



Jefferies & Company, Inc.
 Harborside Financial Center, Plaza III, Suite 705
 Jersey City, NJ 07311

INSTITUTIONAL OPTION AGREEMENT

- For initial option transactions
- To update level changes, background and financial information for an existing option account

In order for Jefferies to maintain accurate account information and to meet current regulations, PLEASE COMPLETE the following account holder information and sign the attached agreements.

Identifying Information:

Company Name (Full Legal Name)

Legal Address (no P.O. Boxes)

Name of person(s) authorized to provide option trade instructions

Address

Address

City, State, Zip Code

Contact Name

Phone Number

Email Address

Financial Information:

Asset Value / Assets Under Management	\$ _____	.00
Net Earnings	\$ _____	.00
Net Worth	\$ _____	.00
Liquid Net Worth	\$ _____	.00

Option Investment Objective(s):

- Income
- Trading Profits
- Speculation
- Hedge
- Other (Specify) _____

Type of Options Transactions **Anticipated:**

Investors should not purchase put or call options unless they are able to sustain a total loss of the premium and transaction costs, or write uncovered options unless they are able to sustain substantial financial loss.

- Covered Writing
- Purchasing
- Spreads/Straddles/Combinations (Speculative)*
- Naked Put Writing (Highly Speculative)*
- Naked Call Writing (Highly Speculative)*

*These strategies require an executed Margin Agreement

Will this account be managed by an outside adviser or operated under a Limited Power of Attorney/Trading Authorization? No Yes

If yes, name of Adviser/Power of Attorney _____

Acting In Concert:

For all persons having control or the power or ability of any individual or entity to make investment decisions for or influence directly or indirectly the investment decisions for this account, please list any and all other accounts held with the Firm, the Tax ID #'s and state the control relationship to the account. Such control may exist in the following circumstances.

- Among all parties to a joint account having authority to act on behalf of the account.
- All general partners to a partnership account.
- When a person or entity holds an ownership interest in or shares in the profits and/or loss of an account.
- All common directors or management for this account.
- Where a person or entity has the authority to execute transactions in an account.

Individual or Entity Name	Control Relationship	Account #	Tax ID #
Individual or Entity Name	Control Relationship	Account #	Tax ID #
Individual or Entity Name	Control Relationship	Account #	Tax ID #
Individual or Entity Name	Control Relationship	Account #	Tax ID #

Client Review/Signature

I certify that the foregoing client information is accurate and I am aware that the information is relied upon by Jefferies & Company, Inc. in servicing my account.

Client Authorized Signature

Date

Client Authorized Signature

Date

For Broker Use Only:

AE Signature

Date

Print Name

AE#

Options Disclosure Document(s) Sent/Date

Regional Manager / Department Head

Date

Print Name

Registered Options Principal

Date

Print Name

Types of Transactions for which account is approved:

- Covered Writing
- Purchasing

- Spreads/Straddles/Combinations
- Naked Put Writing

- Naked Call Writing
- All Strategies

Comments / Restrictions:

ROP Signature

Date

Print Name

OPTION AGREEMENT

1. Buying and writing options may involve a high degree of risk and may be deemed to be a speculative practice. I am fully aware that this investment technique offers no guarantee of gain or assurance against loss. I am capable of evaluating, carrying and bearing the financial risks inherent in buying and selling options.
2. I agree to abide by the rules and regulations of the Options Clearing Corporation ("OCC"), the Options Exchanges, the Financial Industry Regulatory Authority ("FINRA") and Jefferies & Company, Inc. policies pertaining to the buying, selling, issuing and guaranteeing of puts and calls for my account.
3. I am aware that there are maximum allowable position limits and exercise limits set by the Options Exchanges, the FINRA and/or Jefferies & Company, Inc. I agree to abide by the position and exercise limits established by the Option Exchanges, the FINRA and Jefferies & Company, Inc. for both my account and any accounts deemed to be acting in concert with me.
4. I understand that I bear full responsibility for exercising valuable options. I agree to give you sufficient notice, as per OCC Rules and Jefferies & Company, Inc. policies of my intent to exercise such options prior to their expiration. If I fail to give prior notice, Jefferies & Company, Inc. will use its best efforts to exercise such options on my behalf. If I fail to notify Jefferies & Company, Inc. and Jefferies & Company, Inc. is unable to exercise such options on my behalf, I agree to waive any and all claims for damages or losses which I might incur at that time or any time thereafter against Jefferies & Company, Inc. due to the fact that the options were not exercised.

