

LPL FINANCIAL LLC (LPL) RELATIONSHIP SUMMARY

Effective March 31, 2022

LPL (referred to as “we” or “us”) is registered with the U.S. Securities and Exchange Commission as a broker-dealer and an investment adviser. We have a network of financial professionals (“Professionals”) who offer brokerage and investment advisory services. Brokerage and investment advisory services, and the fees we charge for them, differ, and it’s important that you understand the differences. This relationship summary will

explain the various services we offer, how we charge for those services, and conflicts of interest that exist when we provide our services. To help you research firms and financial professionals, you can access free and simple tools at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

Our Professionals offer brokerage services, investment advisory services, or both, depending on their licenses. Each Professional generally provides access to a range of investment products, such as stocks, bonds, exchange-traded funds (ETFs), mutual funds, annuities, and alternative investments. Please note that the range of investment options available to you may be limited depending on the licenses your Professional holds or if he or she is located at a financial institution that does not offer certain options. Your Professional or account program may also have specific

requirements, such as account or investment minimums. We encourage you to ask your Professional whether any investment limitations or account requirements apply.

If your Professional offers you both brokerage and advisory services, your Professional will inform you when he or she offers an investment recommendation or advice, and whether the recommendation or advice is part of a brokerage or advisory service. Some of the key differences between brokerage and investment advisory services are described below.

Brokerage Services

- Brokerage services include taking your orders and executing your securities transactions; making recommendations for you to buy, sell, or hold securities; and holding your securities for safekeeping (known as having “custody” of your securities).
- In most cases, we provide recommendations to you on specific investments, but you make the final investment decisions for your account. We also have a program available through a limited number of financial institutions in which you make investment decisions on your own without any recommendations from us.
- We don’t monitor brokerage account investments for you, unless we state otherwise in writing.
- We may provide brokerage services (but not investment recommendations) to you if your Professional is providing advisory services through a separate investment advisory firm.

Investment Advisory Services

- Some of the investment advisory services we offer include wrap fee programs and non-wrap fee programs; mutual fund asset allocation programs; advisory programs offered by third-party investment advisory firms; financial planning services; retirement plan consulting; investment research; digital advice programs; and other custom advisory services.
- You’ll typically grant us discretion to buy and sell investments in your account without asking you in advance. You may limit our discretion, such as by imposing reasonable restrictions on investing in certain securities or groups of securities. In other investment advisory accounts, you grant investment discretion to another financial institution.
- Some of our investment advisory accounts are nondiscretionary, which means you are required to preapprove each investment transaction that we recommend.
- We’ll typically monitor accounts, and specific investments within accounts, on an ongoing basis to align with your investment goals. However, in limited-scope consulting or advisory relationships, we won’t provide ongoing monitoring.

More detailed information about our advisory services can be found in the [Form ADV for your advisory program](#). Detailed information about our brokerage services can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit lpl.com/CRS for hyperlinks to these documents.

🔗 Questions to ask your Professional:

- *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

What fees will I pay?

Investing is an individual journey, and we want to provide you with options. Below we outline the fees you could be charged for both brokerage and advisory accounts depending on your investment

choices. Fee Schedules for our brokerage and advisory programs can be found lpl.com.

Fees Associated with Brokerage Services

- For brokerage services, we charge a transaction-based fee (sometimes referred to as a commission) every time you buy or sell an investment. The amount you pay as a transaction-based fee varies according to the particular investment and amount invested. The more trades you make, the more transaction-based fees we earn. This creates an incentive to encourage you to trade often.
- For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission or sales charge. For investments in bonds, this fee is typically included as part of the price you pay for the investment (called a markup or markdown).
- For investments in certain products like mutual funds, annuities, and alternative investments, we receive transaction-based fees from the investment product sponsor in the form of asset-based sales charges (e.g., sales loads). These fees are based on the amount invested in a product and, depending on the product, may be based on how long you hold the investment. Our receipt of asset-based sales loads creates an incentive to recommend products or sponsors that include such charges.

