

Special Statement for Uncovered Option Writers

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Account No. [REDACTED] Account Name Jeepers Inc.

There are special risks associated with uncovered option writing which expose the investor to potentially significant loss. I understand that this type of strategy may not be suitable for all customers approved for options transactions. I also understand each of the following:

1. The potential loss of uncovered call writing is unlimited, since there is no upper limit on a stock's price and the loss to a writer of an uncovered call equals the stock price minus the exercise price. 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. Such a loss can exceed the equity in the call writer's account.
2. The potential loss from writing uncovered put options is also 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. However, since stock prices cannot be lower than zero, the maximum loss is equal to the strike price of the put sold less the premium received for that put. Such loss could be substantial if there is a significant decline in the value of the underlying instrument and can exceed the equity in the put writer's account.
3. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited and can exceed the equity in the option writer's account.
4. 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 options 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.
5. The option writer may not be able to rely on the secondary market. 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 during the exercise period.

NOTE: It is expected that the person(s) signing below will read the booklet entitled Characteristics and Risks of Standardized Options available from your broker. Particular 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.

I have read and understand the above statement regarding the special risks associated with uncovered option writing and represent that such trading is suitable in light of my investment objectives, which include speculation, as well as my financial situation, risk tolerance and knowledge. I understand that you will rely on the representations I have made herein and in the Option Agreement and Approval Form I provided to you in determining whether to approve my account for the options strategies I have elected and I hereby certify the truth and accuracy of such statements.

Signed [Signature] Date 10/29/13

Signed _____ Date _____

Signed _____ Date _____

Signed _____ Date _____

Signed _____ Date _____

Approved for: Uncovered Calls Uncovered Puts

ROP/Manager Approval: [Signature] Date: 10/24/13

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