

\_\_\_\_\_  
Firm ID

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

\_\_\_\_\_  
FC#

**OPTIONS CLIENT AGREEMENT AND APPROVAL FORM**

|   |  |   |     |   |     |
|---|--|---|-----|---|-----|
| NAME/ADDRESS  |  | EMPLOYER (IF SELF, PLEASE EXPLAIN)                |     | EMPLOYER (JOINT ACCOUNT)                          |     |
|   |  | POSITION<br>(IF RETIRED, STATE PREVIOUS POSITION) |     | POSITION<br>(IF RETIRED, STATE PREVIOUS POSITION) |     |
|   |  | LENGTH OF EMPLOYMENT                              | AGE | LENGTH OF EMPLOYMENT                              | AGE |
| MARRIED<br><input type="checkbox"/> YES <input type="checkbox"/> NO | NUMBER OF DEPENDENTS<br>(INCLUDE SELF) | BUSINESS PHONE                                    |     | HOME PHONE  |     |

**CLIENT FINANCIAL INFORMATION**

|                               |                     |                                  |
|-------------------------------|---------------------|----------------------------------|
| ESTIMATED ANNUAL INCOME<br>\$ | LIQUID ASSETS<br>\$ | NET WORTH (EXCLUDING HOME)<br>\$ |
|-------------------------------|---------------------|----------------------------------|

**CLIENT EXPERIENCE**

**ACCOUNT TYPE**

|   |   |   |  |
|---|---|---|--|
| NONE <input type="checkbox"/><br>LENGTH OF TIME _____<br>OPTIONS <input type="checkbox"/><br>STOCKS <input type="checkbox"/><br>BONDS <input type="checkbox"/><br>COMMODITIES <input type="checkbox"/><br>OTHER <input type="checkbox"/><br>PLEASE SPECIFY: _____ | Type of Previous Option Experience<br>BUYING COVERED WRITING SPREADS UNCOVERED WRITING NONE<br>STOCK OPTIONS <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/><br>INDEX OPTIONS <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Type of Account<br><input type="checkbox"/> 1. Individual or Joint<br><input type="checkbox"/> 2. Custodian (UTMA/UGMA)<br><input type="checkbox"/> 3. Sole Proprietor<br><input type="checkbox"/> 4. Wedbush IRA | <input type="checkbox"/> *5. Non-Wedbush IRA<br><input type="checkbox"/> *6. Corporation<br><input type="checkbox"/> *7. Partnership<br><input type="checkbox"/> *8. Trust<br><input type="checkbox"/> *9. Other |
|   |   | <small>*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.</small>        |  |

**INVESTMENT OBJECTIVES**

PLEASE RANK:  INCOME  HEDGING  GROWTH  TRADING/SPECULATION  OTHER \_\_\_\_\_

**APPLICATION OF OPTIONS STRATEGY APPROVALS**

Please check **Level 0** \_\_\_\_\_ Compliance Approval  
Covered Equity Call Writing - Calls fully covered by the underlying stock. If assigned, client will be required to sell sufficient shares of stock at the strike price which may be substantially lower than the current market price. Potential for loss on the stock position is substantial. The hedging benefit of the option is limited only to the amount of the premium received.  
Buying Equity Puts against a Long Stock Position - Losses are limited to the premium paid. Used as insurance against a decline in a long stock position.

Please check **Level 1 (Includes Level 0 Approval)** \_\_\_\_\_ Compliance Approval  
Purchasing Equity/Index Puts and Calls - Losses are limited to the premium paid. If position is not closed or exercised, options will expire worthless on expiration date.

Please check **Level 2 (Includes Level 1 Approval)** \_\_\_\_\_ Compliance Approval  
Equity/Index Spreads - 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 3 options investors.

Please check **Level 3 - HIGH RISK OPTION ACCOUNT (Includes Level 2 Approval)** \_\_\_\_\_ Compliance Approval  
Uncovered Equity/Index Call Writing - 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.  
Writing Equity/Index Combinations/Straddles - Risk component must be evaluated on a case by case basis. These strategies require the use of margin and present unlimited financial risk.

**SPECIAL SIGNATURE REQUIRED FOR LEVEL 3 OPTIONS INVESTORS**

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.

Client Special Signature \_\_\_\_\_ Date // // Client Special Signature \_\_\_\_\_ Date // //

**MISCELLANEOUS**

**WRITING PUTS** - If assigned, client must purchase the underlying shares of stock at the option's strike price which may be substantially above the current market price. Substantial monetary risk. \_\_\_\_\_ Compliance Approval

**Cash Backed (code 1)**- Client must hold in the account 100% of the cash needed to fully pay for the underlying stock at the strike price during the life of the option.

**On Margin (code 2)**- Client may use cash and marginable securities to fulfill the margin requirement for the option position. \_\_\_\_\_ Compliance Approval

**INDEX WARRANTS AND FOREIGN CURRENCY OPTIONS:**

**Purchasing Index Warrants (code 1)**- Losses are limited to the premium paid. If the position is not sold prior to expiration, will settle for cash based on the corresponding settlement value calculation.

**Purchasing Foreign Currency Options (code 2)**- Losses are limited to the premium paid. The position must be liquidated prior to expiration or will expire worthless.

Foreign Currency Options Principal Approval \_\_\_\_\_ Date    /   /   

Is the account being traded by power-of-attorney or trading authorization?  Yes  No  
(If Yes, attach a copy and complete and attach 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 copy of the current disclosure document was furnished to client \_\_\_\_\_ Date of initial options transaction \_\_\_\_\_

| BRANCH APPROVAL                   |   | COMPLIANCE APPROVAL                |   |
|-----------------------------------|---|------------------------------------|---|
| Signature of Financial Consultant | Date <u>   </u> / <u>   </u> / <u>   </u> | Compliance Approval (as warranted) | Date <u>   </u> / <u>   </u> / <u>   </u> |
| Signature of Branch Manager/ROP   | Date <u>   </u> / <u>   </u> / <u>   </u> |                                    |   |

**CLIENT VERIFICATION AND ACKNOWLEDGEMENT**

**IMPORTANT: BEFORE SIGNING, PLEASE READ THE AGREEMENT ON THE THIRD PAGE 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 the third page of this form.

**THIS AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE.  
IT APPEARS ON THE THIRD PAGE IN BOLDFACE PRINT.**

Signature of Client \_\_\_\_\_ Date    /   /    Signature of Client \_\_\_\_\_ Date    /   /   

Dear Client:  
Please sign and return all copies in the enclosed return envelope.