Client Agreement

Stone Hedge Group

www.stonehedgegroup.net

Client Agreement Stone Hedge Group

Last Updated: November 26, 2025

1. Agreement to Our Legal Terms

Welcome to Stone Hedge Group LTD ("Company", "we", "us", or "our"), a company incorporated in the United Kingdom with its registered office at: 6th Floor, Office 623 110 Bishopsgate , London EC2N 4AY, United Kingdom and the United States with registered office at: 420 N Wabash Ave #487 Chicago, IL 60611, USA

This Terms and Conditions of Client Engagement (the "Agreement") sets forth the legally binding terms and conditions under which Stone Hedge Group (Stone Hedge "we," "our," or "us") agrees to provide investment advisory and related services to the individual or entity executing this Agreement (the "Client," "you," or "your").

By signing this Agreement, you acknowledge and agree that:

You have carefully read and understand the terms and conditions contained herein;

You have had the opportunity to seek independent professional advice if desired; and
You consent to be legally bound by all provisions of this Agreement, including any incorporated schedules, exhibits, disclosures, and risk statements.

This Agreement governs the relationship between the StoneHedge and the Client and supersedes any prior discussions, representations, or agreements—whether written or oral—relating to the subject matter herein.Contact Information

You can reach us via:

- Phone: +1 (888) 207-9267
- Email: info@stonehedgegroup.net
- UK: 6th Floor, Office 623 110 Bishopsgate , London EC2N 4AY, United Kingdom
- USA: 420 N Wabash Ave #487 Chicago, IL 60611, USA

Binding Agreement

By accessing or using our Services, you acknowledge that you have read, understood, and agreed to be bound by these Legal Terms. If you do not agree with all of the provisions contained herein, you are expressly prohibited from using the Services and must cease all use immediately.
These Legal Terms apply to all users of our Services, including clients, prospective clients, and visitors.

Company Overview

Stone Hedge Group is a boutique investment firm specializing in commodities and derivative strategies. We design and manage discretionary options-based strategies across a diversified range of hard assets, including precious metals, energy products, and agricultural commodities.

Our approach centers on constructing institutional-grade derivative structures tailored for private clients seeking targeted commodity exposure with clearly defined risk parameters. Through disciplined strategy design and active risk management, we aim to balance opportunity capture with capital preservation.

Modifications to These Terms

We reserve the right to update or modify these Legal Terms at our discretion and for any reason. When changes are made, we will revise the "Last Updated" date above. Your continued use of the Services following the posting of any updates constitutes your agreement to the revised Legal Terms.

We encourage you to review these Terms periodically to stay informed of any changes. You waive any right to receive individual notice of updates.

Eligibility

The Services are intended solely for individuals who are at least 18 years of age or the age of legal majority in your jurisdiction. By using the Services, you confirm that you meet this requirement. Individuals under the age of 18 are not permitted to register or use the Services.

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2. Scope of Services

Our Services may include financial insights, commodity options trading, investment advisory, and wealth management offerings. Access to certain features may be subject to eligibility, subscription, regulatory approval, or additional agreements.

The Services are not intended for distribution or use by any person or entity in a jurisdiction where such distribution or use would violate applicable laws or regulations, or where such actions would require us to register or comply with local requirements.

Please note that our Services are not designed to comply with certain industry-specific regulations, including but not limited to:

- Health Insurance Portability and Accountability Act (HIPAA)
- Federal Information Security Management Act (FISMA)
- Gramm–Leach–Bliley Act (GLBA)

If your use of the Services would subject us to such regulatory requirements, you are not permitted to access or use the Services.

Investment Strategy Focus

The Firm's core strategies may include, but are not limited to:
Long and short call and put options on commodity contracts (e.g., gold, crude oil, wheat).
Multi-leg option structures, including vertical spreads, calendar spreads, and iron condors.
Volatility-driven strategies designed to hedge or monetize changes in implied volatility.
Tactical directional positions informed by macroeconomic developments, supply-demand dynamics, and geopolitical catalysts.

