

that an option writer will be assigned an exercise that is made based on news that is published after the established exercise cut-off time and that the writer may not have an effective remedy to compensate for the violation of the options market's rules.

10. If a trading market in an option should become unavailable, or if the writers of the option are otherwise unable to engage in closing transactions, the writers of that option would remain obligated until expiration or assignment. See the discussions in paragraphs 2 and 3 under "Other Risks" below.

11. A sudden development may cause a sharp upward or downward spike in the value of the interest underlying a capped option. Such a spike could cause the capped option to be automatically exercised, and writers of the option to become obligated to pay the cash settlement amount, even if the effect of the development on the value of the underlying interest completely disappears on the day after the automatic exercise is triggered.

OTHER RISKS

1. 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.

The investor considering strategies involving combination transactions should recognize several other risk-related considerations in addition to those already mentioned: the fact that it may at times be impossible simultaneously to execute transactions in all of the options involved in the combination, the difficulty that may be involved in attempting to execute simultaneously two or more buy or sell orders at the desired prices, the possibility that a loss could be incurred on