

## **Alpaca Securities Customer Options Agreement**

This Options Agreement (the “**Agreement**”) sets forth the terms and conditions pursuant to which Alpaca Securities LLC, its agents, successors and assigns (collectively, “**Alpaca**”, “**You**” and/or “**Your**”), will effect the trading of options, including but not limited to, purchase and sale of put and call options on my behalf. When used in this Agreement, the words “**I**”, “**Me**”, “**My**”, “**Mine**”, “**We**”, “**Our**”, and/or “**Us**” mean the owner(s) of the Account and the owner(s)’s Authorized Persons (as defined herein), as applicable.

**I understand that by entering into this Agreement, I have acknowledged that this Agreement contains a pre-dispute arbitration clause in Section 17 herein.**

In connection with any transaction by You on My behalf for the purchase and sale of put and call options, I agree and represent as follows:

- 1. OCC Options Risk Disclosure.** I have received, and I have read and I understand, a copy of the disclosure document entitled “Characteristics and Risks of Standardized Options” (the “**ODD**”) and any supplement issued by the Options Clearing Corporation (the “**OCC**”). A current copy of the ODD is also available at [https://www.theocc.com/Company-Information/Documents-and-Archives/Options-Disclosure-Document](https://www.theocc.com/Company-Information/Documents-and-Archives/Options-Disclosure-Dокумент).
- 2. Compliance with Options Rules.** All options transactions will be made in accordance with the constitution, rules, customs and practices of Financial Industry Regulatory Authority (“**FINRA**”), the OCC, and any other exchange or market where such transactions are executed. You are hereby authorized to take such action with respect to My account and the option contract(s) held therein, without notice to Me, as You may deem necessary to comply with directives issued by any such exchanges, boards, markets and clearing houses. I am aware of and will not, either alone or in concert with others, violate the position or exercise limits of FINRA, the OCC, and any other exchange or market where My options transactions are executed, which may change from time to time.
- 3. Options Trading Risks.** I acknowledge and accept the high degree of risks involved in options transactions, including those risks described in the ODD and in this Agreement. I hereby represent that I am financially prepared to undertake such risks and to withstand any losses caused. I agree not to purchase or sell an option unless I can sustain the total loss of the premium and the transaction costs and I am prepared to sustain substantial financial losses.

**4. Options Trading Approval.** I acknowledge and agree that My ability to trade options through You is determined in Your sole discretion and based on the information about my financial situation and needs, options trading experience, investment objectives and other relevant information provided to You by Me. I have determined, based on such information, that engaging in options transactions is not unsuitable for Me. I agree to advise You of any changes in such information that may be deemed to materially affect the suitability of executing options transactions for My account.

**5. No Recommendations or Investment Advice.** I understand that my account, and any option transaction effected therein, is self-directed by Me and that You have not and do not make recommendations or provide investment advice. Any decisions to enter into options transactions are entirely my own, and that such decisions will be made, if at all, by Me without any investment advice or recommendations by You. The execution of any options transactions shall not be deemed to be an approval by You of such transactions.

**6. Options Exercise.** I am fully responsible for taking action to exercise any option contract. You shall not be required to take action with respect to any option contract, including any action to exercise a valuable option prior to its expiration date, except upon express instructions from Me. In the event that I fail to instruct You to exercise My long option position, I hereby authorize You to exercise such option and buy or sell the underlying stock for My account, at Your discretion; provided, however, that You shall not be required to take any action with respect to such option and will not be liable, in any manner, for failure to exercise such option. If sufficient assets and/or other positions in My account are not available to cover the exercise or assignment of an option, I authorize You to take the following actions: (a) place an order to close option positions; (b) place an order to minimize market risk (for example, if it would result in a short position or cash debit in an account not enabled for margin, result in an equity level that is below the aforementioned minimum, or if there are no shares available for a short sale); and/or (c) instruct the OCC not to exercise valuable options on or prior to the last trading day. If an option is exercised or assigned, I authorize You to close out the unsupported equities positions that result from the exercise. I agree to waive and to release You and Your officers, employees and agents from any and all claims of damage or loss, then or at a later time sustained, as a result of the exercise or nonexercise of an option contract(s).

**7. Purchasing Expiring Options.** On the expiration date of an equity option, You may (i) restrict My ability to place new opening transactions and (ii) cancel any unexecuted opening transactions. The timing of these actions may vary.

**8. Allocation of Exercise and Assignment Notices.** Exercise assignment notices for option contracts are allocated among Your short positions pursuant to an automated procedure which randomly selects from among all of Your short option positions those contracts which are subject to exercise, including positions established on the day of assignment. Additional information pertaining to the procedure used for random selection is available upon request.