These strategies are actively managed and may evolve in response to market conditions, liquidity considerations, and the Client's investment mandate.

CLIENT REPRESENTATIONS AND WARRANTIES

By executing this Agreement, the Client makes the following representations and warranties, each of which shall be deemed continuing throughout the term of this Agreement:

Legal Capacity and Authority: The Client is of legal age, of sound mind, and possesses full legal capacity and authority to enter into and perform obligations under this Agreement. If the Client is an entity, it is duly organized, validly existing, and authorized to execute this Agreement.

No Conflicting Obligations: The Client is not subject to any legal, contractual, fiduciary, regulatory, or other restrictions that would impair or conflict with the execution, delivery, or performance of this Agreement.

Accuracy of Information: All information provided to Stone Hedge Group in connection with account opening, onboarding, or ongoing compliance requirements is true, accurate, and complete in all material respects. The Client agrees to promptly notify the Firm of any material changes to such information.

Understanding of Risks and Suitability: The Client acknowledges a clear understanding of the risks associated with derivatives, options, and commodity-linked trading strategies, including the potential for substantial or total loss of capital. The Client affirms that such instruments and strategies are suitable in light of their financial circumstances, investment objectives, risk tolerance, and overall portfolio composition.

These representations and warranties form a material basis upon which the Firm relies in entering into this Agreement and providing services to the Client.

REGULATORY STATUS AND LEGAL COMPLIANCE

4.1 Anti-Money Laundering (AML) & Know Your Client (KYC)

The Client agrees to provide all documentation, certifications, and identifying information reasonably requested by Stone Hedge Group or its service providers to comply with applicable anti-money laundering ("AML") and know-your-client ("KYC") laws and regulations.

Such requirements may include, but are not limited to, compliance under the Bank Secrecy Act, the USA PATRIOT Act, and the Foreign Account Tax Compliance Act (FATCA), as well as any other applicable domestic or international regulatory frameworks.

The Client acknowledges that the Firm may be required to verify identity, monitor transactions, report suspicious activity, or restrict or terminate services if required by law or internal compliance policies.

4.2 Non-U.S. Clients

If the Client is not a U.S. person, the Client represents and warrants that they are in compliance with all applicable laws and regulations in their jurisdiction of residence, including tax reporting, foreign exchange controls, securities regulations, and cross-border investment requirements.

Stone Hedge Group does not provide legal, tax, or regulatory advice to non-U.S. persons. The Client agrees that the Firm shall not be liable for any penalties, reporting failures, tax consequences, or regulatory issues arising from the Client's cross-border use of the Firm's services.

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5. CUSTODY AND EXECUTION

5.1 Account Setup and Custody

All Client funds and assets shall be held in segregated accounts at independent third-party brokerage firms or futures commission merchants ("FCMs"), selected either by the Client or, where applicable, introduced by Stone Hedge Group.

Stone Hedge Group does not take custody of client funds or securities and does not directly hold or commingle client assets.

5.2 Trading Authority

The Client grants the Firm a limited power of attorney ("LPOA") solely for the purposes of:

- Executing trades and managing positions within the Client's designated account(s); and
- Instructing the custodian or broker to deduct agreed-upon advisory fees in accordance with the applicable fee schedule.

Under no circumstances shall the Firm have authority to withdraw, transfer, or otherwise disburse Client funds except for the deduction of authorized advisory fees as expressly provided in this Agreement.

5.3 Trade Execution and Slippage

The Firm will use commercially reasonable efforts to seek best execution of transactions consistent with its fiduciary duties and applicable regulations. However, the Client acknowledges and agrees that:

- Specific execution prices, order fills, spreads, or timing of transactions cannot be guaranteed;
- Market volatility, liquidity constraints, exchange rules, counterparty availability, and technological factors may result in slippage or partial fills; and
- Options and derivatives markets may experience rapid price fluctuations, which may materially impact execution outcomes.

