TradeStation Securities, Inc.
Investment and Trading Disclosures Booklet – Futures & Options-on-Futures

FIA Combined Disclosure Statement

The risk of loss in trading commodity futures contracts can be substantial. You should, therefore, carefully consider whether such trading is suitable for you in light of your circumstances and financial resources. You should be aware of the following points:

FUTURES

(1) You may sustain a total loss of the funds that you deposit with your broker to establish or maintain a position in the commodity futures market, and you may incur losses beyond these amounts. If the market moves against your position, you may be called upon by your broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain your position. If you do not provide the required funds within the time required by your broker, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account.

(2) The funds you deposit with a futures commission merchant for trading futures positions are not protected by insurance in the event of the bankruptcy or insolvency of the futures commission merchant, or in the event your funds are misappropriated.

(3) The funds you deposit with a futures commission merchant for trading futures positions are not protected by the Securities Investor Protection Corporation even if the futures commission merchant is registered with the Securities and Exchange Commission as a broker or dealer.

(4) The funds you deposit with a futures commission merchant are generally not guaranteed or insured by a derivatives clearing organization in the event of the bankruptcy or insolvency of the futures commission merchant, or if the futures commission merchant is otherwise unable to refund your funds. Certain derivatives clearing organizations, however, may have programs that provide limited insurance to customers. You should inquire of your futures commission merchant whether your funds will be insured by a derivatives clearing organization and you should understand the benefits and limitations of such insurance programs.

(5) The funds you deposit with a futures commission merchant are not held by the futures commission merchant in a separate account for your individual benefit. Futures commission merchants commingle the funds received from customers in one or more accounts and you may be exposed to losses incurred by other customers if the futures commission merchant does not have sufficient capital to cover such other customers' trading losses.

(6) The funds you deposit with a futures commission merchant may be invested by the futures

commission merchant in certain types of financial instruments that have been approved by the Commission for the purpose of such investments. Permitted investments are listed in Commission Regulation 1.25 and include: U.S. government securities; municipal securities; money market mutual funds; and certain corporate notes and bonds. The futures commission merchant may retain the interest and other earnings realized from its investment of customer funds. You should be familiar with the types of financial instruments that a futures commission merchant may invest customer funds in.

(7) Futures commission merchants are permitted to deposit customer funds with affiliated entities, such as affiliated banks, securities brokers or dealers, or foreign brokers. You should inquire as to whether your futures commission merchant deposits funds with affiliates and assess whether such deposits by the futures commission merchant with its affiliates increases the risks to your funds.

(8) You should consult your futures commission merchant concerning the nature of the protections available to safeguard funds or property deposited for your account.

(9) Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market reaches a daily price fluctuation limit ("limit move").

(10) All futures positions involve risk, and a "spread" position may not be less risky than an outright "long" or "short" position.

(11) The high degree of leverage (gearing) that is often obtainable in futures trading because the small margin requirements can work against you as well as for you. Leverage (gearing) can lead to large losses as well as gains.

(12) In addition to the risks noted in the paragraphs enumerated above, you should be familiar with the futures commission merchant you select to entrust your funds for trading futures positions. The Commodity Futures Trading Commission requires each futures commission merchant to make publicly available on its website firm specific disclosures and financial information to assist you with your assessment and selection of a futures commission merchant. Information regarding this futures commission merchant may be obtained by visiting our website, www.TradeStation.com.

OPTIONS

Variable degree of risk

(13) Transactions in options carry a high degree of risk. Purchasers and seller of options should

familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

(14) The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable is ordinarily remote.

(15) Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the position is 'covered' by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

(16) Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS

Terms and conditions of contracts

(17) You should ask the firm with which you deal about the term and conditions of the specific futures or options which you are trading and associated obligations (e.g., the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including

the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

Suspension or restriction of trading and pricing relationships

(18) Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

(19) Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

Deposited cash and property

(20) You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specified legislation or local rules. In some jurisdictions, property which has been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

Commission and other charges

(21) Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

Currency risks

(22) The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

Trading facilities

(23) Most open-outcry and electronic trading facilities are supported by computer-based

component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

Electronic trading

(24) Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risk associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

Off-exchange transactions

(25) In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.

