

If a holder of a physical delivery call option exercises and wishes to purchase the underlying interest on credit, the holder may be required to deposit margin with the holder's brokerage firm. Holders of physical delivery options on a foreign currency should be aware that, at the date of this booklet, foreign currency has no value for margin purposes except to the extent that credit has been extended on the same foreign currency.

Margin requirements are complex and are not the same for writers of options on different types of underlying interests. Margin requirements are subject to change, and may vary from brokerage firm to brokerage firm. Consequently, the examples in this booklet do not take margin requirements into account. However, margin requirements can have an important effect on an option writer's risks and opportunities.

Persons considering writing options (whether alone or as part of options combinations, such as spreads or straddles) should determine the applicable margin requirements from their brokerage firms and be sure that they have sufficient liquid assets to meet those requirements in the event of adverse market movements.