



**Person Financial Futures
New Account Approval Form**

Account Number: _____

Office Code: _____ RR#: _____

Acct. Open Date: _____

Account Type:

<input type="checkbox"/> Individual / Sole Proprietorship	<input type="checkbox"/> Corporate*	<input type="checkbox"/> LLC *	<input type="checkbox"/> Foreign *
<input type="checkbox"/> Joint Tenants (JTWROS)	<input type="checkbox"/> Partnership*	<input type="checkbox"/> Trust *	* Please note that additional documentation may be required
Trading Objective: (Mark one)			
<input type="checkbox"/> Hedging	<input type="checkbox"/> Speculating		

Name of Primary Account Holder or Title of Account: _____

(Write name exactly as it appears on Social Security Card or Fed ID Registration)

Name of Secondary Acct. Holder: _____

Primary Account Holder Information:

SSN, Fed ID, Cedula, NIT#:	Home Telephone:
Residential Address: (No PO Boxes)	Fax Number:
City, State, Zip:	
Mailing Address (if different):	
City, State, Zip:	
Employers Name:	Employer's Telephone:
Employers Address	
City, State, Zip:	
Email Address (Required):	Date of Birth:
Associated person of a Broker?	Yes <input type="checkbox"/> / No <input type="checkbox"/> (If Yes, please name):
Have you ever traded securities? <input type="checkbox"/> Yes <input type="checkbox"/> No - If yes, please list number of years:	
Have you ever traded commodity futures or options? <input type="checkbox"/> Yes <input type="checkbox"/> No - If yes, please list number of years:	
List all Firms:	
Identification Type:	ID # Exp. Date:

Secondary Account Holder Information (If Joint Acct.): YES / NO – Is Secondary Account holder the Spouse of Primary Account Holder?

SSN, Fed ID, Cedula, NIT#:	Home Telephone:
Residential Address: (No PO Boxes)	Fax Number:
City, State, Zip:	
Mailing Address (if different):	
City, State, Zip:	
Employers Name:	Employer's Telephone:
Employers Address	
City, State, Zip:	
Email Address (if Applicable):	Date of Birth:
Associated person of a Broker?	Yes <input type="checkbox"/> / No <input type="checkbox"/> (If Yes, please name):
Have you ever traded securities? <input type="checkbox"/> Yes <input type="checkbox"/> No - If yes, please list number of years:	
Have you ever traded commodity futures or options? <input type="checkbox"/> Yes <input type="checkbox"/> No - If yes, please list number of years:	
List all Firms:	
Identification Type:	ID # Exp. Date:



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Citizenship Information:

Primary:

Are you a U.S. Citizen? Yes <input type="checkbox"/> / No <input type="checkbox"/>
Resident Alien? Yes <input type="checkbox"/> / No <input type="checkbox"/> Country of Birth _____
Non-Resident Alien? Yes <input type="checkbox"/> / No <input type="checkbox"/> Country Residing In: _____

Secondary:

Are you a U.S. Citizen? Yes <input type="checkbox"/> / No <input type="checkbox"/>
Resident Alien? Yes <input type="checkbox"/> / No <input type="checkbox"/> Country of Birth _____
Non-Resident Alien? Yes <input type="checkbox"/> / No <input type="checkbox"/> Country Residing In: _____

Credit References:

Primary:

Bank Reference (Include City):
Officer:
Account Number:

Secondary:

Bank Reference (Include City):
Officer:
Account Number:

Income:

<input type="checkbox"/>	\$0 - 25,000	A
<input type="checkbox"/>	\$25,000 - 39,999	B
<input type="checkbox"/>	\$40,000 - 64,999	C
<input type="checkbox"/>	\$65,000 - 124,999	D
<input type="checkbox"/>	\$125,000 - 249,999	E
<input type="checkbox"/>	\$250,000 - \$499,999	F
<input type="checkbox"/>	\$500,000 - \$1,000,000	F
<input type="checkbox"/>	\$1,000,000 - Over	F

Net Worth: (Excluding Primary Residence)