**9. Minimum Equity.** In accordance with Your internal policy, You may require Me to carry certain minimum account balances to engage in certain options transactions as determined by You, in Your sole discretion. This policy is subject to change at any time without notice to Me. I agree not to hold You liable for any loss that I may sustain as a result of the enforcement of this policy.

**10. Protection of Alpaca.** I authorize You to hold any securities and funds in any of My accounts and use them as security for the performance of My obligations to You under this Agreement with respect to any open options position. If I have margin on My account, and I do not meet Your margin calls promptly, You may, in Your sole discretion and without notifying Me, take any and all steps necessary to protect Alpaca in connection with options transactions made for My account. This may include such steps as buying or selling short any or all shares represented by options in My account, or buying, selling, exercising, or blocking the exercise of any put or call options. In such a case, I will be required to reimburse You for any losses and expenses that You incur, including attorneys' fees. If I become insolvent or die, or if My property is attached by others, You may take whatever steps You consider necessary or appropriate to protect Your interests against loss. All obligations and liabilities arising under this account are joint and several, and You may enforce them against any or all account holders. Although You may use other methods when You determine they may be more appropriate, You reserve the right to use the provisions described in this section at any time.

**11. Multiple Exchanges.** Certain options may trade on more than one exchange. In the absence of specific instructions from Me, You are hereby authorized to determine, in Your sole discretion, the exchange on which to enter My order. You may receive remuneration for directing option orders for execution elsewhere. The source and amount of any compensation received by You in connection with this payment for order flow will be disclosed to Me upon request.

**12. Introducing Firm Accounts.** If My account with Alpaca is introduced to You by another brokerage firm with whom I have a relationship ("Introducing Firm"), I understand that You carry My account as carrying broker-dealer pursuant to a fully disclosed clearing agreement (the "Clearing Agreement") between My Introducing Firm and Alpaca. Unless You have received

written notice to the contrary, You may accept and rely upon the Introducing Firm for (a) orders for the purchase or sale of options in My account, and (b) any other instructions concerning My account. You shall not be responsible or liable for any acts or omissions of My Introducing Firm or its representatives, employees or other agents. Reference in this Agreement to "I", "Me", "My", "Mine", "We", "Our", and/or "Us" shall include My Introducing Firm when the context so requires.

**13. Fees and Charges.** I understand that there may be fees or charges for effecting options transactions certain services provided under this Agreement, including fees payable to My Introducing Firm (if applicable). I also agree to pay all applicable federal, state and local taxes. I authorize Alpaca to automatically debit My Account for any such fees, charges and taxes, and, if applicable, to remit payments to My Introducing Firm. I acknowledge that such fees or charges may change from time to time and that such changes may occur without notice to Me. I agree to be bound by such changes to Your fees and charges once they are posted in the fee schedule available on Your Website.

**14. Limitations of Alpaca's Responsibilities.** I agree that You are not responsible for any losses I incur (meaning claims, damages, actions, demands, investment losses, or other losses, as well as any costs, charges, attorneys' fees, or other fees and expenses) as a result of any of the following:

- a. The acceptance and processing of any order placed on My account, whether received electronically or through other means, as long as the order reasonably appears to be authentic.
- b. Cancellation of an accepted/executed trade in which You reasonably determine, in Your sole discretion, that there was a data, clerical, or other similar error in the handling or processing of the trade, including but not limited to situations where a third party caused such error.
- c. Investment decisions or instructions placed on My account, or other such actions attributable to Me or any authorized person, including My Introducing Firm (if applicable).
- d. Occurrences related to governments or markets, such as restrictions, suspensions of trading, or high market volatility or trading volumes.
- e. Uncontrollable circumstances in the world at large, such as wars, earthquakes, power outages, pandemics or unusual weather conditions.

- f. Occurrences related to computers and communications, such as a network or systems failure, a message interception, or an instance of unauthorized access or breach of security.
- g. With respect to electronically provided market data or other information provided by third parties, any flaw in the timing, transmission, receipt, or substance (such as any inaccuracy, error, delay, omission, or sequence error, any nonperformance, or any interruption of information), regardless of who or what has caused it to occur.
- h. The storage and use of information about Me and My account(s) by Your systems and transmission of this information between Me and You; these activities occur entirely at My risk.
- i. The usage of information received by Me or You through any electronic services.
- j. Difficulties receiving information or accessing My account that are due to the equipment I use, including difficulties resulting from technical incompatibilities, malfunctions, inherent limitations, or interruptions in service.

