

in concert with others, to attempt to affect the exchange rates between their currencies and other currencies.

4. Because foreign currency transactions occurring in the interbank market involve substantially larger amounts than those likely to be involved in the exercise of individual foreign currency option contracts, investors who buy or write foreign currency options may be disadvantaged by having to deal in an odd lot market for the underlying foreign currencies at prices that are less favorable than for round lots. Because this price differential may be considerable, it should be taken into account when assessing the profitability of a foreign currency option transaction that will involve the exchange of one currency for another.

5. There is no systematic reporting of last sale information for foreign currencies. There is reasonably current, representative bid and offer information available on any market where foreign currency options are traded, in certain brokers' offices, in bank foreign currency trading offices, and to others who wish to subscribe for this information. There is, however, no regulatory requirement that those quotations be firm or be revised on a timely basis. The absence of last sale information and the limited availability of quotations to individual investors may make it difficult for many investors to obtain timely, accurate data about the state of the underlying market. In addition, the quotation information that is available is representative of very large round lot transactions in the interbank market and does not reflect exchange rates for smaller odd lot transactions. Since the relatively small amount of currency underlying a single foreign currency option would be treated as an odd lot in the interbank market, available pricing information from that market may not necessarily reflect prices pertinent to a single foreign currency option contract.

The quotation information available to investors may be from sources that are different from those used to calculate the exercise settlement value of cash-settled foreign currency options. An investor who attempts to realize the intrinsic value of such an option through an exercise rather than by selling the option in a closing transaction runs the risk that the exercise settlement value may be less than appears from the information then available to him.

6. Foreign governmental restrictions or taxes could result in adverse changes in the cost of acquiring or