The Client accepts these risks as inherent to active trading strategies and acknowledges that such factors do not, in themselves, constitute negligence or breach of duty by the Firm.

3. Risk Disclosure

Investment Risk

All investments involve risk, including the potential loss of principal. Trading in commodity options and related financial instruments is speculative and may not be suitable for all investors.

The past performance of any trading strategy, investment, or financial product does not guarantee future results.

By using our Services, you expressly acknowledge and agree that:

- Markets can be volatile, and investment outcomes are inherently uncertain.
- You may sustain losses significantly greater than your initial investment.
- StoneHedge Group LTD does not guarantee any level of performance, return, or success.

No Guaranteed Results

We do not make any express or implied guarantees or representations that your use of our Services will lead to any specific financial outcome. All advice, signals, or recommendations provided are general in nature and do not account for your individual financial circumstances unless otherwise expressly agreed in writing.

You are strongly encouraged to consult with independent financial, legal, or tax advisors before making any investment decisions.

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4. User Responsibilities

As a user of the Services, you agree that you:

- Are solely responsible for your own trading and investment decisions.
- Will use the Services in compliance with all applicable laws and regulations.
- Will not engage in any unauthorized use of the Services, including attempting to access accounts, systems, or data that you do not have express permission to access.
- Will not misrepresent your identity, financial status, or regulatory status in any interaction with the Company or its representatives.

Account Security

You are responsible for maintaining the confidentiality of your login credentials and any activity conducted through your account. You must notify us immediately if you believe your account has been compromised.

Prohibited Activities

You agree not to:

- Use the Services for unlawful, abusive, or fraudulent purposes.
- Reproduce, duplicate, sell, or exploit any portion of the Services without our express written consent. 7
- Interfere with the functionality, security, or integrity of the Services.

Leverage and Margin

Trading with us allows you to use leverage, enabling you to open a position by depositing only a fraction of the total contract value. This means even small market movements can lead to proportionally larger changes in the value of your investment —both gains and losses. Our Margin Contracts, CFDs, and Options contracts offer high leverage due to low margin requirements. However, this also increases your exposure to market volatility.

Please be aware that adjusting your leverage on an already active account may immediately impact your open positions. We may also require additional funds to support your existing contracts.

If you are a Retail or Institutional client and your account equity (account balance plus running profit/loss) falls below 50% of the required margin, we will automatically close your open positions.

If you are a Professional client, your positions will be automatically closed when your equity falls below specific margin thresholds defined for your account type.

It is your responsibility to monitor your margin requirements and account status to avoid a stop-out. You may need to add funds to your account. All relevant margin and contract details can be monitored directly through your trading platform.

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5. Intellectual Property

All content and materials available through the Services, including but not limited to text, graphics, website design, logos, software, reports, trade ideas, market commentary, and proprietary tools (collectively, the "Content"), are owned or licensed by StoneHedge Group LTD and are protected by copyright, trademark, and other applicable intellectual property laws.

Limited License

You are granted a limited, non-exclusive, non-transferable license to access and use the Content solely for your personal or internal business use in connection with the Services.

Restrictions

You may not:

- Copy, modify, distribute, or publicly display the Content without our prior written consent.
- Use the Content for commercial resale, republication, or mass distribution.
- Reverse engineer or attempt to extract source code from our proprietary systems.

All rights not expressly granted herein are reserved by Stone Hedge Group LTD.

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6. FEES AND COMPENSATION

6.1 Fee Structure

The following fee schedule applies to accounts managed under the Firm's standard discretionary mandate:

- Performance Fee: 10.00% of Net New Profits, subject to the conditions below:
  - Minimum Annual Return Threshold: Performance fees are payable only after the account achieves a minimum annual return of 25% (the "Hurdle Rate").
  - High-Water Mark: Performance fees will be calculated in accordance with a perpetual high-water mark provision, ensuring that fees are charged only on net profits that exceed the highest previously achieved account value on which a performance fee has been paid.