<input type="checkbox"/>	\$0 - 25,000	A
<input type="checkbox"/>	\$25,000 - 39,999	B
<input type="checkbox"/>	\$40,000 - 64,999	C
<input type="checkbox"/>	\$65,000 - 124,999	D
<input type="checkbox"/>	\$125,000 - 249,999	E
<input type="checkbox"/>	\$250,000 - \$499,999	F
<input type="checkbox"/>	\$500,000 - \$1,000,000	F
<input type="checkbox"/>	\$1,000,000 - Over	F

Tax Information:

# Of Dependents:	
Tax Status:	%
Liquid Net Worth:	\$
Initial Deposit:	\$
Initial Transaction:	
Marital Status:	<input type="checkbox"/> S / <input type="checkbox"/> M / <input type="checkbox"/> D / <input type="checkbox"/> W

(For use by entity account only (i.e. corporations, partnerships, and trusts))

Is this account for a foreign bank? <input type="checkbox"/> Yes <input type="checkbox"/> No - If yes, please list agent for service of process:	
Is this account for a foreign shell bank? <input type="checkbox"/> Yes <input type="checkbox"/> No	Does this firm offer services to a foreign shell bank? <input type="checkbox"/> Yes <input type="checkbox"/> No
** If you answered yes to any of the questions in this section, Corporation will need to complete a Certification Regarding Correspondent Accounts.	

Additional Information:

Will any person other than the Customer of the account have authority to trade this account? If yes submit either the form called Limited Trading Authorization or Full Trading Authorization.	<input type="checkbox"/> No <input type="checkbox"/> Yes	Name: Telephone:
Has the Customer or any entity in which the Customer has/had any interest in whatsoever have/had any other accounts with broker?	<input type="checkbox"/> No <input type="checkbox"/> Yes	List all accounts:
Has the Customer ever been registered with the CFTC or a member of NFA?	<input type="checkbox"/> No <input type="checkbox"/> Yes	Status: Sponsor:
Is the Customer a member of any commodity exchange?	<input type="checkbox"/> No <input type="checkbox"/> Yes	Name of Exchange: Type of Membership:
Has the Customer or any entity in which the Customer has/had any interest in whatsoever left a debit balance at a brokerage firm?	<input type="checkbox"/> No <input type="checkbox"/> Yes	Please explain on a separate sheet.
Has the Customer or any entity in which the Customer has/had any interest in whatsoever been a party to any complaint, litigation or arbitration or reparations proceeding against any brokerage firm?	<input type="checkbox"/> No <input type="checkbox"/> Yes	Please explain on a separate sheet.



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Duplicate Confirmations:

Please send Duplicate confirms to the following address:

Authorized Person:

If a person, other than the primary and/or secondary account holder will be operating this account, list Name, Address, ID# & Employer:

Acknowledgement of Receipt of Disclosures:

Customer hereby acknowledges that he has received, read and understands the following disclosure statements (provided under separate cover) prescribed by the Commodity Futures Trading Commission (CFTC) by initialing in the spaces below.

	<i>Please Initial Each Box Below</i>	<i>Please Initial Each Box Below</i>
Risk Disclosure Statement (CFTC Rule 1.55 for futures and options)	<input type="checkbox"/>	<input type="checkbox"/>
Electronic Trading and Order Routing Systems Disclosure Statement	<input type="checkbox"/>	<input type="checkbox"/>
Single Stock Futures - Security Futures Risk Disclosure Statement	<input type="checkbox"/>	<input type="checkbox"/>
	Customer	Joint Customer

Customer and Authorized Persons Signature:

Primary Account Holder: _____ Date: _____

Secondary Account Holder: _____ Date: _____

Authorized Person (if Applicable): _____ Date: _____

For Office Use Only:

AP Approval: _____ Date: _____

Administrative Approval: _____ Date: _____

Management Approval: _____ Date: _____

**PENSON FINANCIAL SERVICES, INC. and
PENSON FINANCIAL FUTURES, INCORPORATED
AND/OR INTRODUCING BROKERS FOR WHICH IT CLEARS**

CORPORATE ACCOUNT

**(AUTHORIZING TRADING IN SECURITIES FUTURES AND COMMODITIES
AND PERMITTING MARGIN TRANSACTIONS, OPTIONS AND SHORT SALES)**

I, _____, being the Secretary of _____ hereby certify that the annexed resolutions were duly adopted at a meeting of the Board of said Corporation, duly held on the _____ day of _____ at which a quorum of said Board of Directors was present and acting throughout, the following resolution, upon motions made, seconded and carried, was duly adopted and is now in full force and effect.

