

Undertaking/Consent Letter for trading in COMMODITY OPTIONS

(For Existing clients)

To,
The Director/Compliance Officer
R K Global Commodity Broking Limited
Flat No 5, 6 Tilak Marg,
Sagar Apartment,
New Delhi - 110001

Dated:

Dear Sir,

I am trading through you in Multi Commodity Stock Exchange of India Limited (MCX) under Client Code : _____

I undertake and accord my consent as follows :-

1. I intend to trade in COMMODITY OPTIONS
2. I am aware that trading in COMMODITY OPTIONS shall be subject to regulatory requirements of the Exchange and SEBI from time to time.
3. I have received "Additional Risk Disclosure documents for Options Trading" sent by you.
4. I have read and gone through the said risk disclosure documents thoroughly and have understood risk involved in trading in COMMODITY OPTIONS.
5. I undertake that I shall take due care and precautions while trading in COMMODITY OPTIONS

<u>Exchange and Segment</u>	<u>Signature</u>	<u>Date of Consent for Trading</u>
MCX Options Segment	_____	_____
NCDEX Options Segment	_____	_____
<u>BROKERAGE</u>	<u>(% ON TURNOVER)</u>	<u>PER LOT</u>
MCX Options Segment	_____	_____
NCDEX Options Segment	_____	_____

As requested above please allow me to trade in COMMODITY OPTIONS and oblige.

Thanking You,
Yours faithfully

Name: _____

Client Code: _____

Additional Risk Disclosure documents for Options Trading

Risk of Option holders:

1. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.
2. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

Risks of Option Writers:

1. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
2. The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.
3. Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.