

day, or for at least two hours if the Average is subsequently calculated on the same day at a value of 400 or more points below such closing value. These requirements may be changed from time to time.

When trading in an option is halted or suspended, holders and writers of that option will be unable to close out their positions until trading resumes, and they may be faced with substantial losses if the value of the underlying interest moves adversely during that time. For example, if a trading halt in an underlying stock is followed by the announcement of a tender offer at a substantial premium, and the stock reopens at a price reflecting the offer, uncovered call writers may sustain large losses.

Even if options trading is halted, holders of American-style options would still be able to exercise unless exercises were restricted. (However, OCC or an options market may restrict the exercise of an option while trading in the option has been halted, and the restriction may remain in effect until shortly before expiration. See paragraph 5 under "Risks of Option Holders" above.) If the option is exercisable while trading has been halted in the underlying interest, option holders may have to decide whether to exercise without knowing the current market value of the underlying interest. This risk can become especially important if an option is close to expiration, and failure to exercise will mean that the option will expire worthless. If exercises do occur when trading of the underlying interest is halted, the party required to deliver the underlying interest may be unable to obtain it, which may necessitate a postponed settlement and/or the fixing of cash settlement prices (see Chapter VIII).

4. All cash-settled options have certain special risks. These risks, as they apply to cash-settled index options, are discussed under "Special Risks of Index Options" below. That discussion is also applicable to other types of cash-settled options.

If a cash-settled option has a settlement currency other than U.S. dollars, holders and writers will be subject to the same kinds of risks with respect to the foreign currency and the settlement of an exercise as are discussed in paragraphs 1 through 9 under "Special Risks of Foreign Currency Options" below.

5. Holders and writers of a capped option bear the risk that an automatic exercise value will be reported