RISK INFORMATION DOCUMENT FOR DERIVATIVES

1. INTRODUCTION

This brief document does not disclose all of the risks and other significant aspects of trading in futures contracts, options or other derivatives with **OTT Financial Canada Inc.** ("**OTT**"). 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.

2. FUTURES CONTRACTS

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 OTT 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.

Risk-Reducing Orders or Strategies
The placing of certain orders (e.g. 'stop-loss' order, where permitted under local law, or 'stop-limit' orders) that 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.

3. OPTIONS
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) that they contemplate 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.

Buying an Option
The 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 ordinarily is remote.

Selling an Option
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.

Unpaid Premium
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.

4. ADDITIONAL RISKS COMMON TO DERIVATIVES
Terms and Conditions of Contracts

You should ask OTT about the terms and conditions of the specific futures contracts, options or other derivatives that 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 respect 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.

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.

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 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.

Commission 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.

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 regulation that 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 OTT for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

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.

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 OTT for details in this respect.

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 that 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.

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.

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

CFD (AS WITH FUTURES AND MARGINED FOREIGN EXCHANGE) 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 ENSURE 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 and, 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 is 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 were to sell short and it were impossible to borrow the stock to cover your position then you would be forced to buy back the stock.

Foreign Markets
Foreign markets will involve different risks from 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 OTT, you will be entering into off-exchange (OTC) derivative transactions. All positions entered into with OTT must be closed with OTT and cannot be closed with any other entity.

Counterparty Risk
There is a risk associated with the solvency of OTT, 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 OTT. OTT is not a reporting issuer in Canada.

6. MARGIN RULES AND IIROC MEMBERSHIP
OTT (when approved) 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 instrument. Such *IIROC Rules* may have a materially adverse effect on the scope or attractiveness of CFDs offered to customers resident in Canada.

7. IIROC LEVERAGE DISCLOSURE
OTT as a member (when approved) of the Investment Industry Regulatory Organization of Canada (IIROC) 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 Name (Primary Account Holder)	Client Name (Joint Account Holder)
________________________	________________________
Client Signature	Client Signature
________________________	________________________
Date (mm/dd/yy)	Date (mm/dd/yy)