ALL OF THE POINTS NOTED ABOVE APPLY TO ALL FUTURES TRADING WHETHER FOREIGN OR DOMESTIC. IN ADDITION, IF YOU ARE CONTEMPLATING TRADING FOREIGN FUTURES OR OPTIONS CONTRACTS, YOU SHOULD BE AWARE OF THE FOLLOWING ADDITIONAL RISKS:

(26) Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, customers who trade on foreign exchanges may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In

particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. Before you trade, you should familiarize yourself with the foreign rules which will apply to your particular transaction.

(27) Finally, you should be aware that the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the foreign futures contract is liquidated or the foreign option contract is liquidated or exercised.

THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF THE COMMODITY MARKETS.

Electronic Trading And Order Routing Systems Disclosure Statement[1]

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade.

Differences Among Electronic Trading Systems

Trading or routing orders through electronic systems vary widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

Risk Associated With System Failure

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority.

Simultaneous Open Outcry Pit and Electronic Trading

Some contracts offered on an electric trading system may be traded electronically and through open outcry during the same trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.

[1] Each exchange's relevant rules are available upon request from the industry professional with whom you have an account. Some exchanges' relevant rules also are available on the exchange's internet home page.

Limitation of Liability

Exchanges offering an electronic trading or order routing system and/or listing the contract may have adopted rules to limit their liability, the liability of Futures Commission Merchants, and software and communication system vendors and the amount of damages you may collect for system failure and delays. These limitations of liability provisions vary among the exchanges. You should consult the rules and regulations of the relevant exchanges(s) in order to understand these liability limitations.

Disclosure Of Futures Commission Merchant – Material Conflicts Of Interest

The purpose of this document is to provide you with information about some of the material conflicts of interest that may arise between you and TradeStation Securities, Inc. ("TradeStation") in connection with TradeStation performing services for you with respect to futures, options on futures, swaps (as defined in the Commodity Exchange Act), forwards or other commodity derivatives ("Contracts"). Conflicts of interests can arise in particular when TradeStation has an economic or other incentive to act, or persuade you to act, in a way that favors TradeStation or its affiliates.

Under applicable law, including regulations of the Commodity Futures Trading Commission ("CFTC"), not all swaps are required to be executed on an exchange or swap execution facility (each, a "Trading Facility"), even if a Trading Facility lists the swap for trading. In such circumstances, it may be financially advantageous for TradeStation or its affiliate to execute a swap with you bilaterally in the over-the-counter market rather than on a Trading Facility and, to the extent permitted by applicable law, we may have an incentive to persuade you to execute your swap bilaterally.

Applicable law may permit you to choose the CFTC-registered derivatives clearing organization ("Clearing House") to which you submit a swap for clearing. You should be aware that TradeStation may not be a member of, or may not otherwise be able to submit your swap to, the Clearing House of your choice. TradeStation consequently has an incentive to persuade you to use a Clearing House of which TradeStation or its affiliate is a member.

You also should be aware that TradeStation or its affiliate may own stock in, or have some other form of ownership interest in, one or more U.S. or foreign Trading Facilities or Clearing Houses where your transactions in Contracts may be executed and/or cleared. As a result, TradeStation or its affiliate may receive financial or other benefits related to its ownership interest when Contracts are executed on a given Trading Facility or cleared through a given Clearing House, and TradeStation would, in such circumstances, have an incentive to cause Contracts to be executed on that Trading Facility or cleared by that Clearing House. In addition, employees and officers of TradeStation or its affiliate may also serve on the board of directors or on one or more committees of a Trading Facility or Clearing House.

In addition, Trading Facilities and Clearing Houses may from time to time have in place other arrangements that provide their members or participants with volume, market-making or other discounts or credits, may call for members or participants to pre-pay fees based on volume thresholds, or may provide other incentive or arrangements that are intended to encourage market participants to trade on or direct trades to that Trading Facility or Clearing House. TradeStation or its affiliate may participate in and obtain financial benefits from such incentive programs.