Fees Associated with Investment Advisory Accounts

- For investment advisory services, we typically charge an ongoing quarterly fee (sometimes referred to as an asset-based fee). This fee is a percentage of the value of your account. You pay this fee even if you don't buy or sell investments. The more assets you have in an asset-based fee account, the more you'll pay us in fees. This creates an incentive to encourage you to increase the size of your account, including by transferring or rolling over assets from other accounts. For some types of accounts, there is a per transaction charge in addition to an asset-based fee. We may also charge an hourly fee or fixed fee for additional services such as financial planning and consulting services that are of limited duration or nature.
- For wrap fee program accounts, you will pay us a single asset-based fee for advisory services. This fee also covers most transaction costs and certain administrative and custodial costs associated with your investments. If you expect to trade infrequently or to pursue a "buy and hold" strategy, a wrap fee program may cost you more than paying for the program's services separately, and you may want to consider a brokerage relationship rather than an advisory relationship.
- The fee you pay to your Professional is generally negotiated with him or her directly, and subject to different maximums, depending on the advisory program selected.

Other Fees and Costs

If applicable to your account, we'll charge you directly for other fees in addition to brokerage commissions and advisory fees, including: (1) account maintenance fees such as custody, trade confirmation processing, corporate actions, and transfer fees; (2) cash management fees such as cash sweep, checking, and wire fees; and (3) investment specific fees such as those for

administration of alternative investments or for foreign securities. See the Fee Schedules for our brokerage and advisory programs at lpl.com for more information. You should understand that these fees are not charged by us if your investment is in an account that is held directly with the sponsor, and not in an LPL investment account.

You may also incur fees charged by the particular investment product in which you are invested, including mutual funds, ETFs, and other pooled funds, in addition to brokerage commissions and advisory fees charged by us. Some of these fees may be shared, as described below in [Third-Party Payments](#). Certain investment products have significant fees triggered by particular events, e.g., annuities may include mortality, expense, and administrative fees, and fees for excessive transfers or early withdrawals.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Detailed

information on our advisory fees can be found in the [Form ADV for your advisory program](#). Detailed information on our brokerage fees can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#) and, depending on the investment product in which you invest, may be included in the product's prospectus or other offering document. If viewing a paper version of this form, please visit lpl.com/CRS for hyperlinks to these documents.

📌 Questions to ask your Professional:

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means. If you have questions about whether any of these situations could apply to your investments, ask your Professional.

Third-Party Payments

We receive compensation from third parties related to investments you make in certain products, including mutual funds, ETFs, annuities, alternative investments, and other investments. This compensation includes ongoing distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges you and then pays to us. We also receive fees from investment products and/or their sponsors for recordkeeping and other administrative services we provide in relation to your investments. In some accounts we offer, uninvested cash is automatically placed into interest-bearing federally insured bank accounts. We receive fees for your participation in these “cash sweep” programs from the banks sponsoring the programs. The fees we receive are typically higher than the interest you earn on the cash held in the bank accounts and are in addition to any fees you pay to us. This creates an incentive for LPL if you maintain a cash balance in your account. [Revenue sharing payments](#) are another type of third-party compensation we receive from sponsors who participate in our marketing programs. These programs support our product marketing to our Professionals and for education and training efforts, and facilitate communications between sponsors and our Professionals. Finally, certain sponsors pay us to make their investment products available on our platform. Because we receive

payments from these third parties, there is an inherent incentive for us to recommend or invest your assets in those investment products. Detailed information regarding third-party payments can be found in the [Third-Party Compensation and Related Conflicts of Interest](#) document on lpl.com.

Principal Trading

In brokerage accounts, we sometimes directly buy from you or sell to you investments including bonds or certain shares of mutual funds, unit investment trusts (UITs), or alternative investments. These are called principal trades. If the principal trade involves a bond, we receive a markup or markdown by either buying the bond from you at a lower price than we will sell it for or by selling the bond to you at a higher price than we bought it for. That creates an incentive for us to either buy the bond from you at the lowest price possible or sell the bond to you at the highest price possible and maximize our profit on the principal trade. In advisory accounts, purchases of mutual funds, UITs, or alternative investments may be processed through our proprietary account, but we do not receive a markup or markdown in these trades. Also, in certain advisory accounts where a third-party investment advisory firm has discretion, we trade as principal and receive a markup or markdown.

Detailed information on our conflicts of interest can be found in the [Form ADV for your advisory program](#) and in [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit lpl.com/CRS for hyperlinks to these documents.

📌 Questions to ask your Professional:

How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Our Professionals are primarily independent contractors, although a portion are employees or employees of an affiliated company. The agreement between each Professional and LPL sets out the payments we make to them. Those who provide investment advisory services receive a portion of the advisory fee you pay. Professionals who provide you brokerage services receive a portion of the commissions or markups/markdowns from your trades. Receiving a portion of the advisory or brokerage fees you pay to us creates an incentive for them to encourage you to increase your investment account size or trade more frequently. We also compensate Professionals based on production, including payments based on the amount of client assets they service and the products they sell. In addition, our Professionals receive different levels of compensation for selling different types of investments or services. This could include, for example, a share of the 12b-1 fees, trail payments, or sales loads paid to us by an investment product. Although your Professional must recommend investment products or manage your account in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products.