For purposes of this Agreement, "Net New Profits" shall mean realized and/or unrealized gains net of trading costs.

6.2 Billing and Collection

Performance fees, if earned, will be calculated and billed on a monthly or quarterly basis, depending on volatility of market.

Where the Firm has limited power of attorney, fees may be deducted directly from the Client's account by the custodian or broker. Otherwise, the Client agrees to remit payment promptly upon receipt of an invoice.

Fees shall only be assessed if the applicable performance thresholds and conditions have been satisfied in full.

6.3 No Refunds
All advisory fees, once earned and collected in accordance with this Agreement, are final and non-refundable, except in the case of demonstrable calculation error by the Firm or where otherwise required by applicable law or regulatory authority.

7. INVESTMENT RISKS AND DISCLAIMERS

7.1 Options and Derivatives Risk Factors

Investment in options, futures, and other derivative instruments involves substantial risk and is suitable only for investors who fully understand and are capable of bearing the potential loss of some or all of their invested capital.

Material risks include, but are not limited to:

- **Time Decay (Theta Risk):** The value of options may decline as expiration approaches, regardless of underlying price movement.
- **Premium Erosion:** Option premiums may deteriorate due to changes in implied volatility or market sentiment.
- **Market Volatility and Pricing Disruptions:** Rapid price fluctuations, volatility spikes, or temporary pricing inefficiencies may materially impact positions.
- **Liquidity Constraints:** Certain contracts may have limited market depth, leading to wider bid-ask spreads or difficulty entering or exiting positions at favorable prices.
- **Margin Risk:** Certain strategies, particularly multi-leg or short option structures, may require margin and may trigger margin calls during adverse market conditions.
- **Total Loss Risk:** Long option positions may expire worthless, resulting in a complete loss of the premium paid.

The Client acknowledges that derivatives strategies can be complex and may involve leverage, which can magnify both gains and losses.

7.2 No Guarantee of Results

StoneHedge Group does not guarantee any level of performance, profitability, or capital preservation. All investment strategies are subject to market risks and external forces beyond the Firm's control, including economic, geopolitical, regulatory, and liquidity factors.

Past performance—whether of the Firm, its principals, or any strategy—is not indicative of future results. The Client accepts that losses may occur and that there can be no assurance that investment objectives will be achieved.

7.3 Conflicts of Interest

The Firm may manage multiple client accounts and proprietary accounts that employ similar, overlapping, or potentially conflicting strategies. While the Firm will act in good faith and exercise reasonable care consistent with its fiduciary obligations, it is not obligated to allocate investment opportunities, trade executions, or strategies equally or pro rata among clients.

Trade allocation decisions will be made in accordance with the Firm's internal policies, available liquidity, account size, risk profile, and other relevant considerations.

7. Service Management

We reserve the right, at our sole discretion, to manage the Services as necessary to ensure legal compliance and operational integrity. This includes the right to:

1. Monitor the Services for any violations of our Legal Terms.
2. Take legal action, including notifying law enforcement, against users who breach applicable laws or our Terms.
3. Restrict access, limit availability, or disable your contributions (where technically feasible) without notice or liability.
4. Remove or disable files and content that are excessively large or otherwise burden our systems.
5. Take other actions necessary to protect our rights, property, and the proper functioning of the Services.

Note: All accounts are subject to a minimum market participation period of 12 months. We charge no upfront commissions. A 10% commission is taken only on margin gains if your profit exceeds 30%.

6.1 Retail Accounts

Retail accounts are suited for individuals seeking shorter-term exposure with quarterly review cycles. Key terms:

- **Minimum term:** 12 months before full liquidation.
- **Profit withdrawals:** Allowed after 6 months.
- **Capital access:** After 12 months, 70% of the account balance may be withdrawn, with a 30% minimum kept operational. 11
- **Inactivity fee:** A 5% daily fee on total equity is charged after 10 consecutive business days of inactivity.

