

Client name: _____

Account number: _____

INSTRUCTIONS

Review the information below, then complete this form to update OTT regarding any material changes to the financial information that appears on your new account application form, or to request changes to the risk capital limit previously approved by OTT.

The financial update and suitability assessment form with risk disclosures must be completed by:

- New clients trading FX and CFDs who have submitted an outdated new account application created before July 2012 (complete all sections)
- Existing clients trading FX and CFDs who opened their accounts before July 2012 (complete all sections)
- Existing clients trading FX and CFDs who would like to update their financial information and/or request a change to the risk capital limit (complete section A, then sign and date on page 2)
- Existing clients trading FX and CFDs who would like to update their investment knowledge and trading experience (complete section B, then sign and date on page 2)
- Authorized traders who exercise discretionary trading authority on an FX & CFD account (complete all sections except A)

Send the completed and signed form to:

OTT Financial Canada Inc.
Attn: New Accounts
5140 Yonge Street, Suite 510
Toronto, ON M2N 6L7 Canada

RISK CAPITAL

Your risk capital limit is the amount in Canadian dollars which you would be prepared to deposit for the purpose of trading in over-the-counter (OTC) derivatives, including FX & CFDs, which if lost will not have a substantial impact on your financial well-being. This amount is determined by you in accordance with your investment objectives, trading experience, risk tolerance and your own assessment of your individual circumstances. **You should note that your risk capital limit does not provide you with stop-loss protection and you may sustain losses greater than the stated amount. It is your responsibility to diligently monitor any open positions in your account and manage risk.**

In connection with the aforementioned FX and CFD account carried by Questrade Inc. ("Questrade"), I hereby provide the following information and acknowledgments:

A. UPDATED FINANCIAL INFORMATION

(1) Annual income
(2) Fixed assets
(3) Liquid assets
(4) Liabilities
(5) Total net worth*
(6) Risk capital limit†

\$
\$
\$
\$
\$
\$

* (2) Net fixed assets + (3) net liquid assets - (4) liabilities = (5) total net worth

† The risk capital limit you request is the amount that you can afford to risk on FX and CFD trading without adversely impacting your financial wellbeing. **Risk capital cannot exceed your net liquid assets and is subject to the approval of OTT**, who will also take your investment knowledge and trading experience into consideration.

B. INVESTMENT KNOWLEDGE AND TRADING EXPERIENCE

1. What is the level of your investment knowledge?

None Limited Fair Good

2. Do you have any experience trading securities?

Yes No

Length of experience: Less than 6 months 6 months – 3 years 3 – 7 years 7 years +

Length of experience: Less than 50 50 – 100 100 +

3. Do you have any experience trading options?

Yes No

Length of experience: Less than 6 months 6 months – 3 years 3 – 7 years 7 years +

Length of experience: Less than 50 50 – 100 100 +

4. Do you have any experience trading futures?

Yes No

Length of experience: Less than 6 months 6 months – 3 years 3 – 7 years 7 years +

Length of experience: Less than 50 50 – 100 100 +

5. Do you have any experience trading CFDs?

Yes No

Length of experience: Less than 6 months 6 months – 3 years 3 – 7 years 7 years +

Length of experience: Less than 50 50 – 100 100 +

6. Do you have any experience trading currencies through Interbank or OTC foreign exchange?

Yes No

Length of experience: Less than 6 months 6 months – 3 years 3 – 7 years 7 years +

Length of experience: Less than 50 50 – 100 100 +

I hereby confirm the information provided above is accurate to the best of my knowledge.

x

Client signature

Date

C. HIGH-RISK INVESTMENT NOTICE FOR OTC DERIVATIVES

A contract for difference (CFD) is a financial derivative product that allows an investor to obtain economic exposure (for speculative, investment or hedging purposes) to an underlying asset, such as a currency, index or commodity, without acquiring ownership of the underlying asset.

Trading in over-the-counter (OTC) derivatives, including leveraged foreign exchange contracts (FX) and contracts for difference (CFDs), is highly speculative and not appropriate for risk-averse investors or those seeking security of capital. An account opened with Questrade Inc. allows you to trade currencies on a highly leveraged basis. A small adverse price change to the underlying asset can magnify the impact on the funds in your account, potentially resulting in the total loss of your initial investment and any additional funds that you may deposit to meet margin calls.

Given the risk of losing your entire investment, speculating in the over-the-counter (OTC) derivatives market should only be conducted with risk capital which if lost will not have a substantial impact on your financial wellbeing. Before making a decision to trade FX or CFDs, you should carefully consider all of the disclosures in the client agreement and, in particular, you should evaluate the risk factors listed in the **risk information document for derivatives** provided below.

Should you decide to proceed with your investment, you hereby acknowledge that you will be trading only with risk capital or funds that you can afford to lose, and that the loss of such funds will not jeopardize your present lifestyle or future retirement. FX and CFD trading may not be suitable for all customers, therefore be sure that you fully understand the risks involved, and seek independent financial advice if necessary.

Client acknowledgement:

I hereby acknowledge receipt of the **high-risk investment notice for OTC derivatives**.

D. RISK INFORMATION DOCUMENT FOR DERIVATIVES

This brief document does not disclose all of the risks and other significant aspects of trading in futures contracts, options or other derivatives. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in derivatives is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

FUTURE CONTRACTS

1. Effect of "leverage" or "gearing"

Transactions in futures contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with Questrade in order to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

2. Risk-reducing orders or strategies

The placing of certain orders (e.g. stop-loss orders where permitted under local law, or stop-limit orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as spread and straddle positions, may be as risky as taking simple long or short positions.

OPTIONS

3. Variable degree of risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they are considering trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

A purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on futures contracts above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable is ordinarily remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount.

