

## Expiration Process and Risks

Please note the following items apply to the monthly index and equity option expiration process, and the resulting assignment or exercise of options that are in-the-money:

**Automatic exercise is limited:**All expiring equity options closing in-the-money 0.01 or more will be eligible for automatic exercise per the contract terms of standardized options issued by the Options Clearing Corporation ("OCC"). Index options will be exercised automatically if they are in-the-money by any amount.

**You may be required to request exercise of valuable options:** You should note that long equity options that are in-the-money less than 0.01, or out-of-the money, are not automatically exercised. These options may be exercised; however, you must specifically request exercise of these options by 4:00pm ET on the last trading day before expiration.

**Consider the risk of exercise and assignment:** You should review your positions and consider whether your account can afford to take assignment (or exercise) based on your current equity. You may need to close expiring options prior to end of the market day in order to avoid risk, or in order to retain the profit from an in-the-money position prior to expiration. In addition, please consider the possibility that short option positions may be exercised against you by the long holder even if the option is out-of-the money.

**We may take action to prevent what we perceive as risk:** If there is not action taken on these options by 1:00pm ET, we will review our right to sell or purchase the options prior to expiration. In order to prevent or avoid risk, TradingBlock reserves the right to sell, buy, or otherwise close positions in your account, but we are not obligated to take action.

**Spreads face unique risks during expiration:** Expiring spreads may require action if the long leg is in-the-money less than 0.01 or out-of-the-money, while the short leg is in-the-money. Although we use our best efforts to exercise offsetting, expiring options, you are ultimately responsible for taking action on such positions and for the risks associated with any unhedged spread leg expiring in-the-money. In the event that you do not wish to exercise an expiring long leg, you must notify us by 4:00pm ET in order to prevent the possibility that we will exercise this long position on your behalf.

**The assignment process:**According to the policy and practice of our clearing agents, assignments are distributed on a random basis amongst all holders of eligible options among the accounts carried on their books. Please contact us if you need more information about this process.

**Exercise and assignments appear on Monday:** Your assignments and exercises will be processed and visible in your account on the Monday following expiration. If you have questions about positions that appear in your account, please email us during regular business hours and indicate your question is related to expiration.

**You may need to close positions on Monday (or next business day after expiration):**You may be required to take action on any positions that would create margin or risk issues on the next trading day. You are responsible for trading the resulting positions or requesting that the position be offset by exercising any unexpired long options of the same class. In the event that you fail to take action, your account may receive a margin call or we may be required to close or liquidate positions at your risk.

For any questions relating to the expiration process, please call us at 1-800-591-8243 or email us at [service@tradingblock.com](mailto:service@tradingblock.com).