ELITE WEALTH MANAGEMENT

Elite Wealth Management Option Strategies Risk Disclosure Statement

Options carry a high level of risk and are not suitable for all investors. Certain requirements must be met to trade options in your account. If you are interested in margin lending (a loan to purchase securities that is secured or collateralized by securities in your account) or option trading, please visit http://www.optionsclearing.com/about/publications/character-risks.jsp to read the Options Disclosure Document titled "Characteristics and Risks of Standardized Options", or call the Interactive Brokers, LLC ("IB") office @ 1-877-442-2757 for a current copy, before considering any option transaction.

The risk of loss in financing a transaction by depositing of collateral or by trading options is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral. Market conditions may make it impossible to execute contingent orders, such as "stop loss" or "stop limit" orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. Therefore, you should consider carefully whether such a financing or trading arrangement is suitable in light of your own financial position and investment objectives.

If you trade options, you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiration.

With long options, investors may lose 100% of funds invested. Multiple-leg options strategies will involve multiple commissions. Spread trading must be done in a margin account. Covered calls provide downside protection only to the extent of the premium received and limit upside potential to the strike price plus premium received. Writing uncovered options involves potentially unlimited risk.

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 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.

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. 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 ("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 unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option; when that happens, the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest, in a futures contract, or in another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Margin requirements (Portfolio margin vs. Reg. T margin) however, varied throughout the lifetime of the Options Strategies, which led to some accounts in the strategy to have varying levels of notional exposure (leverage), which had a direct effect on performance.

Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

Off-exchange transactions in derivatives

While some off-exchange markets are highly liquid, transactions in off-exchange or "non-transferable" derivatives may involve greater risk than investments in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments; consequently, it may be difficult to establish what a fair price is.

Suspension or restriction of trading and pricing relationships

Market conditions (e.g., illiquidity) 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 option may not exist. The absence of an underlying reference price may make it difficult to judge "fair value".

Elite Wealth Management, LLC ("Elite Wealth Management") is a registered investment adviser with the Securities and Exchange Commission. Additional principal risks of the Elite Wealth Management strategies are disclosed in the publicly available Form ADV Part 2A.

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