Our Professionals may receive compensation from us in other ways, including:

- Transition assistance if he or she moves to LPL from another company. This assistance can include forgivable loans, advance payment of advisory fees, and/or waiving or reducing other

costs associated with transitioning the Professional's business. This assistance creates an incentive to migrate and maintain business on our platform from another investment platform, and to sell or recommend the sale of investments held in an account if we do not offer those investments.

- Waived or reduced costs and fees (e.g., for administrative services that we provide for your accounts, attending our conferences and events, and free or reduced-cost marketing materials). These waived and reduced costs and fees create an incentive for Professionals to associate with us instead of other financial firms.
- Equity awards in our parent company, LPL Financial Holdings Inc., which give your Professional an incentive to remain with us during the vesting period applicable to his or her stock holdings (the period of time before the stock is unconditionally owned). This also gives the Professional a financial interest in the success of our business.

Your Professional is legally required to act in your best interest and not put his or her interests ahead of your own. We have systems in place to mitigate the conflicts of interest that arise from the way he or she makes money, including systems to review whether a recommendation is in your best interest. More information on compensation can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit lpl.com/CRS for a hyperlink to this document.

Do you or your financial professionals have legal or disciplinary history?

Yes. Visit Investor.gov/CRS for a free and simple search tool to research LPL and our Professionals.

❏ Questions to ask your Professional:

As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional Information

Please visit the [Disclosures page on lpl.com](#) for more information, including a copy of the agreement for the account and/or program you are considering, the Form ADV Brochure for any advisory program you are considering, detailed information on our brokerage services under [Brokerage Compensation and Related Conflicts of Interest](#), and more information regarding our brokerage and advisory programs under [Third Party Compensation and Related Conflicts of Interest](#).

Please visit the [Investor Regulatory & Educational Resources page](#) on lpl.com to learn more about how to determine your investment objective and risk tolerance, among other items.

We are affiliated with other investment firms. If your Professional works with Fortigent, LLC, you can find the relationship summary for that firm at lpl.com/fortigent.html. More information on our affiliations can be found in the [Form ADV for your advisory program](#).

If viewing a paper version of this form, please visit lpl.com/CRS for hyperlinks to cross-referenced documents.

To request up-to-date information or a copy of this relationship summary, please call us at (800) 558-7567.

We also encourage you to review the general information provided by the U.S. Securities and Exchange Commission regarding investing, choosing an investment professional, and related considerations, available by visiting Investor.gov.

❏ Questions to ask your Professional:

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker dealer? Who can I talk to if I have concerns about how this person is treating me?

Option Agreement and Approval

Prior to completing an option application, you must first open or have opened a brokerage account. Based on the risks associated with option investing, the Financial Industry Regulatory Authority (FINRA) requires the completion of the information below with subsequent review and approval by LPL Financial. All information will be kept confidential.

Please read and complete this application in its entirety. By signing this application you attest to the fact you have provided accurate and updated information. You have also obtained <http://www.optionsclearing.com/about/publications/character-risks.jsp>, read and understand the risks of option investing based on the Characteristics and Risks of Standardized Options brochure provided by the Option Clearing Corp (OCC). And finally, are fully aware and suitable for the risks listed below which include but not limited to:

- May lose the entire amount paid for the option in a short period of time
- The more an option is out-of-the-money and the shorter the remaining time to expiration, the greater the risk to lose all or part of the original investment
- A covered call option writer may be assigned an exercise at any time during the exercisable period
- A covered call writer forgoes the opportunity to benefit from an increase in value of the underlying security above the option strike price but continues to bear the risk of a decline in value of the underlying security
- A secondary market for an option may become unavailable and consequently the option will be illiquid and expire worthless

You must obtain and read a copy of the Characteristics and Risks of Standardized Options prior to submitting a completed option application.



Account Feature Option Agreement and Approval

OA

Account Number

Instructions: This form must be completed in full and signed. Once received by LPL Financial LLC ("LPL") the application will be reviewed and subject to approval. Applications submitted will receive a letter of approval or denial.

Please mail the completed form to LPL Financial, Attn: Trade Direct, P.O. Box 509049 San Diego, CA 92150-9049 or fax to (858) 202-8500.

