



Financial Services

Active Account Suitability Agreement

Chelsea Financial Services would like to take this opportunity to formally confirm your understanding of the following:

- Due to the nature of short term or active trading strategies, higher degrees of risk are associated with these types of activities. Active trading in the securities markets is not suitable for all investors. Accordingly, it should only be undertaken by investors who understand the nature of the risk involved and are financially capable to sustain a loss of part, or all, of their investment capital.
- Your portfolio may tend to be more volatile with short term and/or active trading.
- High-risk and speculative trading is not appropriate for investors of limited resources, limited investment experience, limited trading experience, advanced age and/or those with a low risk tolerance. A high-risk tolerance as well as investment objectives consistent with high-risk / speculative investing are prerequisites for an active account. In addition, customers who frequently trade the market should not have any short term needs for the funds invested into their equity account.
- I expressly acknowledge that my investment objectives involve risk and speculation. I further acknowledge that it is my obligation to notify Chelsea Financial Services in writing in the event of a change in my risk tolerance or investment objectives.
- When purchasing speculative positions with funds borrowed from the Firm (i.e. on margin) it is possible that your downside loss may exceed the amount of your original investment. In addition, your margin maintenance requirement may be higher in connection with such offerings.
- When engaging in a high degree of activity, overall fees on your account will be greater than those experienced with a buy and hold strategy. In this regard, short term trading may generate significant transaction costs and commissions.
- Short term buys and sells can have certain tax consequences which should be discussed with your tax consultant or accountant.
- Many active traders employ the use of stop orders. However, a stop order will not necessarily guarantee against a greater loss than the stop price that was entered. By way of example, if ABC Co. stock is purchased by you at \$40 per share with a stop order at \$30 per share, it becomes a market order when the stock reaches the stop price of \$30 per share. In addition, if ABC Co. stock was to halt trading to announce an adverse news event and subsequently opened trading at \$20, it is deemed to have traded through the stop price and would become a market order at that time.

I have read, understand and agree to this Active Account Suitability Agreement. I am specifically aware of the liabilities which may be incurred through active trading. I acknowledge that all transactions initiated by me are affirmatively accepted by me as suitable for my personal and financial situation as well as consistent with my investment objectives which include speculation.

Cognizant of these facts, I declare under penalties of perjury that an active trading strategy is indeed consistent with my personal faculties, financial capabilities and investment objectives.

Customer Name

Customer Name (if Joint)

Customer Signature Date

Customer Signature (if Joint) Date

Account Number _____