RESOLVED, That the President, Vice President, Treasurer, or _____, or any one of such officers, be and are each hereby fully authorized and empowered for an on behalf of this Corporation to establish one or more accounts which may be margin accounts in order to purchase, invest in, acquire, sell (including short sales), assign, transfer, or otherwise dispose of any and all types and kinds of securities including but not limited to stocks, bonds, debentures, notes, rights, options, warrants, certificates of every kind and nature whatsoever, securities futures and commodities (collectively, "securities") and to enter into agreements, contracts and arrangements with respect to such security transactions whether or with securities related individuals or agents; to execute, sign or endorse on behalf of and in the same agreements and to affix the corporate seal on same. Notwithstanding the foregoing, you are authorized in your discretion to require action by any combination of corporate officers with respect to any matter concerning the corporate account, including but not limited to the giving or cancellation of orders and the withdrawal of money, securities, futures or commodities.

I further certify that the authority thereby conferred is not inconsistent with the Charter or Bylaws of this Corporation, and the following is a true and correct list of officers of this corporation as of the present date:

President:	Name:		Signature:	
	SSN, Fed ID, Cedula, NIT#		ID #	
	ID Type:	Expiration Date:	Issued By:	Issue Date:

Vice President:	Name:		Signature:	
	SSN, Fed ID, Cedula, NIT#		ID #	
	ID Type:	Expiration Date:	Issued By:	Issue Date:

Treasurer:	Name:		Signature:	
	SSN, Fed ID, Cedula, NIT#		ID #	
	ID Type:	Expiration Date:	Issued By:	Issue Date:

Secretary:	Name:		Signature:	
	SSN, Fed ID, Cedula, NIT#		ID #	
	ID Type:	Expiration Date:	Issued By:	Issue Date:

You may rely upon any certification given in accordance with these resolutions, as continuing fully effective unless and until you receive due written notice of a change in or the rescission of the authority so evidenced herein. In the event of any change in the officer or powers of persons hereby empowered, the Secretary shall certify such changes to you in writing, which notification, when received, shall be adequate both to terminate the powers of the persons therefore authorized, and to empower the person thereby substituted.

The Corporation is formed to engage in the business of _____ and represents that it is not a commodity pool operator. The Corporation is incorporated in _____ and has its principal place of business in _____.

Name of Jurisdiction

Name of jurisdiction

As defined in Section 5318(j) of Title 31 United States Code, the Corporation is a shell bank: YES _____ NO _____; or a business offering services to a shell bank: YES _____ NO _____; or a foreign bank: YES _____ NO _____. If so please complete and return the Certification Regarding Correspondents Accounts.

IN WITNESS WHEREOF, I have hereunto affixed my hand this _____ day of _____, 20_____

SEAL

(If no seal, certify that there is no seal)

Secretary (or officer authorized to act)

NOTE: Entity Questionnaire Required

ADDENDUM TO CUSTOMER ACCOUNT AGREEMENT

This addendum (the "Addendum") to the Customer Account Agreement entered into by and between Penson Financial Services, Inc. ("Penson"), broker-dealers for which it clears, and the undersigned customer ("Customer") dated _____, ____, (the "Agreement") is entered into _____, 200_ by and between the undersigned parties.

In consideration of the mutual promises contained herein and the consideration for the Agreement, the parties hereto agree to amend and revise the Agreement as follows:

(a) The following paragraph is an additional paragraph to the Agreement:

If Customer also holds a futures account with Penson Financial Futures, Inc., ("PFFI"), Customer hereby authorizes Penson, without prior notice, to transfer from any account held with Penson to any account held with PFFI, any assets that PFFI represents to Penson are reasonably required to avoid the calling of margins for such PFFI account or the payment of any obligations owed Penson by Customer. Customer also authorizes Penson to request from PFFI assets held by PFFI that in Penson's judgment may be reasonably required to avoid the calling of margins for a Penson account or the payment of any obligations owed Penson by Customer.