**15. Indemnification.** I agree to indemnify You from, and hold You harmless for, any losses (as defined in Section 14 above) resulting from My actions or failures to act, whether intentional or not, including losses resulting from actions taken by third parties. If I use any third-party services or devices in connection with My account (such as Internet service or wireless devices), all service agreements and payments for these are My responsibility. Rates and terms are set by the service providers and are not Your responsibility. I agree that beyond taking reasonable steps to verify the authenticity of instructions, You have no obligation to inquire into the purpose, wisdom, or propriety of any instruction You receive.

**16. Governing Law.** This Agreement and all transactions in My account shall be governed by the laws of the State of California (regardless of the choice of law rules thereof), except to the extent governed by the federal securities laws, FINRA Rules, and the regulations, customs and usage of the exchanges or market (and its clearing house) on which transactions are executed.

**17. Arbitration.**

- a. **This Agreement contains a pre-dispute arbitration clause. By signing an arbitration agreement, the parties agree as follows.**

i. All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.

ii. Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.

iii. The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.

iv. The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 calendar days prior to the first scheduled hearing date.

v. The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

vi. The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought to court.

vii. The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

b. Any controversy or claim arising out of or relating to this Agreement shall be settled by arbitration in accordance with the rules of FINRA Dispute Resolution, Inc. (“FINRA DR”). The Director of Dispute Resolution Services will decide which of FINRA’s hearing locations will be the hearing location for the arbitration.

c. This agreement to arbitrate constitutes a waiver of the right to seek a judicial forum unless such a waiver would be void under the federal securities laws.

**If I am a foreign national, non-resident alien, or if I do not reside in the United States, I agree to waive My right to file an action against You in any foreign venue.**

d. **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; or 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.**

e. **If you are a foreign national, non-resident alien, or if you do not reside in the United States, you agree to waive your right to file an action against Alpaca in any foreign venue.**

## **18. Miscellaneous.**

a. This Agreement and the rights and obligations arising out of the options transactions executed pursuant hereto may not be assigned without the prior written consent of the other party, other than by Alpaca as part of a general transfer of Your business.

b. Any agreement between Alpaca and Me, whether previously or hereafter made applicable to any account of Mine held with You, shall also apply to option transactions effected under this Agreement except the extent to which it conflicts with this Agreement. In the event of a conflict, this Agreement shall control, and where there is no conflict, each provision of each Agreement shall apply.

c. The provisions of this Agreement shall apply to all put options, call options, or other options which may have been previously purchased, sold, executed, handled, endorsed or carried for My account and shall also apply to all put options, call options or other options which You may hereafter purchase, sell, handle, endorse or carry for My account and shall inure to the benefit of You as now or hereafter constituted.

d. This Agreement may be written in both English and translated into other languages. The English version of this Agreement shall be deemed the official version of this Agreement. Any translation is provided for convenience purposes only. In case there is any discrepancy between the two versions, the English one shall prevail.

e. You may at any time amend this Agreement without prior notice to Me. The current version of the Agreement will be posted on Your website and My continued account activity after such amendment constitutes My agreement to be bound by all then in effect amendments to the Agreement, regardless of whether I have actually reviewed them. Continued use of My account, Alpaca's website, or any other Alpaca services after such posting will constitute My acknowledgment and acceptance of such amendment. I agree to regularly consult the Alpaca website for up-to-date information about Alpaca services and any modifications to this Agreement. You are not bound by any verbal statements that seek to amend the Agreement.

f. Trust, Entity, or Business Accounts. If My account is a trust, entity or business, I represent and warrant that (i) the trust, entity, or business named on the form is authorized by its organizational or formation documents to transact in the option strategies contemplated by the form and this Agreement; (ii) I am authorized to complete and sign the form and this Agreement on behalf of such trust, entity, or business; (iii) I am authorized to exercise investment discretion, make investment decisions, and place trades on behalf of such trust, entity, or business; and (iv) the transactions contemplated by the form and this Agreement will not result in a breach of (a) the organizational or formation documents of such trust, entity, or business; or (b) the laws governing such trust, entity, or business; or (c) the agreements to which such trust, entity, or business is subject.

g. The heading of each provision hereof is for descriptive purposes only and shall not be (1) deemed to modify or qualify any of the rights or obligations set forth herein or (2) used to construe or interpret any of the provisions hereunder.

**I acknowledge that this Agreement contains a pre-dispute arbitration clause in Section 17.**

**BY ELECTRONICALLY SIGNING BELOW (OR IN SUCH OTHER ELECTRONIC MEDIUM AS DETERMINED BY YOU), I AGREE TO THE TERMS AND CONDITIONS OF THIS AGREEMENT.**

CUSTOMER

DATE:

ACCEPTED BY ALPACA SECURITIES LLC

DATE: