

# MID OHIO SECURITIES OPTIONS AGREEMENT FORM

## WHEN TO USE THIS FORM



Complete this form in order to trade options with your Mid Ohio Securities Brokerage Account.

## INSTRUCTIONS AND GUIDELINES



- Complete all sections and sign/date second page.
- In the section titled TRADING PLANS select either LEVEL 1 or 2 only. These are the only trading plans allowable in an IRA account. Margin accounts are not allowed in an IRA account.
- Once complete fax to Mid Ohio Securities fax (440) 366-3753

## CONTACT INFORMATION



### PHYSICAL ADDRESS:

Mid Ohio Securities  
225 Burns Road  
Elyria, OH 44035

For assistance, please  
contact a member of your  
First Class Service Team at:

### TOLL FREE:

(877) 693-8208

### PHONE #:

(440) 323-5491

## SUBMISSION OPTIONS



### BY FAX:

(440) 366-3753

### REGULAR MAIL:

Mid Ohio Securities  
P.O. Box 1529  
Elyria, OH 44036

### OVERNIGHT MAIL:

Mid Ohio Securities  
225 Burns Road  
Elyria, OH 44035

**DO NOT FAX OR MAIL THIS COVER PAGE**

## Option Account Application

**Please complete the information and sign where indicated**

**CUSTOMER**

**Essentials**

Name \_\_\_\_\_ Account No. \_\_\_\_\_  
(a number will be assigned if this is a new account)  
 Age \_\_\_\_\_ Marital Status \_\_\_\_\_ No. of Dependents \_\_\_\_\_  
 Joint Tenant Name \_\_\_\_\_ Age \_\_\_\_\_ Marital Status \_\_\_\_\_  
 Have you granted trading authorization to another party?  Yes  No  
 If so: 1) your agent must also complete an Options Account Agreement; 2) please attach the trading authorization unless you have previously provided it to us.  
 Please indicate the relationship between you and your agent (e.g., Investment advisor, family member, trustee, etc.) \_\_\_\_\_

**Employment and Financial Information**

**Employer** \_\_\_\_\_  
 Type of Business \_\_\_\_\_ Occupation / Position \_\_\_\_\_  
 Business Address Number / Street \_\_\_\_\_  
 City \_\_\_\_\_ State / ZIP \_\_\_\_\_

**If you are retired or NOT currently employed, please provide the source of your income here:** \_\_\_\_\_

**Annual Income**

All this information must be provided in accordance with the requirements of the Financial Industry Regulatory Authority and the Options Exchange.

**Approximate annual income from all sources:** (For joint account check your combined income.)

Under \$25,000  \$25,000-\$50,000  \$50,000-\$100,000  Over \$100,000

Please state amount \$ \_\_\_\_\_

**Estimated Net Worth:** (exclusive of home and farm)  Under \$50,000  \$50,000-\$100,000  \$100,000-\$500,000  Over \$500,000

Please state amount \$ \_\_\_\_\_

**Investable Assets:** (including cash and securities)  Under \$50,000  \$50,000-\$100,000  \$100,000-\$500,000  Over \$500,000

Please state amount \$ \_\_\_\_\_

**Tax Bracket:**  15%  28%  31%  36%  39.6%

**Personal Information:** Marital Status:  Single  Married

Number of Dependents \_\_\_\_\_ Date of Birth \_\_\_\_ / \_\_\_\_ / \_\_\_\_ Age \_\_\_\_\_

**Bank Reference:**

**Name of Bank** \_\_\_\_\_ **Account Number** \_\_\_\_\_

**Branch / City** \_\_\_\_\_ **State / ZIP** \_\_\_\_\_

**Trading Plans**

**Equity Options**

**Index Options**

**Trading Experience**

Level 1	<input type="checkbox"/> Covered Call Writing	Not applicable	<input type="checkbox"/> None <input type="checkbox"/> Moderate <input type="checkbox"/> Extensive
Level 2	<input type="checkbox"/> Covered Call Writing, Purchases, Straddles and Combinations (Purchase Only)	Purchases	<input type="checkbox"/> None <input type="checkbox"/> Moderate <input type="checkbox"/> Extensive
*Margin account required			
Level 3	<input type="checkbox"/> * Covered Call Writing, Purchases, Straddles and Combinations (Purchase Only), Spreads	Purchases Straddles and Combinations (Purchase Only)	<input type="checkbox"/> None <input type="checkbox"/> Moderate <input type="checkbox"/> Extensive
Level 4	<input type="checkbox"/> * Covered Writing, Purchases, Straddles and combinations, Spreads, Uncovered Writing	Purchases Straddles and Combinations (Purchase Only)	<input type="checkbox"/> None <input type="checkbox"/> Moderate <input type="checkbox"/> Extensive
Level 5	<input type="checkbox"/> * Covered Writing Purchases Spreads, Straddles and Combinations, Uncovered writing	Purchases Straddles and Combinations Spreads Uncovered writing	<input type="checkbox"/> None <input type="checkbox"/> Moderate <input type="checkbox"/> Extensive