(b) To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Agreement or any exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ____ day of _____, 200__.

MADE AND EXECUTED AT _____ THIS _____ DAY OF, _____.

INDIVIDUAL:

[Signature]

[Print name]

[Address]

ENTITY:

[Name]

[Type of Entity, i.e., corporation,
partnership, etc.]

By: _____

Its: _____

[Address]

RISK DISCLOSURE STATEMENT

THE RISK OF LOSS IN TRADING COMMODITY FUTURES CONTRACTS CAN BE SUBSTANTIAL. YOU SHOULD, THEREFORE, CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR CIRCUMSTANCES AND FINANCIAL RESOURCES. YOU SHOULD BE AWARE OF THE FOLLOWING POINTS:

- 1. You may sustain a total loss of the funds that you deposit with your broker to establish or maintain a position in the commodity futures market, and you may incur losses beyond these amounts. If the market moves against your position, you may be called upon by your broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain your position. If you do not provide the required funds within the time required by your broker, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account.
- 2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market reaches a daily price fluctuation limit ("limit move").
- 3. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit your losses to the intended amounts, since market conditions on the exchange where the order is placed may make it impossible to execute such orders.
- 4. All futures positions involve risk, and a "spread" position may not be less risky than an outright "long" or "short" position.
- 5. The high degree of leverage (gearing) that is often obtainable in futures trading because of the small margin requirements can work against you as well as for you. Leverage (gearing) can lead to large losses as well as gains.
- 6. You should consult your broker concerning the nature of the protections available to safeguard funds or property deposited for your account.

ALL OF THE POINTS NOTED ABOVE APPLY TO ALL FUTURES TRADING WHETHER FOREIGN OR DOMESTIC. IN ADDITION, IF YOU ARE CONTEMPLATING TRADING FOREIGN FUTURES OR OPTIONS CONTRACTS, YOU SHOULD BE AWARE OF THE FOLLOWING ADDITIONAL RISKS:

- 7. Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, customers who trade on foreign exchanges may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. Before you trade, you should familiarize yourself with the foreign rules which will apply to your particular transaction.
- 8. Finally, you should be aware that the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the foreign futures contract is liquidated or the foreign option contract is liquidated or exercised.

THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF THE COMMODITY MARKETS

I hereby acknowledge that I have received and understand this risk disclosure statement.

Date: _____

Signature of Customer

Signature if (Joint Account)

SUBORDINATION AGREEMENT

Funds of customers trading on United States contract markets may be held in accounts denominated in a foreign currency with depositories located outside the United States or its territories if the customer is domiciled in a foreign country or if the funds are held in connection with contracts priced and settled in a foreign currency. Such accounts are subject to the risk that events could occur which would hinder or prevent the availability of these funds for distribution to customers. Such accounts also may be subject to foreign currency exchange rate risks.

By signing this acknowledgment the undersigned authorizes the deposit of funds into such foreign depositories. For customers domiciled in the United States, this authorization permits the holding of funds in regulated accounts offshore only if such funds are used to margin, guarantee, or secure positions in such contracts or accrue as a result of such positions.

In order to avoid the possible dilution of other customer funds, a customer who has funds held outside the United States must further agree that his claims based on such funds will be subordinated as described below in the unlikely event both of the following conditions are met: (1) the customer's futures commission merchant is placed in receivership or bankruptcy, and (2) there are insufficient funds available for distribution denominated in the foreign currency as to which the customer has claim to satisfy all claims against those funds.

By signing this acknowledgment the undersigned agrees that if both of the conditions listed above occur, the customer's claim against Penson Financial Futures, Inc.'s assets attributable to funds held overseas in a particular foreign currency may be satisfied out of segregated customer funds held in accounts denominated in dollars or other foreign currencies only after each customer whose funds are held in dollars or in such other foreign currencies receives its pro-rata portion of such funds. It is further agreed that in no event may a customer whose funds are held overseas receive more than its pro-rata share of the aggregate pool consisting of funds held in dollars, funds held in the particular foreign currency, and non-segregated assets of the futures commission merchant.