1. Account Information

Account Registration

2. Client Information

Client Name

Date of Birth

Number of Dependents

Marital Status

Employer Name Mark here if retired or unemployed

Current Position or Prior Position if retired (be specific)

Joint Client Name (if applicable)

Date of Birth

Number of Dependents

Marital Status

Employer Name Mark here if retired or unemployed

Current Position or Prior Position if retired (be specific)

3. Characteristics and Risks of Standardized Options Disclosure & Acceptance of eDelivery

By initialing below you accept the electronic delivery of the Characteristics and Risks of Standardized Options document and acknowledge that you have accessed and reviewed the document through the link provided (www.theocc.com/about/publications/character-risks.jsp) and also found under Client Services/Resources on the tradedirect.lpl.com website.

Client Initials Client Initials

Date the Characteristics and Risks of Standardized Options Disclosure Document was reviewed:

4. Investment Information

A. Investment Experience

Stocks and Bonds

Number of Years Experience

Number of Trades per Month

Options Investment Knowledge

None

Limited

Options

Good

Extensive

Covered Call Writing Only

Purchase Calls & Puts

Average Option Transaction Size

\$0 - \$9,999

\$25,000 - \$49,999

\$10,000 - \$24,999

\$50,000+

B. What is your total annual income

A. Less than \$25,000

B. Between \$25,000 and \$49,999

C. Between \$50,000 and \$99,999

D. Between \$100,000 and \$249,999

E. Between \$250,000 and \$499,999

F. Between \$500,000 and \$749,999

G. Between \$750,000 and \$999,999

H. \$1,000,000 and over

C. What is your net worth? (Excluding your primary residence)

A. Less than \$25,000

B. Between \$25,000 and \$49,999

C. Between \$50,000 and \$99,999

D. Between \$100,000 and \$249,999

E. Between \$250,000 and \$499,999

F. Between \$500,000 and \$749,999

G. Between \$750,000 and \$999,999

H. \$1,000,000 and over

Account Number



Option Agreement and Disclosure Document

1. Options May Involve a High Degree of Risk and Speculation - Account Holder(s) understands that the purchasing or selling of options may involve a high degree of risk and speculation. When purchasing options there is the risk that the entire premium paid (purchase price) for the option can be lost if the option is not exercised or otherwise sold (prior to expiration date). When selling (writing) options the risk of loss can be much greater if such options are written uncovered ("naked"). In such case the risk of loss can far exceed the amount of premium received.
2. Option Trading May be Highly Speculative - Account Holder(s) understands and is well aware that options trading may be highly speculative in nature. Account Holder(s) is also aware that on certain days, options trading may cease and this could result in a financial loss.
3. Financial Risks - Account Holder(s) is capable of evaluating and bearing the financial risks of purchasing or writing (selling) options. Account Holder(s) is willing and able to assume the financial and market risks of option trading. Account Holder's capabilities are based on income, net worth, investment experience and objectives, and knowledge of securities investing.
4. Assignments and Delivery - Account Holder(s) agrees to honor all assignments and delivery requirements of the underlying security or the required funds in the prescribed time to LPL. Upon Account Holder's failure to do so in the proper time, LPL is hereby authorized to act as agent for Account Holder(s) and to buy-in and sell-out such securities at the current market price or otherwise act to properly margin or complete the Account Holder's obligations. Account Holder(s) agrees to pay LPL a commission and/or fee for such service and to reimburse LPL for any and all loss incurred in connection therewith. LPL is authorized to debit Account Holder's account for all such related transactions.
5. Transactions - Account Holder(s) agrees that unless otherwise specified and agreed to herein or in writing by LPL, Account Holder(s) is responsible for making all final decisions as to transactions effected in this LPL brokerage account (Advisory accounts do not apply). Account Holder(s) understands that each order entered (to buy or to sell) must be complete as to security, quantity, price and duration of the order.
6. Rules and Regulations - Account Holder(s) understands that any options transaction made for any Account is subject to the rules, regulations, customs, and usages of The Option Clearing Corporation (OCC) and of the registered national securities association, clearing organization, and/or market where such transaction was executed.
7. Position Limits - Account Holder(s) agrees to abide by such rules, regulations, customs, and usages and Account agrees that, acting individually or in concert with others, Account Holder(s) will not exceed any applicable position or exercise limits imposed by such exchange, association, clearing organization, or other market with respect to option trading.
8. Trade Settlement - If Account Holder(s) does not satisfy on a timely basis, money or margin calls, LPL is authorized in its sole discretion, and without notification, to take any and all steps deemed necessary to protect itself (for any reason) in connection with satisfying money or security calls for Account Holder's account. This includes the right to buy and/or sell, including short or short exempt, for Account Holder's account which includes any part or all of the shares represented by options handled, purchased, sold, and/or endorsed by LPL for Account Holder's account as LPL may deem necessary or appropriate. Any and all expenses or losses incurred in this connection will be reimbursed by Account Holder(s).
9. Option Exercise - Account Holder(s) bears full responsibility for taking action to exercise an option contract; provided, however, that with respect to certain expiring options, LPL is authorized to permit exercise by exception to take place automatically pursuant to the rules of the OCC as in effect from time to time unless Account Holder specifically advises LPL to the contrary in writing. This procedure affects options which are in the money by a predetermined amount as set forth in the rules of the OCC. Additional information regarding this procedure is available upon Account Holder's written request.
10. Terms and Conditions - In addition to the terms and conditions hereof, Account Holder's options account will be subject to all of the terms and conditions of all other agreements heretofore or hereafter at any time entered into with LPL relating to the purchase and sale of securities except to the extent that such other agreements are contrary to or consistent herewith. In the event of a conflict, this agreement shall control.
11. Option Agreement - This agreement applies to all puts or calls which LPL may have executed, purchased, sold or handled for any account of the Account Holder(s) and also applies to all puts or calls which LPL may hereafter purchase, sell, handle, or execute for any account of Account Holder(s).
12. Account Profile Change - Account Holder(s) agrees to immediately advise LPL Financial of any changes in Account Holder's financial situation or investment objective insofar as Account Holder(s) deems such changes material to Account Holder's option transactions.
13. Option Booklet - Account Holder(s) has received from LPL the most recent Characteristics and Risks of Standardized Options booklet and current supplements. Account Holder(s) has read and understands the information contained in this document.
14. Exercise Notice - Account Holder(s) understands that the OCC along with LPL's service vendor assigns exercise notices on an automated random basis. Account Holder(s) understands that upon written request, LPL will provide Account Holder with further information regarding the procedure used to assign exercise notices.
15. Limited Life of an Option - An option contract will expire on its expiration date and will have no further value.
16. Risk of Assignment on One Leg of a Spread Due to Early Exercise - Individual "legs" of a spread are subject to early exercise (i.e. assignment) risk. This may remove the protection that certain spread position provide. The result of being assigned, either partially or fully, on a leg of a spread position, may result in a margin call or in losses greater than anticipated. The remaining leg of a spread may violate/exceed Account's approved option level and require to be closed, resulting in a potential market loss.
17. Execution of a Spread Order is "Not Held" and Discretionary - A spread is not a standardized option contract, accordingly, there is no disseminated spread market that provides a benchmark price, such as the national best bid or offer (NBBO) for individual option contracts. Therefore, liquidity providers cannot be held to a net price on a spread order and may not receive the NBBO on each individual leg of a spread.
18. Spread Orders - Spread trades are done as a single trade and not placed as individual trades. When trading spreads, option prices on cross-markets may be misleading because the legs of the spread cannot be executed on different exchanges to get the NBBO. Both legs of the spread must be executed on the same exchange, simultaneously.
19. Delayed Reporting of Spread Trades - Spread trades are executed at the discretion of the specialist(s) or market maker(s) responsible for executing orders. When a spread order is canceled or executed, the specialist or market maker may be required to take manual action that may require additional reporting. Such delays in reporting executions and cancels create risks, especially in fast moving markets. Any trade executed through LPL will be sent to a market center as a spread trade and will be subject to the risks outlined above.
20. In-the-Money Options may Automatically Exercise - The OCC will automatically exercise any expiring options that close in-the-money by \$0.01 or greater. The OCC will not automatically exercise expiring options that close in-the-money by less than \$0.01. These options may still be exercised, but you are required to provide LPL with a request to exercise. Furthermore, to not exercise option contracts that automatically would be exercised (i.e. options in-the-money); you must provide LPL with such a request prior to the close of market on or prior to expiration date.