I understand that exercise assignment notices for option contracts are allocated among customer short positions pursuant to a manual procedure which randomly selects from among all customer short option positions, including positions established on the day of assignment, those contracts which are subject to exercise. All short option positions are liable for assignment at any time. A more detailed description of this random allocation procedure is available upon request.
5. You may call me for margin whenever you deem it necessary or advisable for the protection of your positions as issuer or guarantor of option contracts issued pursuant to my orders.

If I fail to meet margin calls promptly and fully, Jefferies & Company, Inc. is authorized at its sole discretion and without prior notification, to take appropriate steps to protect its positions and obligations which it may have assumed at my request. This authorization is intended to cover the purchase or sale (short or short exempt) for my account and risk of any part of all of the shares represented by options issued or guaranteed by Jefferies & Company, Inc. at my request, and the purchase for my account and risk of such additional options as you may deem desirable for your protection. In addition, if I fail to make payment of any monies due you under this agreement, you may, pursuant to a general lien on all or any of my accounts at Jefferies & Company, Inc., sell any securities or apply any credits held in such accounts against my indebtedness to you under this agreement. Any and all expenses incurred by you in this connection will be reimbursed by me.
6. This agreement shall inure to the benefit of your successors and assigns, and shall be binding upon me, my heirs, executors, administrators and assigns, and shall be governed by the laws of the State of New York.
7. The foregoing provisions shall be considered as supplementary to any other Customer Agreement which I may have signed. Except as specifically amended by this agreement, all of the terms and conditions of such Customer Agreement shall remain effective with respect to all positions now carried for my account, as well as those hereafter made.
8. The Option Information worksheet requested and submitted is accurate and complete. I AGREE TO NOTIFY YOU PROMPTLY IN WRITING OF ANY MATERIAL CHANGES IN THIS INFORMATION.
9. With my signature, I acknowledge that I have read and fully understand and agree to the terms and conditions of this Option Agreement, the Option Disclosure Statement, and if the Naked Put and/or Naked Call Writing option strategies are selected, the Special Statement for Uncovered Option Writers.

Client Authorized Signature

Print Name / Title

Date

OPTION DISCLOSURE STATEMENT

Option Buyer

As a buyer of an option, I am aware that I risk the loss of the entire premium paid should I fail to exercise or sell the option before the expiration date.

Option Seller (Writer)

I realize and understand that option writing has a number of inherent risks connected therewith. I know that option writing is based on a percentage return concept of invested capital and may result in a more rapid portfolio turnover than is normally associated with many other investment techniques. As a result, more commissions may be generated using this strategy than by using some other approach.

- 1) Extent of Basic Obligation
 - A) Seller of Call: For each contract, I am responsible for delivering 100 shares of the underlying security at the stipulated price specified in the option contract during the term of the option.
 - B) Seller of Put: For each option contract, I am responsible for purchasing 100 shares of the underlying security at the price specified in the option contract during the term of the option.
- 2) Risks of Selling Options - As a seller of an option I am aware that my risks resulting therefrom include but are not limited to the following:
 - A) Sale of a Call covered by a long position in the underlying security:
 - (i) If the price of the optioned security rises, I am obligated to sell the underlying optioned stock at the price specified in the option contract, which generally will be lower than the price I would receive in the open market.
 - (ii) If the optioned security declines, I may sustain a loss should the price of the optioned security decline by more than the amount of the premium received.
 - B) Sale of a Call not covered by a long position in the underlying security:
 - (i) If the optioned security rises, I risk substantial capital loss to the extent that the market price of the optioned security increases above the striking price of a call, which can amount to more than the premium I received. If an exercise is assigned, in all likelihood it will be at a time which will force the assumption of such capital loss.
 - (ii) If the optioned security declines, I would not sustain a loss as long as the price of the optioned security remained at or below the striking price of the option.
 - C) Sale of a Put with a corresponding short position in the underlying security:
 - (i) If the optioned security rises, I could sustain a loss should the price of the optioned security appreciate by more than the premium received.
 - (ii) If the optioned security declines, I would not sustain a loss as long as the price of the optioned security remained at or below the striking price of the option.
 - D) Sale of a Put without a corresponding short position in the underlying security:
 - (i) If the optioned security rises, I would not sustain a loss as long as the price of the optioned security remained at or above the striking price of the option.
 - (ii) If the optioned security declines, I may sustain a loss should the optioned security decline more than the premium I received. Such loss may be substantial if there is a significant decline in the value of the underlying document.
 - E) Sale of Straddles or other combinations could result in a combination of loss as indicated in the above situations.

The number of shares and option striking price mentioned in the foregoing are subject to change based on changes such as stock splits, reverse splits, stock dividends, cash dividends, rights and/or warrant offerings, or other similar action by the issuer.

Margin calculations involving option transactions and positions will be made by Jefferies & Company, Inc. in conformity with regulatory requirements and its own firm policies and procedures.

SPECIAL STATEMENT FOR UNCOVERED OPTION WRITERS

There are special risks associated with uncovered option writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

- 1) The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.
- 2) 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 loss could be substantial if there is a significant decline in the value of the underlying instrument.
- 3) Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, 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 options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.
- 4) For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.
- 5) If a secondary market in option were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.
- 6) 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.

Note: It is expected that you will read the booklet entitled CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS available from your broker. In particular, your attention is directed to the chapter entitled Risks of Buying and Writing Option. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.



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THIS IS YOUR COPY. PLEASE DO NOT RETURN IT. RETAIN IT FOR YOUR RECORDS.

INSTITUTIONAL OPTION AGREEMENT

- For initial option transactions
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In order for Jefferies to maintain accurate account information and to meet current regulations, PLEASE COMPLETE the following account holder information and sign the attached agreements.

Identifying Information:

Company Name (Full Legal Name)

Legal Address (no P.O. Boxes)

Name of person(s) authorized to provide option trade instructions

Address

Address

City, State, Zip Code

Contact Name

Phone Number

Email Address

Financial Information:

Asset Value / Assets Under Management	\$ _____	.00
Net Earnings	\$ _____	.00
Net Worth	\$ _____	.00
Liquid Net Worth	\$ _____	.00

Option Investment Objective(s):

- Income
- Trading Profits
- Speculation
- Hedge
- Other (Specify) _____

Type of Options Transactions **Anticipated:**

Investors should not purchase put or call options unless they are able to sustain a total loss of the premium and transaction costs, or write uncovered options unless they are able to sustain substantial financial loss.

- Covered Writing
- Purchasing
- Spreads/Straddles/Combinations (Speculative)*
- Naked Put Writing (Highly Speculative)*
- Naked Call Writing (Highly Speculative)*

*These strategies require an executed Margin Agreement

Will this account be managed by an outside adviser or operated under a Limited Power of Attorney/Trading

Authorization? No Yes

If yes, name of Adviser/Power of Attorney _____

Acting In Concert:

For all persons having control or the power or ability of any individual or entity to make investment decisions for or influence directly or indirectly the investment decisions for this account, please list any and all other accounts held with the Firm, the Tax ID #'s and state the control relationship to the account. Such control may exist in the following circumstances.

- Among all parties to a joint account having authority to act on behalf of the account.
- All general partners to a partnership account.
- When a person or entity holds an ownership interest in or shares in the profits and/or loss of an account.
- All common directors or management for this account.
- Where a person or entity has the authority to execute transactions in an account.

Individual or Entity Name	Control Relationship	Account #	Tax ID #

Client Review/Signature

I certify that the foregoing client information is accurate and I am aware that the information is relied upon by Jefferies & Company, Inc. in servicing my account.

Client Authorized Signature

Date

Client Authorized Signature

Date

For Broker Use Only:

AE Signature

Date

Print Name

AE#

Options Disclosure Document(s) Sent/Date

Regional Manager / Department Head

Date

Print Name

Registered Options Principal

Date

Print Name

Types of Transactions for which account is approved:

- | | | |
|--|---|---|
| <input type="checkbox"/> Covered Writing | <input type="checkbox"/> Spreads/Straddles/Combinations | <input type="checkbox"/> Naked Call Writing |
| <input type="checkbox"/> Purchasing | <input type="checkbox"/> Naked Put Writing | <input type="checkbox"/> All Strategies |

Comments / Restrictions:

ROP Signature

Date

Print Name

OPTION AGREEMENT

1. Buying and writing options may involve a high degree of risk and may be deemed to be a speculative practice. I am fully aware that this investment technique offers no guarantee of gain or assurance against loss. I am capable of evaluating, carrying and bearing the financial risks inherent in buying and selling options.
2. I agree to abide by the rules and regulations of the Options Clearing Corporation ("OCC"), the Options Exchanges, the Financial Industry Regulatory Authority ("FINRA") and Jefferies & Company, Inc. policies pertaining to the buying, selling, issuing and guaranteeing of puts and calls for my account.
3. I am aware that there are maximum allowable position limits and exercise limits set by the Options Exchanges, the FINRA and/or Jefferies & Company, Inc. I agree to abide by the position and exercise limits established by the Option Exchanges, the FINRA and Jefferies & Company, Inc. for both my account and any accounts deemed to be acting in concert with me.
4. I understand that I bear full responsibility for exercising valuable options. I agree to give you sufficient notice, as per OCC Rules and Jefferies & Company, Inc. policies of my intent to exercise such options prior to their expiration. If I fail to give prior notice, Jefferies & Company, Inc. will use its best efforts to exercise such options on my behalf. If I fail to notify Jefferies & Company, Inc. and Jefferies & Company, Inc. is unable to exercise such options on my behalf, I agree to waive any and all claims for damages or losses which I might incur at that time or any time thereafter against Jefferies & Company, Inc. due to the fact that the options were not exercised.

I understand that exercise assignment notices for option contracts are allocated among customer short positions pursuant to a manual procedure which randomly selects from among all customer short option positions, including positions established on the day of assignment, those contracts which are subject to exercise. All short option positions are liable for assignment at any time. A more detailed description of this random allocation procedure is available upon request.

5. You may call me for margin whenever you deem it necessary or advisable for the protection of your positions as issuer or guarantor of option contracts issued pursuant to my orders.

If I fail to meet margin calls promptly and fully, Jefferies & Company, Inc. is authorized at its sole discretion and without prior notification, to take appropriate steps to protect its positions and obligations which it may have assumed at my request. This authorization is intended to cover the purchase or sale (short or short exempt) for my account and risk of any part of all of the shares represented by options issued or guaranteed by Jefferies & Company, Inc. at my request, and the purchase for my account and risk of such additional options as you may deem desirable for your protection. In addition, if I fail to make payment of any monies due you under this agreement, you may, pursuant to a general lien on all or any of my accounts at Jefferies & Company, Inc., sell any securities or apply any credits held in such accounts against my indebtedness to you under this agreement. Any and all expenses incurred by you in this connection will be reimbursed by me.

6. This agreement shall inure to the benefit of your successors and assigns, and shall be binding upon me, my heirs, executors, administrators and assigns, and shall be governed by the laws of the State of New York.
7. The foregoing provisions shall be considered as supplementary to any other Customer Agreement which I may have signed. Except as specifically amended by this agreement, all of the terms and conditions of such Customer Agreement shall remain effective with respect to all positions now carried for my account, as well as those hereafter made.
8. The Option Supplementary worksheet requested and submitted is accurate and complete. I AGREE TO NOTIFY YOU PROMPTLY IN WRITING OF ANY MATERIAL CHANGES IN THIS INFORMATION.
9. With my signature, I acknowledge that I have read and fully understand and agree to the terms and conditions of this Option Agreement, the Option Disclosure Statement, and if the Naked Put and/or Naked Call Writing option strategies are selected, the Special Statement for Uncovered Option Writers.

Client Authorized Signature

Print Name / Title

Date

OPTION DISCLOSURE STATEMENT

Option Buyer

As a buyer of an option, I am aware that I risk the loss of the entire premium paid should I fail to exercise or sell the option before the expiration date.

Option Seller (Writer)

I realize and understand that option writing has a number of inherent risks connected therewith. I know that option writing is based on a percentage return concept of invested capital and may result in a more rapid portfolio turnover than is normally associated with many other investment techniques. As a result, more commissions may be generated using this strategy than by using some other approach.

- 3) Extent of Basic Obligation
 - A) Seller of Call: For each contract, I am responsible for delivering 100 shares of the underlying security at the stipulated price specified in the option contract during the term of the option.
 - B) Seller of Put: For each option contract, I am responsible for purchasing 100 shares of the underlying security at the price specified in the option contract during the term of the option.
- 4) Risks of Selling Options - As a seller of an option I am aware that my risks resulting therefrom include but are not limited to the following:
 - A) Sale of a Call covered by a long position in the underlying security:
 - (i) If the price of the optioned security rises, I am obligated to sell the underlying optioned stock at the price specified in the option contract, which generally will be lower than the price I would receive in the open market.
 - (ii) If the optioned security declines, I may sustain a loss should the price of the optioned security decline by more than the amount of the premium received.
 - B) Sale of a Call not covered by a long position in the underlying security:
 - (i) If the optioned security rises, I risk substantial capital loss to the extent that the market price of the optioned security increases above the striking price of a call, which can amount to more than the premium I received. If an exercise is assigned, in all likelihood it will be at a time which will force the assumption of such capital loss.
 - (ii) If the optioned security declines, I would not sustain a loss as long as the price of the optioned security remained at or below the striking price of the option.
 - C) Sale of a Put with a corresponding short position in the underlying security:
 - (i) If the optioned security rises, I could sustain a loss should the price of the optioned security appreciate by more than the premium received.
 - (ii) If the optioned security declines, I would not sustain a loss as long as the price of the optioned security remained at or below the striking price of the option.
 - D) Sale of a Put without a corresponding short position in the underlying security:
 - (i) If the optioned security rises, I would not sustain a loss as long as the price of the optioned security remained at or above the striking price of the option.
 - (ii) If the optioned security declines, I may sustain a loss should the optioned security decline more than the premium I received. Such loss may be substantial if there is a significant decline in the value of the underlying document.
 - E) Sale of Straddles or other combinations could result in a combination of loss as indicated in the above situations.

The number of shares and option striking price mentioned in the foregoing are subject to change based on changes such as stock splits, reverse splits, stock dividends, cash dividends, rights and/or warrant offerings, or other similar action by the issuer.

Margin calculations involving option transactions and positions will be made by Jefferies & Company, Inc. in conformity with regulatory requirements and its own firm policies and procedures.

SPECIAL STATEMENT FOR UNCOVERED OPTION WRITERS

There are special risks associated with uncovered option writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

- 1) The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.
- 2) 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 loss could be substantial if there is a significant decline in the value of the underlying instrument.
- 3) Uncovered option writing is thus suitable only for the knowledge investor who understands the risks, 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 options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.
- 4) For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.
- 5) If a secondary market in option were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.
- 6) 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.

Note: It is expected that you will read the booklet entitled CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS available from your broker. In particular, your attention is directed to the chapter entitled Risks of Buying and Writing Option. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.



TRIAD
SECURITIES CORP.

To: All customers approved for option trading
Re: Option trading policies

Please note the following regarding Triad Securities Corp.'s policies regarding option trading and positioning:

-Naked short calls are not permitted without prior approval by Arthur Linden, CROP.

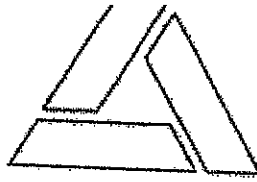
-Naked short put transactions will be reviewed by Arthur Linden, CROP.

Additional restrictions may be imposed without prior written notice, dependent on market conditions and volatility.

Please direct any questions to the trading desk at (212) 349-8060.

111 BROADWAY NEW YORK NEW YORK 10006 212.349.8060 800.221.8440 FAX 212.349.2914
MEMBER NASD SIPC

TRIAD SECURITIES LIMITED, 25A MOTCOMB STREET LONDON SW1X 8JU (0) 207.235.5206 FAX (0) 207.838.9911
AUTHORIZED AND REGULATED BY THE FINANCIAL SERVICES AUTHORITY



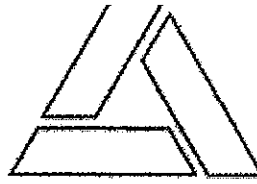
TRIAD
SECURITIES CORP.

Special Statement for Uncovered Option Writers

Please note the following risks in regard to uncovered option writing:

- There are special risks associated with uncovered options writing that expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.*
- 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 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 loss could be substantial if there is a significant decline in the value of the underlying instrument.*
- Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, 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 broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice, in accordance with the investor's margin agreement.*
- For combination writing, where an investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.*
- If a secondary market in 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 he has written the option until the option expires. By contrast, the writer of a European-style option is subject to exercise assignments only during the exercise period.*
- NOTE: It is expected that you have read the booklet entitled Characteristics and Risks of Standardized Options. In particular, your attention is directed to the chapter entitled "Principal Risks of Option Positions." This statement is not intended to enumerate all of the risks entailed in writing covered options.*

111 BROADWAY, NEW YORK, NEW YORK 10006.
212.349.8060 800.221.8440 FAX.212.349.2914
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TRIAD

SECURITIES CORP.

Day-Trading Risk Disclosure Statement

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a "day-trading strategy" means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

Day trading can be extremely risky. Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more will in no way guarantee success.

Be cautious of claims of large profits from day trading. You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

Day trading requires knowledge of securities markets. Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.

Day trading requires knowledge of a firm's operations. You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures.

Day trading will generate substantial commissions, even if the per trade cost is low. Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs \$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$111,360 just to cover commission expenses.

Day trading on margin or short selling may result in losses beyond your initial investment. When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

Potential Registration Requirements. Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Adviser" under the Investment Advisers Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

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