When we provide execution services to you (either in conjunction with clearing services or in an execution-only capacity), we may direct orders to affiliated or unaffiliated market-makers, other executing firms, individual brokers or brokerage groups for execution. When such affiliated or unaffiliated parties are used, they may, where permitted, agree to price concessions, volume discounts or refunds, rebates or similar payments in return for receiving such business. Likewise, where permitted by law and the rules of the applicable Trading Facility, we may solicit a counterparty to trade opposite your order or enter into transactions for its own account or the account of other counterparties that may, at times, be adverse to your interests in a Contract. In such circumstances, that counterparty may make payments and/or pay a commission to TradeStation in connection with that transaction. The results of your transactions may differ significantly from the results achieved by us for our own account, our affiliates, or for other customers.

In addition, where permitted by applicable law (including, where applicable, the rules of the applicable Trading Facility), TradeStation, its directors, officers, employees and affiliates may act on the other side of your order or transaction by the purchase or sale for an account, or the execution of a transaction with a counterparty, in which TradeStation or a person affiliated with TradeStation has a direct or indirect interest, or may affect any such order with a counterparty that provides TradeStation or its affiliates with discounts related to fees for Contracts or other products. In cases where we have offered you a discounted commission or clearing fee for Contracts executed through TradeStation as agent or with TradeStation or its affiliate acting as counterparty, TradeStation or its affiliate may be doing so because of the enhanced profit potential resulting from acting as executing broker or counterparty.

TradeStation or its affiliate may act as, among other things, an investor, research provider, placement agent, underwriter, distributor, remarketing agent, structurer, securitizer, lender, investment manager, investment adviser, commodity trading advisor, municipal advisor, market maker, trader, prime broker or clearing broker. In those and other capacities, TradeStation, its directors, officers, employees and affiliates may take or hold positions in, or advise other customers and counterparties concerning, or publish research or express a view with respect to, a Contract or a related financial instrument that may be the subject of advice from us to you. Any such positions and other advice may not be consistent with, or may be contrary to, your interests or to positions which are the subject of advice previously provided by TradeStation or its affiliate to you, and unless otherwise disclosed in writing, we are not necessarily acting in your best interest and are not assessing the suitability for you of any Contract or related financial instrument. Acting in one or more of the capacities noted above may give TradeStation or its affiliate access to information relating to markets, investments and products. As a result, TradeStation or its affiliate may be in possession of information which, if known to you, might cause you to seek to dispose of, retain or increase your position in one or more Contracts or other financial instruments. TradeStation and its affiliate will be under no duty to make any such information available to you, except to the extent we have agreed in writing or as may be required under applicable law.

Direct Order Transmittal Client Disclosure Statement[2]

This statement applies to the ability of authorized customers of TradeStation Securities, Inc. ("TradeStation") to place orders for foreign futures and options transactions directly with non-U.S. entities (each, an "Executing Firm") that execute transactions on behalf of TradeStation's customer omnibus accounts.

Please be aware of the following should you be permitted to place the type of orders specified above:

- The orders you place with an Executing Firm are for TradeStation's customer omnibus account maintained with a foreign clearing firm. Consequently, TradeStation may limit or otherwise condition the orders you place with the Executing Firm.
- You should be aware of the relationship of the Executing Firm and TradeStation. TradeStation may not be responsible for the acts, omissions, or errors of the Executing Firm, or its representatives, with which you place your orders. In addition, the Executing Firm may not be affiliated with TradeStation. If you choose to place orders directly with an Executing Firm, you may be doing so at your own risk.
- It is your responsibility to inquire about the applicable laws and regulations that govern the foreign exchanges on which transactions will be executed on your behalf. Any orders placed by you for execution on that exchange will be subject to such rules and regulations, its customs and usages, as well as any local laws that may govern transactions on that exchange. These laws, rules, regulations, customs and usages may offer different or diminished protection from those that govern transactions on U.S. exchanges. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. Before you trade, you should familiarize yourself with the foreign rules which will apply to your particular transaction. United States regulatory authorities may be unable to compel the enforcement of the rules of regulatory authorities or markets in non-U.S. jurisdictions where transactions may be effected.