**Investment Objectives**

Preservation of Capital (01)  Income (02)  Capital Appreciation (03)  Speculation (04)  Trading Profits (05)  
 Other (06) (Please specify) \_\_\_\_\_

*Optional Information*

Risk Tolerance:  Conservative  Moderate  Aggressive  Combination \_\_\_\_\_  
 General Investment Knowledge:  Extensive  Good  Limited  
 Specific Investment Knowledge:  Stocks \_\_\_\_\_  Bonds \_\_\_\_\_  Mutual Funds \_\_\_\_\_  
 Options \_\_\_\_\_  Variable Contracts \_\_\_\_\_  
 Limited Partnerships  
 Time Horizon:  Short (0-5)  Intermediate (6-10)  Long (over 10 years)  Combination \_\_\_\_\_

**Investment Experience**

Investment Knowledge:  Limited  Good  Extensive  
 Number of years trading: \_\_\_\_\_ Stocks \_\_\_\_\_ Bonds \_\_\_\_\_ Commodities \_\_\_\_\_ Equity Options \_\_\_\_\_ Index Options \_\_\_\_\_  
 Frequency of option transactions \_\_\_\_\_ Size of transactions: \$ \_\_\_\_\_ (\$1,000, \$5,000, \$10,000, etc.)  
 Current option accounts with other brokerage firms:  
 Name of firm: \_\_\_\_\_ Current positions: \_\_\_\_\_

# Option Account Agreement

I agree with and represent to my Broker/Dealer ("you") as follows:

1. I understand that my account is carried by National Financial Services LLC ("NFS") and that all terms of this Agreement also apply between me and NFS.
2. All transactions shall be subject to the constitutions, rules, regulations, customs and usages of The Options Clearing Corporation and any exchange or other marketplace where executed. In addition, I am aware of, and agree to be bound by, the rules of the **Financial Industry Regulatory Authority** and the New York Stock Exchange, Inc. (NYSE) applicable to option contracts.
3. Any securities and funds held by you in any of my accounts may be held and used by you as security for the performance of my obligations to you under this agreement.
4. In case of my insolvency, death or the attachment of my property, you may, with respect to any open options contract position, take such steps as you may consider necessary or appropriate to protect yourself against loss.
5. I will not enter any order for options until I have received, read and understood the appropriate Options Disclosure Document(s) of The Options Clearing Corporation. I specifically affirm the following disclosures as set forth in said Document(s):
  - A. That both the purchase and the writing of options contracts involve a high degree of risk, are not suitable for many investors and, accordingly, should be entered into only by Investors who understand the nature and extent of their rights and obligations and are fully aware of the inherent risk involved, especially during extreme market volatility or trading volumes.
  - B. That I should not purchase any option unless I am able to sustain a total loss of the premium and transaction costs and (i) that I should not write a call option unless I either own the underlying security (or a security convertible, exchangeable or exercisable into such underlying security) or am able to sustain substantial financial losses and (ii) that I should not write a put option unless I am able to sustain the loss resulting from purchasing the underlying security at the exercise price.
  - C. That the price of an options contract is affected by various factors such as the relationship between the exercise price and the market price of the underlying security, the expiration date of the option and the price fluctuations or other characteristics of the underlying stock.
  - D. That the exchanges or other regulatory bodies may restrict transactions in particular options or the exercise of options contracts in their discretion from time to time.
  - E. That all index option exercises are settled by cash payment and not by the delivery of securities; and that all index option exercises are based on the closing index value and that any "in the money" index options exercised prior to the availability of the closing index value face the risk of closing out of the money due to a subsequent adverse change in the index value.
6. I have noted particularly those sections of The Options Clearing Corporation Disclosure Document(s) which summarize the risk factors involved in options trading and I have determined that, in view of my financial situation and investment objectives, options trading is suitable for me. I shall advise you of any changes in my investment objectives, financial situation and needs insofar as such changes are material to my options transactions. *The financial and other information listed on the reverse side is accurate.*
7. I am aware of your requirements and time limitations for accepting an exercise notice. In the event that I fail to instruct you not to exercise an option "in the money" by 3/4 of a point or more by 2:30 p.m. (Eastern time) on the business day immediately preceding the expiration date of the option, I understand that you will use your best efforts to exercise such option and liquidate the underlying securities for my account and at my sole risk for which I shall be charged two commissions. I agree to pay the full aggregate exercise price for the underlying securities covered by the option contract. I understand that I will be charged at least one commission in connection with the exercising of any option. I further understand that you reserve the right to exercise any option which would not be profitable to me, for your own account. If I fail to instruct you not to exercise an option "in the money" by 3/4 of a point or more by the time stated above and you, for whatever reason, do not exercise an option on my behalf, I hereby agree to waive any and all claims for damage or loss which I might have at the time or any time thereafter against you arising out of the fact that the option was not exercised.
8. I understand that before writing any option I must have in my account a minimum equity or appropriate position in such amounts as you may specify from time to time, and that no withdrawals of cash or securities will be permitted from the account which would reduce either the equity or position below your requirements. I further understand that any orders to sell any securities held in my account pursuant to such minimum maintenance requirements may be refused by you at your sole discretion, and I shall not hold you liable for any loss that I may sustain due to your refusal to permit the sale of said securities during such period.
9. Regarding any margin transactions I may make and supplementing the terms and conditions of my Margin Account Agreement, in the event I do not meet your margin calls promptly, you are authorized in your sole discretion, and without notification to me, to take any and all steps necessary to protect yourself in connection with put or call transactions made for my account, including without limitation the right to buy or sell short, or short exempt, for my account and risk any part or all of the shares represented by options endorsed by you for my account, or to buy, sell or exercise any put or call options as you may deem necessary to fully protect yourself. Any and all losses and expenses, including attorneys' fees, incurred by you in this connection will be reimbursed by me.
10. I shall have the sole responsibility to exercise, in a proper and timely manner, any right, privilege or obligation of any put option, call option or other option which you may purchase, handle, endorse or carry for my account(s). You shall not be liable in connection with the execution, handling, selling, purchasing, or endorsing of options for my account.
11. I, alone or in concert with others, will not violate the position limits or the exercise limits of the options exchanges and the NASD or NYSE as set forth in The Options Clearing Corporation Disclosure Document(s).
12. I understand and acknowledge that, when transactions on my behalf are to be executed in options traded in more than one marketplace, in the absence of my specific instructions, you may use your discretion in selecting the market in which to enter my orders.
13. Securities in accounts carried by National Financial Services LLC ("NFS"), a Fidelity Investments company, are protected by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 (including cash claims limited to \$100,000). NFS has arranged for additional unlimited insurance protection for cash and securities to supplement its SIPC coverage. Neither coverage protects against a decline in the market value of securities.
14. **This Agreement and its enforcement shall be governed by the laws of the Commonwealth of Massachusetts, its provisions shall inure to the benefit of your present corporation and its successors, and shall inure to the benefit of and be binding upon my estate, executors, administrators, successors and assigns.**
15. Except to the extent to which they conflict with this Agreement, the provisions of my Margin Account Agreement are incorporated herein by reference. In the event of a conflict, the provisions of this Agreement shall control.
16. With reference to the allocation of exercise notices assigned, I understand that you will use the random selection method of allocation. This method randomly selects from all customers' short option positions, including positions established on the day of assignment, those option contracts which are subject to exercise. I further understand that all short option positions are liable for assignment at any time. A detailed description of this method is available upon written request.

## NOTICE TO CUSTOMER:

**Payment for Order Flow:** Your Broker/Dealer or NFS transmits customer orders for execution to various exchanges or market centers based on a number of factors. These include: size of order, trading characteristics of the security, favorable execution prices (including the opportunity for price improvement), access to reliable market data, availability of efficient automated transaction processing and reduced execution costs through price concessions from the market centers. Certain of the market centers may execute orders at prices superior to the publicly quoted market in accordance with their rules or practices. While a customer may specify that an order be directed to a particular market center for execution,\* the order-routing policies, taking into consideration all of the factors listed above, are designed to result in favorable transaction processing for customers.

\* Please note: Orders placed through any telephone, electronic, or on-line trading systems cannot specify a particular market center for execution.

Your Broker/Dealer and/or NFS receives remuneration, compensation or other consideration for directing customer orders for equity securities to particular broker/dealers or market centers for execution. Such consideration, if any, takes the form of financial credits, monetary payments or reciprocal business.

New York Stock Exchange Rule 382 requires that your Broker/Dealer and NFS allocate between them certain functions regarding the administration of your brokerage account. The following is a summary of the allocation services performed by your Broker/Dealer and NFS. A more complete description is available upon request.

**Your Broker/Dealer is responsible for** (1) obtaining and verifying brokerage account information and documentation, (2) opening, approving and monitoring your brokerage account, (3) transmitting timely and accurate instructions to NFS with respect to your brokerage account, (4) determining the suitability of investment recommendations and advice, (5) operating and supervising your brokerage account and its own activities in compliance with applicable laws and regulations, including compliance with margin rules pertaining to your margin account (if applicable), and (6) maintaining the required books and records for the services it performs.