I have read and understand the above Subordination Agreement furnished to me by Penson Financial Futures, Inc.

Date: _____

Date: _____

Signature _____

Printed Name _____

Signature (If Joint Account) _____

Printed Name (If Joint Account) _____

ELECTRONIC TRADING AND ORDER ROUTING SYSTEMS DISCLOSURE STATEMENT

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade.

Differences Among Electronic Trading Systems

Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

Risks Associated With System Failure

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority.

Simultaneous Open Outcry Pit And Electronic Trading

Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.

Limitation Of Liability

Exchanges offering an electronic trading or order routing system and/or listing the contract may have adopted rules to limit their liability, the liability of FCMs, and software and communication system vendors and the amount of damages you may collect for system failure and delays. These limitations of liability provisions vary among the exchanges. You should consult the rules and regulations of the relevant exchange(s) in order to understand these liability limitations.

*Each exchange's relevant rules are available upon request from the industry professional with whom you have an account. Some exchange's relevant rules also are available on the exchange's internet home page.

PENSON FINANCIAL SERVICES, INC.
PENSON FINANCIAL FUTURES, INC.
PRIVACY POLICY

Penson Financial Services, Inc. carries your account as a clearing broker by arrangement with your broker-dealer as introducing broker. At Penson, we understand that privacy is an important issue for customers of our introducing firms. It is our policy to respect the privacy of all accounts that we maintain as clearing broker and to protect the security and confidentiality of nonpublic personal information relating to those accounts. Please note that this policy applies to former customers as well as current customers.

Personal Information Collected

In order to service your account as clearing broker, information is provided to Penson by your introducing broker who collects information from you in order to provide the financial services that you have requested.

The information collected by your introducing broker and provided to Penson may come from the following sources:

- Information received from you, such as your name, address, telephone number, social security number, occupation, and income;
- Information relating to your transactions, including account balances, positions, and activity;
- Information which may be received from consumer reporting agencies, such as credit bureau reports and other information relating to your creditworthiness; and
- Information which may be received from other sources with your consent or with the consent of your introducing broker

Sharing of NonPublic Personal Information

Penson does not disclose nonpublic personal information relating to current or former customers of introducing brokers to any third parties, except as required or permitted by law, including but not limited to any obligations of Penson under the USA PATRIOT Act, and in order to facilitate the clearing of customer transactions in the ordinary course of business.

Penson has multiple affiliates, including Penson Financial Futures, Inc., Penson Worldwide Settlements Ltd., Penson Financial Services Canada, and Integrated Trading Solutions, Inc. These companies along with Penson Financial Services, Inc. are wholly owned subsidiaries of Penson Worldwide, Inc. We may share information among our affiliates, as permitted by law, in order to better service your financial needs.

Security

Penson strives to ensure that our systems are secure and that they meet industry standards. We protect personal information that is provided to Penson by your introducing broker by maintaining physical, electronic and procedural safeguards that either meet or exceed applicable law. Where appropriate, we employ firewalls, encryption technology, user authentication systems (i.e. passwords and personal identification numbers) and access control mechanisms to control access to systems and data. Third parties who may have access to such personal information must also agree to follow appropriate standards of security and confidentiality.

We instruct our employees to use strict standards of care in handling the personal financial information of customers. As a general policy our staff will not discuss or disclose information regarding an account except with authorized personnel of your introducing broker or as required by law or pursuant to regulatory request and/or authority.

Access to Your Information

You may access your account information through a variety of media offered by your introducing broker and Penson (i.e. statements or online services). Please contact your introducing broker if you require any additional information.

Changes to Penson's Privacy Policy

Penson reserves the right to make changes to this policy.

How to Get in Touch with Penson about this Privacy Policy

For your reference, this policy has been posted to our website at www.penson.com.

