the time or any time thereafter have against you arising out of the fact that the option was not exercised. The undersigned is aware that you utilize a random method of allocation for all option(s) assignments received from the Option Clearing Corporation. Exercise assignment notices for options contracts are allocated among all customers' short positions within that series. This is accomplished by a manual procedure which randomly selects from among all customer short positions, including positions established on the day of assignment, those contracts which are subject to exercise. All short positions are liable for assignment at any time. The undersigned understands that a more detailed description of this procedure is available upon request by the undersigned.
- 5. Uncovered Options.** The undersigned agrees that in connection with any uncovered option(s) for the undersigned's account, the undersigned will not sell, during the life of such options, the underlying securities collateralizing such options, including any cash or securities which may accrue on the underlying covered securities until such options are closed, exercised or expired or the undersigned has met the collateral requirements established by you and/or the introducing broker for carrying uncovered options. The undersigned also agrees that the introducing broker and/or you, in your respective sole discretion, may refuse any order to sell such underlying securities received from the undersigned or by means of a "give up" basis through another firm unless, prior to such sale, the undersigned has met the collateral requirements established by you and/or the introducing broker for carrying uncovered options. You have the right, in your sole discretion, to permit the undersigned to apply the proceeds of such sale to such collateral requirements.
- 6. Risks.** The undersigned is aware of the high degree of risk involved in options transactions and has given the introducing broker, in strict confidence, information to demonstrate that this account and the trading anticipated in connection therewith is not unsuitable for the undersigned in light of the undersigned's investment objectives, financial situation and needs, experience and knowledge. The undersigned agrees to advise the introducing broker of any changes in the undersigned's investment objectives, financial situation or other circumstances that may be deemed to materially affect the suitability of executing options transactions for the undersigned's account.
- 7. Options Account Form, Disclosure Documents.** The undersigned has reviewed the contents of the options account form and represents that they are accurate. Although certain types of transactions are indicated as anticipated you and the introducing broker may execute any other types of transactions for the undersigned's account upon the undersigned's instructions. The undersigned has received an Options Disclosure Document relating to options on the categories of underlying securities which the undersigned has been approved for trading.
- 8. Accounts Carried as Clearing Broker.** The undersigned understands that you are carrying the accounts of the undersigned as clearing broker by arrangement with the undersigned's introducing broker through whose courtesy the account of the undersigned has been introduced to you. Until receipt from the undersigned of written notice to the contrary, you may accept and rely upon the introducing broker for (a) orders for the purchase or sale in said account of securities and other property, and (b) any other instructions concerning the undersigned's accounts. The undersigned represents that the undersigned understands that you act only to clear trades introduced by the undersigned's introducing broker and to effect other back office functions for the undersigned's introducing broker. The undersigned confirms to you that the undersigned is relying for any advice concerning the undersigned's accounts solely on the undersigned's introducing broker. The undersigned understands that all representatives, employees and other agents with whom the undersigned communicates concerning the undersigned's account are agents of the introducing broker, and not your representatives, employees or other agents. The undersigned understands that you will not review the undersigned's accounts and will have no responsibility for trades made in the undersigned's accounts. You shall not be responsible or liable for any acts or omissions of the introducing broker or its representatives, employees or other agents.

**THE FOLLOWING ARBITRATION AGREEMENT SHOULD BE READ IN CONJUNCTION WITH THESE DISCLOSURES:**

- (a) 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 FORM IN WHICH A CLAIM IS FILED;
- (b) ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
- (c) THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS;
- (d) THE ARBITRATORS DO NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD.
- (e) THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.
- (f) 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 IN COURT.
- (g) THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.

