

Sarna Finance LLC

Option Account Disclosure and Agreement

This Option Account Disclosure and Agreement (“Options Agreement”) supplements the Sarna Finance LLC (“Sarna”) “Account Agreement” and outlines the terms governing the use of your Sarna account to engage in option transactions and to hold option positions. By enabling your account to engage in option transactions and hold option positions, you **AGREE** to the terms and conditions of this Options Agreement as set forth below.

In connection with any transaction executed by Sarna on your behalf for the purchase or sale of put or call options, you understand and **AGREE** as follows.

1. Each option transaction is subject to the rules, regulations, customs, and usage of the exchange or marketplace where your transaction is executed. You **AGREE** that you will not, either alone or in concert with others, violate the position or exercise limits as set forth in [Characteristics and Risks of Standardized Options](#) and as set by the exchange or marketplace where the transaction is executed.
2. With respect to the sale of any call option which, if exercised against you, will require the delivery of the securities underlying the option sold, you **AGREE** to retain the underlying securities in your Sarna account, and that you will not sell or withdraw the securities prior to expiration of the call option sold. If your account receives an exercise notice, you understand and **AGREE** that Sarna may deliver the underlying securities without any prior notice.
3. With respect to the sale of any put option which, if exercised against you, will require payment for the securities purchased, you **AGREE** to retain in your account funds or marginable securities sufficient to cover such payment, and that you will not withdraw such funds or marginable securities or utilize them for any other purpose prior to expiration of the put option sold. If your account receives an exercise notice, you understand and **AGREE** that Sarna may deliver available funds or funds from marginable securities without any prior notice.
4. Any securities and/or funds held in any of your Sarna account(s) will be held as security for the performance of your obligations under this Options Agreement.

5. Option transactions involve a high degree of risk. You understand that:
 - a. You should not purchase an option unless you are able to sustain a loss of the premium and transaction costs.
 - b. You should not sell a call option unless you own the underlying security (or a security convertible, exchangeable or exercisable into such underlying security) and/or you are able to sustain substantial financial losses;
 - c. You should not sell a put option unless you are able to sustain substantial financial losses; and
 - d. You may not be able to close an option position in the event that a secondary market in the option position ceases to exist, or if the exchange(s) restrict or suspends trading in that option class.
6. You are aware that index options allow investors or speculators to profit from or hedge against overall market moves. You understand that market moves can be rapid, unexpected, and may create a situation in which you can incur severe losses.
7. You **AGREE** to abide by both Federal Rules and Regulations and Sarna's policies regarding the margining of options and related transactions.
8. You **AGREE** to advise Sarna of any changes in your financial situation, experience, investment objectives, or if any other information that you have provided is no longer accurate.
9. You understand that exercise assignment notices for option contracts are randomly allocated among customers' short option positions.
10. Unless you give specific instructions to the contrary, Sarna may exercise discretion in the selection of the exchange or marketplace for the execution of any option transaction you enter for your account.
11. You understand and **AGREE** that Sarna reserves the right to modify and/or revoke the approval of any or all levels of option trading for your account should Sarna deem this action necessary.
12. You understand and **AGREE** that Sarna reserves the right to take any steps necessary to protect the firm from any potential loss. These steps may include, but are not limited to, the liquidation of any existing option position.

13. You acknowledge that the Options Clearing Corporation (“OCC”) and the national securities exchanges have established cut-off times for delivering exercise instructions, and that such cut-off times may be changed by the OCC, the national securities exchanges, or by Sarna.
14. You understand and **AGREE** that, to the extent that Sarna determines that there are insufficient funds in your account to cover the exercise costs of your options contract(s), Sarna reserves the right to enter a market order to liquidate or close any option contracts in your account.
15. If you exercise an options contract or if you receive an exercise notice, you **AGREE** to pay the aggregate cost of exercise or deliver the underlying security as provided for in the option contract.

For additional information about exercising options in your Sarna account, please review Sarna’s Option Exercise and Assignment Disclosure.

You **AGREE** that this Options Agreement along with all other Sarna Account Agreements which you have received and signed will be simultaneously effective.

You understand and **AGREE** that this Agreement does not describe all of the risks associated with the use of your account to engage in options transactions or to hold options positions; but never-the-less you **AGREE** to accept all such risks whether or not described above.

In consideration for Sarna approving my use of an options account:

I **AGREE** to be totally and unequivocally responsible for and to hold Sarna, together with its affiliates, associates, agents, and clearing broker, harmless from any and all damages, losses and/or expenses incurred due to my request for approval to conduct options activity in my Sarna account.