For more information relating to Penson's privacy policy, please contact

Penson Financial Services, Inc.
Penson Financial Futures, Inc.
ATTN: Legal/Compliance Department
1700 Pacific Avenue, Suite 1400
Dallas, TX 75201
1-800-696-3585

ADDITIONAL DISCLOSURE MATERIAL

General Information

It is important to note that contract terms and conditions are subject to change and additional contracts may be authorized for trading. Contact your futures commission merchant for details on options contracts. You should also be aware that there may be tax consequences of trading options and should consult with your own tax advisor for such information.

Costs and Fees

Purchasing and Granting Options

If you are purchasing an option, you will pay a premium which must be paid in full when the option position is opened. The purchaser of an option is subject to the risk of losing the entire premium plus transaction costs as a result of adverse price movement, but is not required to make additional payments on an unprofitable option position.

Exchange rules require the grantor of an option to make a margin deposit when the option position is opened, and may require payment of additional margin in the event of adverse market movement. The grantor of an option is subject to the risk of substantial losses which may be many times greater than the margin deposit required to open the option position. The margin requirements of the various exchanges may differ significantly. Exchange margin requirements are minimum requirements, and many futures commission merchants impose more stringent margin requirements upon their customers. You should contact your account executive for specific information on margin requirements for any option position you are considering. Margin requirements are subject to change at any time. Changes in margin requirements may apply retroactively to option positions previously established. Accordingly, option grantors should assure themselves that they have sufficient available capital to meet increases in margin requirements, should such increases occur.

Fees

In addition to premiums and/or margin, you will incur transaction costs such as commissions, floor brokers fees, exchange and clearing house charges, regulatory assessments and tax payments. You may also be charged, after you have paid for your option, either a commission to offset the option or a commission and additional transaction costs, if your option is exercised. In the case of an exercise, you may incur transaction costs for the futures contract which you will receive and subsequently liquidate. Some exchanges impose fees when options are abandoned. All transaction costs are subject to change without notice.

Risks

The trading mechanics are designed to provide for competitive execution and to make available to buyers and sellers a continuous market in which an option once purchased can later be sold; and in which an option, once granted, can later be liquidated by an offsetting purchase. Although each exchange's trading system is designed to provide market liquidity for the options traded on that exchange, it must be recognized that there can be no assurance that a liquid offset market on the exchange will exist for any particular option, or at any particular time, and for some options, no offset market on that exchange may exist at all. In such an event, it might not be possible to effect offsetting transactions in particular options. Thus, to realize any profit, a holder would have to exercise his option and have to assume all risks and to comply with margin requirements for the underlying futures contracts or in the event of an option on a physical commodity, incur the costs and risks of holding the physical good. A grantor could not terminate his obligation until the option expired or he was assigned an exercise notice. You may exercise your option but be unable to liquidate your resulting futures position because the daily price limits or lack of liquidity in the futures market.

Price Limits

As mentioned elsewhere, most exchanges have rules which limit the amount of fluctuation in commodity futures contract prices during a single trading day. Exchanges may also impose daily limits for options contracts. It should, however, be emphasized that not all options and not all futures contracts are subject to such limits, and

(i) for those that are, limits may be removed at some point prior to the respective expiration or deliver, and

(ii) for those that are not, exchange rules may provide for the imposition of limits under certain circumstances.

You should fully understand provisions relating to daily limits which are applicable to a specific option and its related futures contract.

Positions in options and futures markets can be taken or liquidated only if traders are willing to offset trades at or within the limit during the period for trading on such day. The "daily limit" rule does not limit losses which might be suffered by a customer, because it may prevent the liquidation of unfavorable positions. Also, option prices may move the daily limit for several consecutive days, thus preventing liquidation and subjecting a person with a commodity option position to substantial losses.

Transfer of Accounts

A customer may transfer his option account from one futures commission merchant to another. A customer who wishes to make such a transfer should contact his new

futures commission merchant for instructions. Customers should be aware that there may be commissions or costs, fees or other charges related to transfers and these may be assessed by both your old and new futures commission merchants and by any introducing broker with whom you have dealt.