6.2 Institutional Accounts

Institutional accounts are tailored for individuals aiming for long-term growth and higher returns. Key terms:

- **Minimum initial deposit:** $100,000 USD.
- **Commitment term:** 3 years minimum.
- **Return access:** Profits become available after 12 months.
- **Withdrawals:** Allowed on profits initially; after 18 months, 70% of the portfolio may be withdrawn, with 30% remaining operational.
- **Inactivity fee:** A 3% daily fee on total equity is applied after 10 consecutive business days of inactivity.

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8. REPORTING AND COMMUNICATIONS

8.1 Consent to Electronic Communications

The Client hereby consents to receive all communications and documentation electronically. This includes, but is not limited to, account statements, trade confirmations, performance reports, legal agreements, regulatory disclosures, notices, and other correspondence.

Electronic delivery may occur through secure client portals, email, encrypted file-sharing systems, or other secure digital methods designated by the Firm. The Client acknowledges that electronic communications may carry certain inherent risks and agrees to maintain current contact information to ensure uninterrupted delivery.

8.2 Account Access and Technology

Stone Hedge Group may provide Clients with online access to account dashboards, reporting interfaces, performance tracking tools, or trading platforms operated by independent third-party providers.

Such access is offered for convenience and informational purposes. The Firm does not guarantee uninterrupted availability and reserves the right to suspend, restrict, or modify access at any time for system maintenance, security concerns, regulatory compliance, or other operational reasons, with or without prior notice.

9. CONFIDENTIALITY AND DATA SECURITY

9.1 Confidential Information
The Firm shall treat all non-public Client information as confidential and shall use reasonable administrative, technical, and physical safeguards to protect such information from unauthorized access, disclosure, or misuse.

Client information may be disclosed only under the following circumstances:

- To affiliated entities or third-party service providers (such as custodians, brokers, administrators, auditors, or compliance consultants) who are bound by confidentiality obligations;
- When required by applicable law, regulation, subpoena, court order, or governmental or regulatory authority; or
- With the Client's prior written consent.

The Firm's confidentiality obligations shall survive the termination of this Agreement, subject to applicable legal and regulatory requirements.

9.2 Data Security
StoneHedge Group maintains commercially reasonable administrative, technical, and physical safeguards designed to protect Client information. These measures may include data encryption, access controls, secure servers, and internal security protocols intended to prevent unauthorized access, misuse, or disclosure.

Notwithstanding these safeguards, the Client acknowledges that no electronic transmission or digital storage system can be guaranteed to be completely secure. Accordingly, the Firm shall not be liable for cybersecurity breaches, system intrusions, or data compromises that occur despite the implementation of reasonable protective measures and are beyond the Firm's direct control.

Dispute Resolution

Governing Law

These Legal Terms and any dispute or claim arising out of or in connection with them shall be governed by and construed in accordance with the laws of England and Wales, without regard to conflict of law principles.

Jurisdiction

You agree that any legal action or proceeding arising out of or relating to the Services or these Legal Terms shall be brought exclusively in the courts of London, United Kingdom, and you hereby consent to the jurisdiction of such courts.

Arbitration (Optional Clause)

At our sole discretion, we may require you to submit any disputes arising from the use of these Terms or the Services to final and binding arbitration under the rules of the London Court of International Arbitration (LCIA).

8. Limitation of Liability

To the maximum extent permitted by law, Stone Hedge Group LTD, including its affiliates, officers, directors, employees, agents, licensors, or service providers, shall not be liable for any direct, indirect, incidental, special, consequential, or punitive damages, including without limitation:

- Loss of profits, revenue, business, data, or goodwill;
- Financial losses resulting from investment or trading decisions;
- Errors or delays in the transmission of data;
- Unauthorized access to or use of your information.