F6-CTD

Revised 1222

Do Not Return



Option Agreement and Disclosure Document (continued)

21. **Account Review** - Account Holder(s) should review option positions prior to expiration to determine whether adequate equity (i.e. funds) is available prior to exercising or in the event of option assignment(s). It may be appropriate to close option positions in expiring options close to or in-the-money prior to the market close to avoid the risks of an option exercise if you do not have adequate funds in your account, or if you do not want to own a long or short equity position. Also, Account Holder (s) must be aware of the possibility that a short option may be assigned even if the option is out-of-the-money. Account Holder(s) should also determine whether there are adequate equity in the account if a short options position is assigned (based on in-the-money). Account Holder(s) must close positions in expiring options prior to the market close on or prior to expiration to avoid the risks of assignment if adequate capital is not available, or the Account Holder(s) do not want to bear the risks associated with a long or short stock position.
22. **Spreads and Expiration Risk** - Spread positions can have unique expiration risks associated with them. An expiring spread where the long leg of the spread is in-the-money by less than \$0.01 and the short leg of the spread is in-the-money more than \$0.01 may require special attention on the Account Holder's part to manage the expiration risks. An Account Holder(s) is responsible for managing this risk and for risks associated with any unhedged spread legs that expire in-the-money. If an Account Holder does not want to exercise an expiring in-the-money leg of a spread, they must notify LPL prior to market close on or prior to expiration date.
23. **Managing Risks Following Expiration** - Account Holder(s) should review their account and manage any positions that generate margin or cash settlement due and other risks resulting from exercises or assignments on the trading day following expiration. Account Holder(s) is responsible for positions that result from the expiration/assignment process. If appropriate action is not taken, Account Holder(s) may receive a margin call or LPL may liquidate a position(s) in your account to cover any unpaid trade settlement.
24. **Expiring Options** - By default, the OCC will automatically exercise any expiring options that close in-the-money by \$0.01 or greater. To prevent the OCC from exercising options that close in-the-money by \$0.01 or greater, you must provide LPL with specific instructions to that effect. If you hold long U.S. equity option contracts and, as of the last trading day of the options, such options are (a) in-the-money by \$0.01 or greater, and (b) LPL has not received instructions from you, then you hereby authorize LPL to take any of the following actions in its sole discretion: (i) exercise the options; (ii) instruct OCC not to exercise your in-the-money options; and/or (iii) sell any and/or all of your in-the-money options prior to their expiration. You agree to pay any fee that may be charged, including without limitation any fees associated with the use of margin used to cover the cost of purchasing any underlying securities. To the extent permitted by applicable law, you agree to waive and release LPL, its officers, employees, and agents, from any and all claims of damage or loss, then or at a later time sustained, as the result of any of the above actions taken by LPL pursuant to this Agreement.
25. **Risks** - There are special risks associated with uncovered option writing (selling), which may expose Account Holder to a significant loss. Therefore, this type of strategy may not be suitable for all customer approved for option transactions
- The potential loss of uncovered call writing is unlimited. The writer of an uncovered call may incur large losses if the value of the underlying instrument increases above the exercise price
 - 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 a loss could be substantial if there is a significant decline in the value of the underlying instrument.
 - Uncovered option writing is only to be permitted for knowledgeable investors who understand the risks associated with the investment, 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 option position, the investor(s) may be required to meet significant, additional margin payments. If an investor does not make such margin payments, LPL may liquidate stock and/or options positions in the account, with little or no prior notice in accordance with the account's margin agreement.
 - For combination writing (where the investor writes both a put and a call on the same underlying instrument), the potential risk is unlimited.
 - If secondary market options were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.
 - The writer of an American-style option is subject to being assigned an exercise at any time after written which includes up to when 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 important that Account Holder reads the booklet entitled Characteristics and Risks of Standardized Options available from your advisor prior to investing in options. Familiarization and understanding the chapter entitled Risks of Buying and Writing Options is important. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.

Arbitration of Disputes - Disclosures

26. This Agreement contains a pre-dispute arbitration clause. By signing an arbitration agreement the parties agree as follows:
- 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
 - Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
 - The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings
 - 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 days prior to the first hearing date.
 - The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
 - The rules of some arbitrations forums may impose time limits for bringing a claim in arbitration. In some cases. A claim that is ineligible for arbitration may be brought in court.
 - The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

Account Holder(s) agrees that any controversy between Account Holder(s) and LPL arising out of or relating to Account Holder's account, transactions with or for Account Holder(s), or the construction, performance, or breach of this agreement whether entered into prior, on or subsequent to the date hereof, will be settled by arbitration in accordance with the rules, then existing of FINRA. Any arbitration award hereunder will be final, and judgment upon the award arbitration any dispute or controversy non-arbitrable under federal law.

