

REGISTERED / TFSA / RESP ACCOUNT NUMBER
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**TO: HSBC InvestDirect, a division of HSBC Securities (Canada) Inc. ("InvestDirect")**

In consideration of InvestDirect acting as my agent in the purchase, sale or execution of exchange traded put or call options ("Options") traded on stock or option exchanges, I agree to be bound by the General Terms and Conditions contained in the original account opening documents, which are hereby incorporated by reference in the following terms and conditions.

- Applicable By-laws, Laws, Rules etc.:** Each transaction will be subject to, and the Client will comply with, the constitution, By-laws, rules, rulings, regulations and customs of the clearing corporation issuing the Option, the exchange on which the Option trades and any other regulatory body which may have jurisdiction and will also be subject to InvestDirect's rules, regulations and customs for Options trading (collectively, the "Requirements"). The Requirements may provide for position limits (which may be reported to the applicable regulatory body), exercise limits, margin requirements and requirements for cash only trades during certain periods such as the last ten business days prior to expiry of an Option. The Client will comply with all such Requirements which are now in effect or which from time to time may hereafter be passed or adopted. In addition, the Client will comply with all rules affecting existing or subsequent transactions that the Investment Industry Regulatory Organization of Canada may impose.
- Timely Instructions:** The Client acknowledges sole responsibility to instruct InvestDirect on a timely basis and in any event in such time that InvestDirect may complete such instructions as to the sale, close out or exercise of any Option or as to any other action to be taken in connection with such Option. InvestDirect's office through which the Client may instruct InvestDirect as to Option transactions will be open during local business hours but an order may be executed at any time when the applicable exchange is open for trading.
- Exercise of Options:** The Client acknowledges that InvestDirect requires the Client to submit notice of intent to exercise by the close of the relevant market on the expiry date of the relevant option. InvestDirect will allocate exercise and assignments of exercise notices received by InvestDirect to accounts of its customers, including customers residing in the province of Quebec, on a pro-rata basis in accordance with its procedures or on such other basis as InvestDirect may advise.
- Right to Exercise Discretion:** InvestDirect will have sole discretion to determine whether or not to accept any order from the Client for a trade in an Option. Furthermore, InvestDirect may take any action with respect to an Option that InvestDirect in its sole discretion determine should be taken if the Client fails to give InvestDirect timely instructions, but InvestDirect has no obligation to take such action. Whenever InvestDirect deems it necessary or advisable for its protection to sell any securities in InvestDirect's possession or to buy in any securities of which the Client's account may be short, or to buy or sell short Options for the Client's account and risk, such sale or purchase may be made in InvestDirect's sole discretion without advertising the same and without prior notice, demand, tender or call to the Client. In the case of insolvency, death or attachment of the property of the undersigned InvestDirect may, with respect to any open positions take such steps as it considers necessary to protect itself against loss.
- Sale of Valuable Options:** Where InvestDirect elects to exercise a Valuable Option it may concurrently arrange for the sale of the underlying securities to be received on exercise of the Option and InvestDirect shall be entitled to receive all applicable commissions and other compensation, both on the exercise and on the sale. In no event will InvestDirect be responsible or accountable for any loss or damage the Client may incur or profit the Client may fail to make because of its exercise or failure to exercise the foregoing authority. "Valuable Option" means an Option which appears, at the relevant time, that it can be exercised and the underlying securities resold with a resultant profit after paying the commissions and other expenses attendant upon the exercise and resale.
- Errors and Omissions:** InvestDirect will not be liable to the Client for errors or omissions in connection with or in the handling of orders relating to the purchase, sale, execution or expiration of an Option or any matter related thereto, unless caused by InvestDirect's gross negligence or willful misconduct.
- Acknowledgements:** The Client acknowledge that InvestDirect's Specialist or Options Attorney may act as principal when executing the Client's trades. The Client also acknowledges that the Client has received a copy of the current Risk Disclosure Statement for Futures, Options and Other Derivatives.

**PERSONAL INFORMATION & SIGNATURES**

**What kind of option trades would you like to make:**    Buy Calls / Puts    Covered Call Writing

**Current Annual Income**    Under \$20,000    \$20,001 - \$50,000    \$50,001 - \$100,000    \$100,001 - \$250,000    Over \$250,000

**Estimated Net Worth**   Net Liquid Assets \$ \_\_\_\_\_ + Net Fixed Assets \$ \_\_\_\_\_ = Net Worth \$ \_\_\_\_\_

**Investment Knowledge**    None    Limited    Average    Experienced

**Prior Option Experience**    None    Limited    Average    Experienced

**Use of Account**    Income Generation    Savings    Growth of Capital    Market Speculation

**Applicant's Years of Experience** \_\_\_\_\_

By signing below, I certify that the information in this application is true and complete and I agree to advise InvestDirect immediately of any material changes in the information. I hereby apply to be granted option and margin facilities with respect to this account. I acknowledge and confirm that I have received, read and accept the Option Trading Agreements in the Client Terms and Conditions. I also confirm that I have received and read the applicable Risk Disclosure Document and am aware of and accept all risks associated with the trading of options and securities. **I ACKNOWLEDGE AND AGREE THAT A CREDIT CHECK MAY BE PERFORMED ON ME.**

Applicant's Name (Print):	
Applicant's Signature: <b>X</b>	Date: MM / DD / YYYY

**Options Approval Level:**    Buy Calls / Puts    Covered Writing

Branch Manager (BM) Comments:		
BM/Designated Person Name (Print): <b>X</b>	BM/Designated Person Signature: <b>X</b>	Date: MM / DD / YYYY

**Head Office Options Approval Level (if required):**    Buy Put/Calls    Covered Writing

D.R.O.P. / A.R.O.P. Comments:		
D.R.O.P. / A.R.O.P. Name (Print): <b>X</b>	D.R.O.P. / A.R.O.P. Signature: <b>X</b>	Date: MM / DD / YYYY

# Risk Disclosure Statement for Futures, Options and Other Derivatives

No securities commission or similar authority in Canada has in any way passed upon the merits of Options referred to herein and any representation to the contrary is an offence. This document contains condensed information respecting the Options referred to herein. Additional information may be obtained from your broker.

This brief statement does not disclose all of the risks and other significant aspects of trading in futures, options and other derivatives. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

## FUTURES

1. **Effect of "Leverage" or "Gearing":** Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.
2. **Risk-reducing Orders or Strategies:** The placing of certain orders (e.g. "stop-loss" order, where permitted under local law, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

## OPTIONS

3. **Variable Degree of Risk:** Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transactions costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section of Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interests or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

## ADDITIONAL RISKS COMMON TO FUTURES, OPTIONS AND OTHER DERIVATIVES

4. **Terms and Conditions of Contracts:** You should ask the firm with which you deal about the terms and conditions of the specific futures, options and other derivatives which you are trading and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise).  
Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.
5. **Suspension or Restriction of Trading and Pricing Relationships:** Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.  
Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.
6. **Deposited Cash and Property:** You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be prorated in the same manner as cash for purposes of distribution in the event of a shortfall.
7. **Commission and Other Charges:** Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.
8. **Transactions in Other Jurisdictions:** Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may order different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.
9. **Currency Risks:** The profit or loss in transactions in foreign currency-denominated derivatives (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the derivative to another currency.
10. **Trading Facilities:** Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.
11. **Electronic Trading:** Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all. Your ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.
12. **Off-Exchange Transactions:** In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks.  
Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.