This limitation applies whether the alleged liability arises from contract, negligence, tort, or any other legal theory, even if we have been advised of the possibility of such damages. Your sole and exclusive remedy for dissatisfaction with the Services is to stop using them.

Indemnification

You agree to indemnify, defend, and hold harmless Stone Hedge Group LTD and its affiliates, officers, directors, employees, agents, and licensors from and against any and all losses, liabilities, claims, damages, costs, or expenses (including reasonable legal fees) arising out of or in connection with:

- Your use or misuse of the Services; 14
- Your violation of these Legal Terms;
- Your violation of any applicable laws, regulations, or third-party rights.

We reserve the right to assume exclusive defense and control of any matter otherwise subject to indemnification by you, in which case you agree to cooperate with our defense.

10. Termination

We may, in our sole discretion, suspend or terminate your access to the Services at anytime and without notice if:

- You breach any provision of these Legal Terms;
- Your conduct harms or potentially harms our reputation or the integrity of the Services;
- You are required to do so by law or regulatory authorities. Upon termination:
- Your right to access and use the Services will immediately cease;
- Any accrued rights and obligations shall survive termination.

You may also terminate your account or subscription at any time by contacting us at info@stonehedgegroup.net.

10. TERM, TERMINATION, AND ACCOUNT CLOSURE

10.1 Term
This Agreement shall become effective as of the date of execution by the Client and shall remain in full force and effect until terminated in accordance with the provisions set forth herein.

10.2 Termination
Either party may terminate this Agreement for any reason upon thirty (30) calendar days' written notice to the other party.

The Firm reserves the right to terminate this Agreement immediately, without prior notice, under circumstances including but not limited to:

- The Client's failure to comply with applicable legal, regulatory, or contractual obligations;
- The Client's insolvency, bankruptcy, incapacity, or legal disability;
- Regulatory concerns, compliance risks, reputational considerations, or other circumstances that, in the Firm's reasonable judgment, make continuation of the relationship imprudent or impermissible.

10.3 Liquidation and Account Closure
Upon termination of this Agreement, the Firm may, unless otherwise instructed in writing by the Client, take commercially reasonable steps to close or liquidate open positions within an appropriate timeframe, taking into account market conditions and liquidity constraints.

Any outstanding advisory fees or expenses due under this Agreement shall be calculated through the date of termination and deducted or invoiced accordingly.

11. LIMITATION OF LIABILITY & INDEMNIFICATION

11.1 Limitation of Liability
StoneHedge Group shall not be held liable for any losses or damages arising from:

- Market fluctuations, changes in liquidity, or inaccuracies in pricing provided by third parties;
- Decisions or actions taken in good faith pursuant to the discretionary authority granted under this Agreement; 16
- Technical failures, system outages, cyberattacks, or other disruptions beyond the Firm's reasonable control.

To the fullest extent permitted by law, the Firm's total liability to the Client for any claims, losses, or damages, whether in contract, tort, or otherwise, shall be limited to the aggregate amount of advisory fees paid by the Client to the Firm during the twelve (12) months immediately preceding the event giving rise to the claim.

11.2 Indemnification
The Client agrees to indemnify, defend, and hold harmless StoneHedge Group, including its officers, employees, affiliates, and agents, from and against any and all claims, liabilities, losses, damages, costs, and expenses (including reasonable attorneys' fees) arising out of or related to:

- The Client's actions, omissions, or breach of any representation, warranty, or obligation under this Agreement;
- Any misrepresentations or inaccuracies provided by the Client; or
- Any third-party claims connected to the Client's use of the Firm's services, except to the extent directly caused by the Firm's gross negligence or willful misconduct.

11. Privacy Policy

Your privacy is important to us. Our practices regarding the collection, use, and protection of your personal data are described in our **Privacy Policy**.

