OPTIONS RISK DISCLOSURE STATEMENT AND ACKNOWLEDGEMENT

Risk of Trading Equity Options and Terms and Conditions for Trading Equity Options

Customers trading equity options understand and agree to the following:-

1. Option trading are complicated. Customer should fully understand the basic knowledge of options, relevant rules and characteristics of risk associated with options before deciding to engage in any option trading. Trading options is highly speculative in nature and involves a high degree of risk. Unlike stock trading, option is a financial derivative featuring gearing, time decay, co-movement and high risk. An option is an exchange-traded Specified Investment Product with high volatility. It is common to experience significant price increases or decreases in one single trading day. Customer may suffer substantial losses, which may even exceed the customer account deposits.

2. Customer should be fully equipped with the financial strength, expertise and investment experience necessary for option trading before trading in option. Customer should consider cautiously whether to trade in options after fully evaluating his/her own risk tolerance, investment experience, product knowledge, risk control capability etc.

3. Customer should familiarize himself/herself with the type of option (i.e. put or call) which he/she contemplates trading and the associated risks. Customer should understand the correlation between the option price and the movement of the underlying stock price, to consider whether he/she can tolerate the risk of options investments before he/she decide to participate in option trading. Customer should calculate the extent to which the value of the options would have to increase for customer's position to become profitable, taking into account the premium paid and all transaction costs.

4. The buyer of options may offset its position by trading in the market or allow the options to expire. If the purchased options expire worthless, the buyer will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If customer is contemplating purchasing deep-out-of-the-money options, customer should be aware that, ordinarily, the chance of such options becoming profitable is remote.

5. The risks of sell option trading is generally higher than the risk of buy option trading. Although the seller may obtain a premium, the seller may also suffer loss which exceed premium due to the fluctuation in the price of the contracted subject as the seller need to perform the obligation of assignment.

6. Customer should ensure that he/she is financially able to undertake the risks associated with trading equity options and withstand any losses incurred in connection with such trading (including the total loss of premiums paid by Customer for the long put and call option, upfront payment / delivery requirements for covering short put/call option, and transaction costs).

7. Among the risks Customer acknowledges are (a) option contracts are traded for specified period of time and have no value after expiration; (b) trading halts in the underlying security, or other trading conditions (for example, volatility, liquidity, system failures) may cause the trading market to be unavailable, in which case, the holder or writer of an option would not be able to engage in a closing transaction and an option writer would be obligated until expiration or assignment; (c) the relevant Exchange(s) may revise the terms and conditions of contract of the option not executed in some circumstances to reflect the change in relevant rights and interests.

8. Customer should understand the relation between the option price with the movement of stock prices, implied volatility and time to expiration before deciding to trade in options. The options market may experience less liquidity than the equity market. In instances of very low market liquidity, it is possible that enforced liquidation or execution at a very low /high price, resulting in a loss that exceeds the initial deposit.

9. During options trading, Customer should pay attention to the ex-dividend and ex-right in case of dividend allocation, dividend payout, shares donation, capitalizing of common reserves, shares allocation and shares splitting or combination with respect to the contract subject. The relevant Exchange(s) will adjust the contracting parties and exercise the price of the option contract within the period of validity, and the trading and settlement of the contract will be carried out as the terms and conditions of the contract after the adjustment.

10. PSPL's trading system is an electronic system and is, therefore, subject to the risks of system unavailability, transmission disruption, error or failure. Customer represents that he/she has alternate arrangements for the placement of Customer's order and shall use such arrangements in the event the electronic trading system becomes unavailable. Although PSPL's trading system is designed to perform certain automatic functions, PSPL does not warrant that the trading system will perform as it is designed to, and PSPL does not have any liability to Customer for losses or damages which result from such failures of performance or unavailability.

11. Customers shall comply with PSPL's requirements for cash settled (i.e. non-margin) basis; and covered basis (i.e. upfront payment and delivery in connection with Customer's sale of put and call options.

12. Customer should check the terms and conditions of the options contract and the related obligations. In some cases, the exchange or clearing company may modify the details of the outstanding contracts (including the option exercise price) to reflect the changes in the relevant assets of the contract. PSPL is not responsible for any loss of trading that may result from your lack of awareness of the related rules.

13. Customer acknowledges that The Options Clearing Corporation ("OCC")will automatically exercise any long US equity option held by a Customer that is in the money by $0.01 or more at expiration. Upon automatic exercise by OCC, Customer shall be required to deliver/pay the exercised quantity/amount by the stipulated timeline. If the Customer fails to duly deliver/pay the exercised quantity/amount, PSPL has the right to take the necessary actions against the Customer; and the Customer shall be liable for any resulting losses and costs.

14. Customer understands that OCC assigns exercises to clearing firms. Customer acknowledges that, upon assignment, Customer shall be required to (1) in the case of an equity option, to deliver or accept the required number of shares of the underlying security, or (2) in the case of an equity index option, to pay or receive the settlement price, in cash. Customer understands that it may not receive notice of an assignment from PSPL until one or more days following the date of initial assignment by OCC to the clearing firm and the lack of such notice creates a special risk for covered writers of physical delivery call options. Customer acknowledges that it has read and understands the "Option assignment disclosure" which can be found on POEMS website – Options FAQ.

15. PSPL reserves the right to either: 1) liquidate options prior to expiration; 2) allow the options to lapse; and/or 3) allow delivery and liquidate the underlying at any time if the account's exposure is deemed excessive as expiration of the option nears.