

APPENDIX B

Options Account Terms

B1 General

You hereby acknowledge and agree that the following additional terms and conditions in this Appendix B shall apply to equity and/or index option trading in any Account. This Appendix B shall apply in addition to all other terms of this Agreement and all other documents pertaining to the trading of equity and index options.

B1.1 You understand that options contain a high degree of risk and are often speculative in nature.

B1.2 You acknowledge that, based on your investment objectives, financial situation and particular needs as well as your knowledge and experience in financial products, you fully understand the product terms, features, risks and merits of equity and/or index option trading and are fully prepared financially or otherwise to undertake any and all risks and to withstand and bear any and all losses that may be incurred when trading and investing in such products. You confirm that optionsXpress Singapore is fully entitled to rely on the information and documents that you have furnished or may furnish it in relation to your investment objectives, financial situation and particular needs as well as your knowledge and experience in financial products. Further, you agree to promptly advise optionsXpress Singapore, in writing, of any change in your investment objectives, financial situation and particular needs as well as your knowledge and experience in financial products that may affect, in any way, the suitability of your trading options. Notwithstanding the foregoing, optionsXpress Singapore does not give or purport in any way to give any advice, make any recommendation or representation to you in relation to your trading of equity and/or index options and no officer, agent, employee or representative of optionsXpress Singapore has any authority to give any advice or make any recommendation or representation on optionsXpress Singapore's behalf or account.

B2 Applicable Rules and Regulations

B2.1 You warrant and represent that you have received, read and understood the latest version of "Characteristics and Risks of Standardized Options" delivered or made available by optionsXpress Singapore to you as issued by the Options Clearing Corporation ("OCC").

B2.2 You agree that each options Transaction is subject to the rules and regulation of the OCC, the exchange or market where such options Transaction is executed, the FINRA and various other state and federal regulatory entities, as the case may be. You understand and agree that you will comply with the aforesaid rules and regulations and all Applicable Laws.

B3 Nature of Options

B3.1 You understand that due to the short-term nature of options it is likely that you will be trading options more frequently than stocks or bonds.

B4 Commission

B4.1 You understand you will be charged a commission each time you trade. You also understand that although a spread Order may be entered on optionsXpress Singapore's order screen as one net debit/credit, you will be charged a commission on each leg of the Order.

B5 Exercise of Options

B5.1 You understand that you bear sole and full responsibility for taking action to exercise a valuable option.

B5.2 You understand that the OCC, national securities and associations and/or marketplaces have established exercise cut-off times and your options will become worthless in the event you do not deliver instructions in a timely manner. You understand optionsXpress Singapore will endeavour to exercise valuable options on your behalf provided that you have enough buying power in your Account to support the resulting position. In all instances, you agree to assume sole, full and complete financial responsibility and liability for all exercise and/or assignments. You are responsible for understanding the consequence of the expiration style for each option and risks relating to expiration of options. For example, the writer of an American-style option is subject to being assigned an exercise at any time after he has written the option until the option expires. By contrast, the writer of a European-style option is subject to exercise assignment only during the exercise period.

B6 Assignment

B6.1 You understand that optionsXpress Singapore, through its Clearing Agent, uses a random method for the assignment of "OCC" exercise and assignment notices. All short options positions, including a leg of a spread, are liable for assignment. Information in relation to such random assignment is available upon request from optionsXpress Singapore.

B7 Close-out and Liquidation

B7.1 You hereby agree to observe all exchange established position limits and will not purposely on your own or in concert with others violate such limits.

B7.2 You expressly authorise optionsXpress Singapore to liquidate or close-out any of your options positions, without further notice to or consent from you, in optionsXpress Singapore's discretion, if and when your open positions exceed applicable position limits, so as to reduce such open positions to a level that is in compliance with such position limits. You will bear and be solely responsible for any losses and costs associated with such a liquidation or close-out.

B7.3 You also acknowledge and agree that under Applicable Laws, optionsXpress Singapore may be required to provide options exchanges, markets or clearing organizations with information concerning your options positions and other related data. You therefore hereby authorise optionsXpress Singapore to provide such information as it sees fit.

B8 Exercise of Rights and Remedies

B8.1 optionsXpress Singapore may, in its discretion, at any time and from time to time if it deems necessary for the protection of its interest, without further notice to or consent from you and at your sole expense and risk, take such measures in such manner as it deems fit in relation to your Account (including but not limited to liquidating any of the positions in your Account by entering into an off-setting transaction, taking delivery under any of the positions in the Account, hedging and/or entering into off-setting or other transactions in order to establish a spread or straddle to protect against any risk of loss in respect of such positions, and/or cancelling or completing any open Orders or other commitments made on your behalf for the purchase or sale of any Securities and making delivery under such sale on terms and conditions deemed appropriate by optionsXpress Singapore). In exercising any of its rights under this Clause B8, optionsXpress Singapore shall not be obliged to furnish any reason to you.

B8.2 Without prejudice to the generality of Clause B8.1, optionsXpress Singapore may, in the event of a Default, and in addition to its rights and remedies under this Agreement (including those as set out under Clause 30.2), exercise such other rights and remedies as provided under this Clause B8.

B9 Special notice to owners of "long" fully paid-for options.

B9.1 You MUST have the necessary assets as required under Applicable Laws or as may be required by optionsXpress Singapore for the exercise of fully paid for in-the-money options in order to exercise the position, or optionsXpress Singapore, at its discretion, may close out your position prior to the close of business on the last day before exercise. In respect of options on US markets, Regulation T (as issued by the Board of Governors of the Federal Reserve System pursuant to the US Securities Exchange Act of 1934) requires a Margin Account to be open with at least 50% of the new purchase or exercise in cash or good marginable assets.

B9.2 You understand that it is your sole and full responsibility to manage your positions. Clause B9.1 above is a right of optionsXpress Singapore to protect itself from undue risk and NOT a benefit you may rely on to excuse your obligation to manage your Account prudently. In addition, "over-leveraged" Accounts are subject to this Clause B9, and may be liquidated in order to protect optionsXpress Singapore. "Over-leveraged" Accounts are defined as any Account having below 40% equity.

B10 Special Statement For Uncovered Options Writers

B10.1 There are special risks associated with uncovered option writing, which expose the investor to potentially significant losses. Therefore, this type of strategy may not be suitable for all customers and you agree and acknowledge in particular that your trading in uncovered options may be permitted by optionsXpress Singapore subject to you satisfying certain pre-requirements and conditions, including but not limited to maintenance of such amounts of cash and/or Property in your Accounts as optionsXpress Singapore may determine from time to time. Notwithstanding the above, you bear sole and full responsibility for understanding and accepting all terms, features, merits and risks associated with uncovered option writing and your decision to undertake the same.

The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and 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 extremely risky. You will bear a risk of loss if the value of the underlying instrument declines below the exercise price and such loss could be substantial if there is a significant decline in the value of the underlying instrument.

With uncovered options, adverse and volatile market movements may create a risk in excess of the available collateral in your Margin Account (thereby affecting your minimum maintenance margin requirements) and may result in a loss exceeding the account value.

Uncovered option writing is suitable only for knowledgeable investors who understand the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable collateral and/or security deposit requirements. If the value of the underlying instrument moves against an uncovered option writer's position, optionsXpress Singapore

may request significant additional collateral and/or security deposit payments. If you fail to make such payments, optionsXpress Singapore may liquidate stock or options in any of your Account(s), with little or no prior notice in accordance with the terms of this Agreement.

For combination options writing, where you write both puts and calls on the same underlying instrument, the potential risk is unlimited.

This statement is not intended to enumerate all of the risks entailed in writing uncovered options. Your attention is drawn to the chapter entitled "Risk of Buying and Writing Options" in "Characteristics and Risks of Standardized Options" which you acknowledge and agree to have read, fully understood and accept.

B11 Special Statement for Combination and Spread Traders

You must fully understand and accept the additional risks associated with options spread trading and before using optionsXpress Singapore's spread and combination orders trading systems and placing such Orders. While it is generally accepted that spread trading may reduce the risk of loss of trading of the outright purchase of a standardized option contract, you **MUST** understand that the risk reduction can lead to other risks. These risks include (but are not limited to):

B11.1 Early Exercise And Assignment Can Create Risk And Loss.

Spreads are subject to early exercise or assignment that can remove the very protection that you may have sought. This can lead to calls for collateral and/or security deposits and greater losses than anticipated when the trade was entered.

B11.2 Execution Of Spread Orders Is Often Not "Held" and at the Discretion of the Marketplace.

Spreads are not standardized contracts as are exchange traded puts and calls. Spreads are the combination of standardized put and call contracts. There is **NO** spread market in securities that are subject to such benchmarks such as "time and sales" or "NBBO" (National Best Bid/Offer) and therefore the "market" cannot be "held" to a price.

B11.3 Spreads Are Executed Differently Than "Legged" Orders.

Spreads are used by strategists as examples of risk protection, profit enhancement and as a base for evaluating results and return on investments. However, these strategies **ASSUME** that the trade can actually be executed as a spread when, in reality, market forces may make actual execution impossible. Spreads entered through optionsXpress Singapore screens are submitted as spreads and as such are subject to market risks and may be affected by conditions and consequences relating to human execution of dual or combination orders.

B11.4 Spreads are bona-fide trades and not "legged" or "paired" for individual separate trades.

For example: options prices on crossed-markets may be misleading for the spread trader. An option may be offered on one exchange and bided on another exchange. This can lead a trader to believe that his spread trade should be filled, when, in fact, the bids and offers must be on the **SAME** exchange for that to be the case. All bona-fide spreads are routed to and executed on "one" exchange.

B11.5 Spreads Are Generally Entered On A Single Exchange And Are Acted Upon By A Market Maker or Floor Broker.

Spreads are executed at the discretion of a market maker or floor broker and when cancelled or filled, requires that the market maker take manual action and carry out manual reporting at times. Delays for reporting of “fills” and “cancels” may create additional risks in fast, volatile or changing markets.

B11.6 Closing Transactions May Not Be Possible.

If a secondary market in options were to become unavailable, investors would not be able to engage in closing transactions, and an option writer would remain obligated until expiration or assignment of the option.

B11.7 Style of Expiration Poses Unique Risks.

American-style options may be exercised against the writer at any time, which may create unexpected risks, obligations and requirements. If a short option is assigned against your Account, action may be required to avoid losses and for other reasons. By contrast, European-style options may create risks when exercised at their expiration date.

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