[2] This disclosure statement is relevant only if TradeStation has granted the direct order transmittal authorization described above to you. Pursuant to CFTC Regulation 30.12, you are eligible to receive such authorization only if (1) you are an eligible swap participant, as defined in former CFTC Regulation 35.1(b)(2), or (2) your decisions to invest in foreign futures or foreign options transactions are made by a commodity trading advisor ("CTA") that is subject to regulation under the Commodity Exchange Act or by a foreign person performing a similar role or function subject as such to foreign regulation, and certain other conditions are met.

- It is your responsibility to determine whether the Executing Firm has consented to the jurisdiction of the courts in the United States. In general, neither the Executing Firm nor any individuals associated with the Executing Firm will be registered in any capacity with the Commodity Futures Trading Commission. Similarly, your contacts with the Executing Firm may not be sufficient to subject the Executing Firm to the jurisdiction of courts in the United States in the absence of the Executing Firm's consent. Accordingly, neither the courts of the United States nor the Commission's reparations program will be available as a forum for resolution of any disagreements you may have with the Executing Firm, and your recourse may be limited to actions outside the United States.

Unless you object within five (5) days by giving notice as provided in your customer agreement after receipt of this disclosure, TradeStation will assume your consent to the aforementioned conditions.

Exercise and Assignment Policy For Futures Options

Exercise and assignment is the procedure by which an option position is converted into a futures position. The buyer of an option on a futures contract has the right (but not the obligation) to assume a specified futures position at a predetermined price (the exercise or strike price) at any time prior to the expiration of the option. The seller of the option must assume the opposite futures position if the buyer exercises this right.

There are four major differences between exercising an option on a futures position and making or taking delivery on a futures contract:

(1) An option may be exercised on any business day between its sale and execution.

(2) An option is exercised by the buyer's Clearing Member while a selling Clearing Member is randomly selected to satisfy the obligation of the option.

(3) An option contract does not have to be exercised; it may be allowed to expire, or be liquidated (offset).

(4) When an option is exercised, assignment of the short and long futures position is accomplished by the Clearing House or corporation through a book entry into the futures clearing system. The Clearing Members of the buyer and the seller are assigned futures positions at the strike price, and are subject to immediate variation margin calls.

The commodity exchanges have various provisions for exercising in-the-money options at expiration date. Customers have an obligation to monitor in-the-money options as the expiration dates approach. TradeStation Securities will automatically exercise in-the-money options. TradeStation Securities has procedures for assuring exercise notices to customers on a first-in-first-out non-preferential basis when it receives a notice from the Clearing House or corporation.

When a customer who has a short position is assigned an exercise notice, the broker should attempt to notify such customer prior to trading the next business day. If the assigned futures positions results in an open futures position, as opposed to offsetting an existing futures position, the customer must promptly pay any additional margins required.

Foreign Trader Disclosure Statement

Dear Customer:

In accordance with Rules 15.05 and 21.03 of the Commodity Futures Trading Commission ("CFTC"), 17 C.F.R. §§15.05 and 21.03, we are considered to be your agent for purposes of accepting delivery and service of communications from or on behalf of the CFTC regarding any commodity futures contracts or commodity option contracts which are or have been maintained in your account(s) with us. In the event that you are acting as agent or broker for any other person(s), we are also considered to be their agent, and the agent of any person(s) for whom they may be acting as agent or broker, for purposes of accepting delivery and service of such communications. Service or delivery to us of any communication issued by or on behalf of the CFTC (including any summons, complaint, order, subpoena, special call, request for information, notice, correspondence or other written document) will be considered valid and effective service or delivery upon you or any person for whom you may be acting, directly or indirectly, as agent or broker.

You should be aware that Rule 15.05 also provides that you may designate an agent other than TradeStation. Any such alternative designation of agency must be evidenced by a written agency agreement which you must furnish to us and which we, in turn, must forward to the CFTC. If you wish to designate an agent other than us, please contact us in writing. You should consult 17 C.F.R. §15.05 for a more complete explanation of the foregoing.