The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If

the option is on a futures contract, the seller will acquire a position in a future with associated liabilities for margin (see the section on futures contracts above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

ADDITIONAL RISKS COMMON TO DERIVATIVES

4. Terms and conditions of contracts

You should ask Questrade about the terms and conditions of the specific futures contracts, options or other derivatives which you are trading and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest and, in the case of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

5. Suspension or restriction of trading and pricing relationships

Market conditions (e.g. liquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss. Further, normal pricing relationships between the underlying interest and the derivative may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.

6. Deposited cash and property

You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be prorated in the same manner as cash for purposes of distribution in the event of a shortfall.

7. Commissions and other charges

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

8. Transactions in other jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulations which may offer different or diminished investor protection. Before you trade you should inquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask Questrade for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

9. Currency risks

The profit or loss in transactions in foreign currency-denominated derivatives (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the derivative to another currency.

10. Trading facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask Questrade for details in this respect.

11. Electronic trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system, including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all. Your ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.

12. Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.

ADDITIONAL RISK DISCLOSURE FOR TRADING IN CONTRACTS FOR DIFFERENCES (CFDS)

Like futures and margined foreign exchange trading, CFD trading carries a high level of risk to your capital. A key risk of leveraged trading is that if a position moves against you, the customer, you can incur additional liabilities far in excess of your initial margin deposit. Only speculate with money you can afford to lose. CFD trading may not be suitable for all customers, therefore be sure that you fully understand the risks involved and seek independent financial advice if necessary.

Before making a decision to trade CFDs, you should carefully consider all of the disclosure provided to you upon account opening and in the documents incorporated by reference herein. In particular, you should evaluate the risk factors listed below. The list below does not cover every possible risk associated with CFD trading. It does however list some of the most common risks.

Increased leverage

If you incorrectly forecast the movement in the stock price then the risk of loss increases proportionately if the stock moves against you. If you are paying 15% margin, for example, a move greater than 15% against you will deplete your initial security deposit, while you will still remain liable for any additional loss incurred.

Trading suspended

Occasionally, trading in a stock may be suspended. In these cases it is likely that you would be unable to trade out of your CFD contract and could be subject to an increased margin demand.

Margin

In times of increased volatility or perceived risk, the margin of a stock can change on short notice. If you are unable to meet the increased margin you will be forced to close your position.

Selling short

If you sell short and are unable to borrow the stock to cover your position, then you will be forced to buy back the stock.

Foreign markets

Foreign markets will involve different risks than Canadian markets. In some cases, risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign currency-denominated markets will be affected by fluctuations in foreign exchange rates.

Off-exchange transactions

When trading CFDs and other financial derivative products with Questrade, you will be entering into off-exchange (OTC) derivative transactions. All positions entered into with Questrade must be closed with Questrade and cannot be closed with any other entity.

Counterparty risk

By necessity, all CFD trades are conducted with a Counterparty. Questrade will always act as the Counterparty, and not as agent, to your CFD trades, and this may result in a conflict of interest as Questrade will seek to profit from these trades. There is a risk associated with the solvency of Questrade, the counterparty to each CFD. An investor may lose part or all of their unrealized gains in an open position or funds held on account due to the solvency, bankruptcy or liquidation of Questrade. Questrade is not a reporting issuer in Canada.

Margin rules and IIROC membership

Questrade is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and therefore must comply with its rules and regulations pertaining to CFD trading (IIROC CFD rules) including the margin percentage applied to CFD positions and the types of underlying instruments. Such IIROC rules may have a materially adverse effect on the scope or attractiveness of CFDs offered to customers resident in Canada.

IIROC leverage disclosure

As a member of the Investment Industry Regulatory Organization of Canada (IIROC), Questrade is required to provide the following disclosure to customers seeking to trade in products that involve leverage: "Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

Client acknowledgement:

I hereby acknowledge receipt of the **Risk Information Document for Derivatives**.

Client signature

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Client signature

Date

Derivatives trading involves substantial risk of loss and is not suitable for all investors.

DEFINITIONS

Security

A financial instrument that represents: an ownership position in a publicly-traded corporation (stock), a creditor relationship with governmental body or a corporation (bond), or rights to ownership as represented by an option. A security is a fungible, negotiable financial instrument that represents some type of financial value. The company or entity that issues the security is known as the issuer.

For example, the issuer of a bond issue may be a municipal government raising funds for a particular project. Investors of securities may be retail investors (those who buy and sell securities on their own behalf and not for an organization) and wholesale investors (financial institutions acting on behalf of clients or acting on their own account). Institutional investors include investment banks, pension funds, managed funds and insurance companies.

Option

A financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

Call options give the option to buy at certain price, so the buyer would want the stock to go up.

Put options give the option to sell at a certain price, so the buyer would want the stock to go down.

Future

A financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price. Futures contracts detail the quality and quantity of the underlying asset; they are standardized to facilitate trading on a futures exchange. Some futures contracts may call for physical delivery of the asset, while others are settled in cash. The futures markets are characterized by the ability to use very high leverage relative to stock markets.

Futures can be used either to hedge or to speculate on the price movement of the underlying asset. For example, a producer of corn could use futures to lock in a certain price and reduce risk (hedge). On the other hand, anybody could speculate on the price movement of corn by going long or short using futures.

CFD

An arrangement made in a futures contract whereby differences in settlement are made through cash payments rather than the delivery of physical goods or securities.

Currency

A generally accepted form of money, including coins and paper notes, which is issued by a government and circulated within an economy. Used as a medium of exchange for goods and services, currency is the basis for trade.

Source: Investopedia (<http://www.investopedia.com/dictionary/#axzz2HVRKF9bA>)