By using the Services, you consent to the collection and use of your personal information in accordance with our Privacy Policy, which includes details on:

- What personal data we collect and why;
- How we use your data for service delivery and compliance;
- Your rights to access, update, or delete your information.

We implement industry-standard security measures to protect your data. However, we cannot guarantee that unauthorized third parties will never be able to defeat those measures.

12. MISCELLANEOUS

12.1 Entire Agreement

This Agreement, together with all attached exhibits, schedules, and disclosures, constitutes the complete and exclusive understanding between the parties concerning its subject matter and supersedes all prior oral or written agreements, discussions, or representations.

12.2 Assignment
The Client may not assign, delegate, or transfer any rights or obligations under this Agreement to any third party without the prior written consent of **StoneHedge Group.** Any attempted assignment without such consent shall be null and void. The Firm may assign its rights or obligations under this Agreement to an affiliate or successor entity without the Client's consent, provided such assignment does not materially alter the Client's rights under this Agreement.

12.3 Severability
If any provision of this Agreement is determined to be invalid, illegal, or unenforceable by a court or arbitrator of competent jurisdiction, such provision shall be modified or limited to the minimum extent necessary to make it enforceable. All other provisions of this Agreement shall remain in full force and effect.

12.4 Governing Law and Dispute Resolution
This Agreement shall be governed by, and construed in accordance with, the laws of UK, **London Court of International Arbitration (LCIA).**, without regard to its conflicts of law principles.
Any dispute, claim, or controversy arising out of or relating to this Agreement shall be resolved as follows:

1. **Binding Arbitration:** The dispute shall be submitted to binding arbitration under the rules of the **American Arbitration Association (AAA)**, with the arbitration conducted in **London UK**, unless the parties mutually agree otherwise.
2. **Court Jurisdiction:** To the extent that arbitration is not applicable or enforceable, any legal action may be brought exclusively in the courts of **of London, UK**, and the parties hereby consent to the personal jurisdiction of such courts.

This provision shall survive the termination of the Agreement.

STONEHEDGE GROUP OPTIONS RISK DISCLOSURE STATEMENT

IMPORTANT NOTICE TO INVESTORS
This document provides you, the Client, with essential information regarding the risks associated with trading options contracts. It is not exhaustive, but it highlights the primary risks linked to strategies that StoneHedge Group may employ in managing your investment account. By signing this document, you acknowledge that you have read, understood, and accepted the risks described herein.

1. Nature of Options Contracts
Options are derivative financial instruments whose value is based on an underlying asset, which may include commodities, indices, or cryptocurrencies.

- **Rights and Obligations:** The buyer of an option acquires the right—but not the obligation—to buy or sell the underlying asset at a predetermined price (the "strike price") within a specified time frame. 18
- **Purpose:** Options can be utilized for a variety of objectives, including speculation, hedging, or generating income, depending on the chosen strategy.

2. High Risk of Loss

Trading options is speculative and it involves a high degree of risk, which may not be suitable for all investors. You may:

- Lose a portion or the entire premium paid for purchased options.
- NEVER will the client Incur in losses greater than the initial investment.(option premium paid)

- The Client could be suggested but WILL NEVER Be required to deposit an additional

  Capital if the market moves against your position.

3. Volatility and Market Risk

Options are highly sensitive to:

- Price fluctuations in the underlying asset
- Volatility levels
- Time decay (theta), especially for short-dated contracts
- Changes in interest rates or market sentiment

Sudden changes in market conditions (geopolitical events, economic data, etc.) can result *in rapid losses.*

4. Complex Strategies Involve Additional Risks

Stone Hedge Group may employ multi-leg or advanced strategies such as:

- Spreads (bull/bear, debit/credit) 19
- *Straddles and strangles*
- *Covered calls or naked puts*
- *Calendar or diagonal spreads*

These strategies involve increased complexity and may require substantial experience to fully understand. Certain positions—such as short uncovered calls—carry potentially unlimited risk.

