

of buy and sell orders that impose special requirements with respect to approval of customer accounts for options trading and recommendations of particular option transactions. This booklet does not attempt to describe those requirements, the laws and rules governing brokerage firms and other securities professionals, or the agreements, procedures and internal rules of brokerage firms that are applicable to the approval and opening of customer accounts, the handling and execution of orders, the transmission to brokerage firms of instructions to exercise or not to exercise options, the manner or time in which writers of options are notified by their brokerage firms that options have been assigned an exercise, the handling of customers' funds, securities and accounts, the safeguarding of customers' positions in options, or other matters relating to the handling of options transactions by brokerage firms. Readers should consult with their own brokerage firms for information concerning such matters.

7. This booklet does not attempt to describe the risks to investors that may be associated with the way trading is conducted in any particular options market or in any market for an underlying or related interest. The reader should not assume that either the options markets or the markets for underlying or related interests will be efficient, liquid, continuous and orderly in all circumstances or that they will be or remain open at all times. Even on relatively normal days, there will be variances in the market-making performance of specialists and market makers in the various markets which derive primarily from differences in individual skills, capital, willingness to accept risk, ability to hedge risk, trading strategies, and market-making obligations, and these variances are likely to be exacerbated during times of greatly increased volume or volatility. Although specialists and market makers in some markets have certain obligations to assist in the maintenance, so far as is practicable, of a fair and orderly market, traditional indicators of orderliness are difficult to apply to the trading of derivative products such as options and there is a risk that the market-making system of a particular market will not operate effectively, efficiently or in an orderly manner at particular times. The nature and scope of that risk are not among the types of risk discussed further in this booklet.

It is also possible that the systems of an options market, or of a market for an underlying or related