**NFS shall perform the following tasks at the direction of your Broker/Dealer:** (1) execute, clear and settle transactions processed through NFS by your Broker/Dealer, (2) prepare and send transaction confirmations and periodic statements of your brokerage account, (unless your Broker/Dealer has undertaken to do so), (3) certain pricing and other information may be provided by your Broker/Dealer or obtained from third parties, which has not been verified by NFS, (3) act as custodian for funds and securities received by NFS on your behalf, (4) follow the instructions of your Broker/Dealer with respect to transactions and the receipt and delivery of funds and securities for your brokerage account, and (5) extend margin credit for purchasing or carrying securities on margin. Your Broker/Dealer is responsible for ensuring that your brokerage account is in compliance with federal, industry and NFS margin rules, and for advising you of margin requirements. NFS shall maintain the required books and records for the services it performs.

## Please read the Option Account Agreement and sign below

I REPRESENT THAT I HAVE READ THE TERMS AND CONDITIONS GOVERNING THIS ACCOUNT INCLUDING THE SPECIAL STATEMENT FOR UNCOVERED OPTION WRITERS AND AGREE TO BE BOUND BY SUCH TERMS AND CONDITIONS AS CURRENTLY IN EFFECT AND AS MAY BE AMENDED FROM TIME TO TIME. THIS ACCOUNT IS GOVERNED BY A PRE-DISPUTE ARBITRATION AGREEMENT WHICH APPEARS ON PAGE 4. I ACKNOWLEDGE RECEIPT OF THE PRE-DISPUTE ARBITRATION AGREEMENT.

In consideration of your accepting one or more accounts, I (we) hereby acknowledge that I (we) have read, understand and agree to the terms set forth in the Option Account Agreement above.

Customer's signature / Date

Joint Tenant's signature (if any) / Date

Joint Account Holders (if any) / Date

Joint Account Holders (if any) / Date

In the case of joint account, **all** tenants **must** sign.

## For Internal Use Only

Approval to level: \_\_\_\_\_ Approval ROP: \_\_\_\_\_ Date: \_\_\_\_\_

Options Disclosure Document sent / Date: \_\_\_\_\_

Registered Rep. \_\_\_\_\_

Date \_\_\_\_\_

Dear Customer(s),

In accordance with the rules of the New York Stock Exchange and the Financial Industry Regulatory Authority, following is a SPECIAL STATEMENT FOR UNCOVERED OPTION WRITERS. After reading the STATEMENT, please sign on page 2, tear at the perforation, and return the signature portion to us in the enclosed envelope.

Thank you.

▼ **SPECIAL STATEMENT FOR UNCOVERED OPTION WRITERS**

There are special risks associated with uncovered option writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

1. 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.
2. As with writing uncovered calls, 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.
3. 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.
4. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.
5. 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 you will read the booklet entitled "Characteristics and Risks of Standardized Options" available from your "Broker/Dealer". In particular, your 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.

PLEASE DETACH AND RETAIN THIS PAGE FOR YOUR RECORDS ▼

# Brokerage Account Pre-Dispute Arbitration Agreement

I AM AWARE OF THE FOLLOWING:

- (A) **ARBITRATION IS FINAL AND BINDING ON THE PARTIES.**
- (B) **THE PARTIES ARE WAIVING THEIR 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.**

**I AGREE THAT ALL CONTROVERSIES THAT MAY ARISE BETWEEN US CONCERNING ANY ORDER OR TRANSACTION, OR THE CONTINUATION, PERFORMANCE OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN US, WHETHER ENTERED INTO BEFORE, ON, OR AFTER THE DATE THIS ACCOUNT IS OPENED, SHALL BE DETERMINED BY ARBITRATION BEFORE A PANEL OF INDEPENDENT ARBITRATORS SET UP BY EITHER THE NEW YORK STOCK EXCHANGE, INC., OR FINANCIAL INDUSTRY REGULATORY AUTHORITY INC., AS I MAY DESIGNATE. IF I DO NOT NOTIFY YOU IN WRITING WITHIN FIVE (5) DAYS AFTER I RECEIVE FROM YOU A WRITTEN DEMAND FOR ARBITRATION, THEN I AUTHORIZE YOU TO MAKE SUCH A DESIGNATION ON MY BEHALF. I UNDERSTAND THAT JUDGMENT UPON ANY ARBITRATION AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION.**

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; 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;
- (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.

▼ PLEASE DETACH AND RETAIN THIS PAGE FOR YOUR RECORDS ▼