5. Liquidity Risk

Some options may have limited liquidity, particularly in the following cases:

- Deep out-of-the-money strikes
- Longer-dated expirations (LEAPs)
- Emerging or low-volume markets, such as cryptocurrency options

Limited liquidity can make it difficult to enter or exit positions without incurring significant costs or delays.

6. Leverage Risk

Options often provide significant leverage, which can amplify both potential gains and losses. Even small movements in the market can result in gains or losses that are disproportionate to the capital invested.

7. Assignment Risk

If you hold a short option position, you may be assigned at any time before expiration. This could require you to sell (or deliver) the underlying asset if the option is in-the-money. Early

assignment can occur without prior notice and may impact your strategy. No additional cost is incurred, and assignment only applies when the option is profitable.

8. Technology & Execution Risk

Delays, system outages, or technical failures may prevent you from placing, modifying, or closing trades. Market prices can move during such disruptions, potentially increasing the risk of loss.

9. No Guarantee of Profit

Options trading carries no guarantee of profit. Past performance, hypothetical projections, or model backtests do not predict future results. Clients must be financially capable of sustaining potential total losses.

10. Client Responsibilities

By signing this document, you acknowledge and accept responsibility for:

- Understanding the nature and risks of each strategy applied in your account
- Monitoring your account activity and positions
- Providing timely updates to StoneHedge Group regarding your financial situation, risk tolerance, and investment objectives

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ACKNOWLEDGMENT AND ACCEPTANCE

By signing below, you confirm that you have read, understood, and accept the risks associated with options trading as outlined above. You further acknowledge that options trading is suitable for your investment profile and financial circumstances.

CLIENT NAME: _____ *DATE:* _____

SIGNATURE: _____

STONEHEDGE REPRESENTATIVE SIGNATURE: _____

CLIENT INVESTMENT PROFILE QUESTIONNAIRE

To be completed by all new clients to ensure portfolio suitability and risk alignment.

A. Personal Information

- *Full Legal Name:* _____
- *Date of Birth / Incorporation:* _____
- *Citizenship / Residency:* _____
- *SSN / Tax ID:* _____
- *Email Address:* _____
- *Phone Number:* _____
- *Occupation / Business Activity:* _____

_____

B. Financial Profile

1. *Estimated Net Worth (USD):*
   - ☐ *Under $500,000*
   - ☐ *$500,000 – $1,000,000*
   - ☐ *$1,000,000 – $5,000,000*
   - ☐ *Over $5,000,000*
2. *Annual Income (USD):*
   - ☐ *Under $100,000*
   - ☐ *$100,000 – $250,000*
   - ☐ *$250,000 – $1,000,000*
   - ☐ *Over $1,000,000*

3. *Liquidity Needs:*

   - *Immediate (within 3–6 months)*
   - *Moderate (6–18 months)*
   - *Low (long-term capital)* 22

4. *Investment Objective (select all that apply):*

   - *Capital Appreciation*
   - *Speculative Growth*
   - *Hedging / Portfolio Diversification*
   - *Income Generation*

5. *Investment Experience:*
   - *Options:* ☐*None* ☐*Basic* ☐*Intermediate* ☐*Advanced*
   - *Futures/Commodities:* ☐*None* ☐*Basic* ☐*Intermediate* ☐*Advanced*

Risk Tolerance

Which best describes your willingness to accept risk in pursuit of returns?

- *Conservative – Prefer stability and capital preservation.*
- *Moderate – Willing to accept moderate losses for moderate potential gains.*
- *Aggressive – Comfortable with high risk and volatility for high return potential.*

What is the maximum loss you would tolerate in a single calendar quarter?

- *5% or less*
- *10–15%*
- *15–25%*
- *Over 25%*

Investment Time Horizon

- *Under 1 year*
- *1–3 years*
- *3–5 years*
- *Over 5 years*

Client Signature: _____ *Date:* _____

Reviewed by (Advisor): _____

Date: _____