Exercise

Exercise of a commodity option may occur on any trading day prior to expiration date. If you exercise your option on a futures contract and assume a position in the underlying futures contract, you will be subject to all of the risks associated with commodity futures trading and attendant margin requirements. If you assume a position in the physical commodity, you will be subject to all costs and risk associated with ownership of a physical good.

Your futures commission merchant may require advance notice of your intention to exercise, and may impose charges for exercise of the option and fees and commissions for the offset of the resulting futures or physical position. Some options may be automatically exercised. You should check with your futures commission merchant regarding this possibility.

NOTICE TO FOREIGN BROKERS AND FOREIGN TRADERS

**Designation of PENSON FINANCIAL FUTURES, INC. as Agent for Customer
(Not applicable to U.S. Customers)**

The Commodity Futures Trading Commission ("CFTC") has issued regulations which require the designation of Futures Commission Merchants ("FCM") as the agents of foreign brokers and foreign traders. PENSON FINANCIAL FUTURES, INC. ("PENSON") is required to notify all foreign brokers and foreign traders of the requirements of these regulations.

CFTC Regulation 5.05 provides that upon execution by an FCM of commodity interest transactions on a United States contract market for the account of a foreign trader or foreign broker, the FCM will be considered to be the agent of the foreign trader or foreign broker, as well as of Customers of the foreign brokers who have positions in the foreign broker's accounts carried by the FCM, for purposes of accepting delivery and service of communications and legal process issued by or on behalf of the CFTC. PENSON is required under such regulation to retransmit any such communications or process to the foreign broker or trader that is its Customer. A foreign broker or trader should be aware that this regulation also permits the foreign broker or trader to designate an agent other than PENSON. Such alternate designation of agency must be evidenced by written agreement which the foreign broker or trader must provide to PENSON and which PENSON must forward to the CFTC. If the foreign broker or trader wishes to designate an agent other than PENSON, you must notify PENSON in writing. In the event another agent is not so designated, PENSON will be the foreign broker's or foreign trader's designated agent for CFTC communications. CFTC Regulation 15.05 is available upon request from PENSON.

In addition, the CFTC has issued Regulation 21.03 requiring FCMs, foreign brokers and foreign traders to respond to special calls made by the CFTC for information regarding their futures and options trading. PENSON is also required by this regulation to notify all foreign brokers and foreign traders of the requirements of this regulation.

CFTC Regulation 21.03 provides for the issuance of a special call by the CFTC for information from foreign brokers or traders for whom an FCM makes or causes to be made a futures or option on futures transaction, including any foreign futures and foreign options. These special calls are generally limited to instances where the CFTC requires information and where the books and records of the FCM, trader or broker upon whom the special call is made are not open at all times to inspection in the United States by any representative of the CFTC. For the purposes of this regulation, PENSON will be considered the agent of the Customer and may be required to submit such special call by telex or a similarly expeditious means of communication, unless the Customer has made an alternative designation as above for CFTC Regulation 15.05. Foreign brokers and traders are required to provide the CFTC with the information requested in such special call. The regulation permits the CFTC to prohibit the foreign broker or trader from further trading in the contract market and in the delivery months or option expiration dates specified in the call, except for liquidation if the special call is not responded to at the place and within the time required by the CFTC. The special call shall be limited to information relating to futures or options positions of the foreign broker or trader in the United States.

PENSON would also like to inform you of certain additional regulations regarding FCMs and foreign brokers and traders. In Regulation 15.03 the CFTC has established specific reportable position levels for all futures contracts. These levels are subject to change at any time and you should consult your account executive to determine the present levels.

Part 17 of CFTC Regulations require FCMs and foreign brokers to submit a report to the CFTC with respect to each account carried by such FCM or foreign broker which contains a reportable futures position. In addition, Part 18 of CFTC Regulations requires all traders, including foreign traders, who own or control a reportable futures or options position and who have received a special call from the CFTC to file a Large Trader Reporting Form (Form 102) with the CFTC within one day after the special call upon such trader by the CFTC. A foreign broker or trader should review Parts 17 and 18 of the CFTC Regulations for more complete information.

By signing below, the undersigned acknowledges reading and understanding the above.

Date: _____

_____ Account Name

_____ Account number

_____ Signature