**9. ARBITRATION AGREEMENT.** ANY AND ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN THE UNDERSIGNED AND YOU, OR THE INTRODUCING BROKER, OR YOUR AGENTS, REPRESENTATIVES, EMPLOYEES, DIRECTORS, OFFICERS OR CONTROL PERSONS, OR OF THE INTRODUCING BROKER, ARISING OUT OF, IN CONNECTION WITH, FROM OR WITH RESPECT TO (a) ANY PROVISIONS OF OR THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENTS, (b) THE RELATIONSHIP OF THE PARTIES HERETO, OR (c) ANY CONTROVERSY ARISING OUT OF YOUR BUSINESS, THE INTRODUCING BROKER'S BUSINESS OR THE UNDERSIGNED'S ACCOUNTS SHALL BE CONDUCTED PURSUANT TO THE CODE OF ARBITRATION PROCEDURE OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. ARBITRATION MUST BE COMMENCED BY SERVICE OF A WRITTEN DEMAND FOR ARBITRATION OR A WRITTEN NOTICE OF INTENTION TO ARBITRATE. THE DECISION AND AWARD OF THE ARBITRATORS(S) SHALL BE CONCLUSIVE AND BINDING UPON ALL PARTIES, AND ANY JUDGMENT UPON ANY AWARD RENDERED MAY BE ENTERED IN A COURT HAVING JURISDICTION THEREOF, AND NEITHER PARTY SHALL OPPOSE SUCH ENTRY.

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 de-certified; 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.

**10. Other Agreements.** The undersigned agrees to be bound by the terms of your **Customer Account Agreement**. If the undersigned trades on margin or short accounts, the undersigned agrees to be bound by the terms of your **Customer Margin and Short Account Agreement**. The undersigned understands that copies of these agreements are available from you and, to the extent applicable, are incorporated by reference herein. The terms of these other agreements are in addition to the provisions of this Agreement and any other written agreements between you and the undersigned.

**11. Data Not Guaranteed.** The undersigned expressly agrees that any data or online reports is provided to the undersigned without warranties of any kind, express or implied, including but not limited to, the implied warranties of merchantability, fitness of a particular purpose or non-infringement. The undersigned acknowledges that the information contained in any reports provided by you is obtained from sources believed to be reliable but is not guaranteed as to its accuracy of completeness. Such information could include technical or other inaccuracies, errors or omissions. In no event shall you or any of your affiliates be liable to the undersigned or any third party for the accuracy, timeliness, or completeness of any information made available to the undersigned or for any decision made or taken by the undersigned in reliance upon such information. In no event shall you or your affiliated entities be liable for any special incidental, indirect or consequential damages whatsoever, including, without limitation, those resulting from loss of use, data or profits, whether or not advised of the possibility of damages, and on any theory of liability, arising out of or in connection with the use of any reports provided by you or with the delay or inability to use such reports.

**12. Credit Check.** You are authorized, in your discretion, should you for any reason deem it necessary for your protection to request and obtain a consumer credit report for the undersigned.

**13. Miscellaneous.** The undersigned agrees that this Agreement and all transactions in the undersigned's accounts shall be governed by the constitution, rules, regulations, customs, usages and bylaws of the Options Clearing Corporation and all exchanges or other facilities upon which options are traded for the account of the undersigned. If any provisions of this Agreement is held to be unenforceable, it shall not affect any other provisions of this Agreement. The headings of each sections of this Agreement are descriptive only and do not modify or qualify any provision of this Agreement. This Agreement and its enforcement shall be governed by the law of the state of Texas and shall cover individually and collectively all accounts which the undersigned has previously opened, now has open or may open or reopen with you, or any introducing broker, and any and all previous, current and future transactions in such accounts. Except as provided in this Agreement, no provision of this Agreement may be altered, modified or amended unless in writing signed by your authorized representative. This Agreement and all provisions shall insure to the benefit of you and your successors, whether by merger, consolidation or otherwise, your assigns, the undersigned's introducing broker, and all other persons specified in Paragraph 9. You shall not be liable for losses caused directly or indirectly by any events beyond your reasonable control, including without limitation, government restrictions, exchange or market rulings, suspension of trading or unusually heavy trading in securities, a general change in economic, political or financial conditions, war or strikes. You may transfer the accounts of the undersigned to your successors and assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the undersigned.