Upon a determination by the CFTC that information con concerning your account(s) with us may be relevant in enabling the CFTC to determine whether the threat of a market manipulation, corner, squeeze, or other market disorder exists, the CFTC may issue a call for specific information from us or from you. In the event that the CFTC directs a call for information to us, we must provide the information requested within the time specified by the CFTC. If the CFTC directs a call for information to you through us as your agent, we must promptly transmit the call to you, and you must provide the information requested with the time specified by the CFTC. If any call by the CFTC for information regarding your account(s) with us is not met, the CFTC has authority to restrict such account(s) to trading for liquidation only. You have the right to a hearing before the CFTC to contest any call for information concerning your account(s) with us, but your request for a hearing will not suspend the CFTC's call for information unless the CFTC modifies or withdraws the call. Please consult 17 C.F.R. §21.03 for a more complete description of the foregoing (including the type of information you may be required to provide).

Certain additional regulations may affect you. Part 17 of the CFTC Regulations, 17 C.F.R. Part 17, requires each futures commission merchant and foreign broker to submit a report to the CFTC with respect to each account carried by such futures commission merchant or foreign broker which contains a reportable futures position. (Specific reportable position levels for all futures contracts traded on U.S. exchanges are established in Rule 15.03.) In addition, Part 18 of the CFTC Regulations, 17 C.F.R. Part 18, requires all traders (including foreign traders) who own or control a reportable futures or options position and who have received a special call from the CFTC to file a Large Trader Reporting Form (Form 103) with the CFTC within one day after the special call upon such trader by the CFTC. Please consult 17 C.F.R. 17 and 18 for more complete information with respect to the foregoing.

Very truly yours,

TradeStation Securities, Inc.

Notice Regarding Average Price System

You should be aware that certain United States and foreign exchanges, including the CME and CBOT, may now or in the future allow a futures commission merchant such as TradeStation Securities Inc. ("TradeStation") to confirm trades executed on such exchanges to some or all of their customers on an average price basis, regardless of whether the exchanges have average price systems of their own. Average prices that are not calculated by an exchange system will be calculated by your futures commission merchant. In either case, trades that are confirmed to you at average prices will be designated as such on your daily and monthly statements.

An "average price system" enables a clearing futures commission merchant to confirm to customers an average price when multiple execution prices are received on an order or series of orders for the same accounts. For example, if an order transmitted by an account manager on behalf of several customers is executed at more than one price, those prices may be averaged, and the average may be confirmed to each customer. Customers may choose whether to use an average price system and may request that an average price system be used for discretionary or non-discretionary accounts.

An order subject to an average price system must be for the same commodity. An average price system order may be used for futures, options or combination transactions. An average price system order for futures must be for the same commodity and month and, for options, it must be for the same commodity, month, type (i.e., put/call) and strike price.

An average price system indicator will appear on the confirmation and monthly statement for a customer whose positions have been confirmed at an average price. This indicator will notify the customer that the confirmed price represents an average price or rounded average price.

The average price is not the actual execution price. An average price system will calculate the same price for all customers that participate in the order.

An average price system may be used when a series of orders are entered for a group of accounts. For example, a bunched average price system order (i.e., an order that represents more than one customer account) executed at 10:00 a.m. could be averaged with a bunched average price system order executed at 12:00 p.m., provided, however, that each of the bunched orders is for the same accounts. In addition, market orders and limit orders may be averaged, as may limit orders at different prices, provided, however, that each order is for the same accounts.

The following scenario exemplifies what occurs if an average price system order is only partially executed. At 10:00 a.m. an average price system order to buy 100 Dec S & P 500 futures contracts is transmitted at a limit price of 376.00, of which 50 positions are executed at 376.00 and the balance is not filled. At 12:00 p.m. an average price system order to buy 100 Dec S & P 500 futures contracts is transmitted at a limit price of 375.00, of which 50 positions are executed at 375.00 and the balance is not filled. Both orders are part of a series for the same group of accounts. In this example, the two prices will be averaged. If the order was placed for more than one account, the account controller must rely on pre- existing allocation procedures to determine the proportions in which each account will share in the partial fill.

Upon receipt of an execution at multiple prices for an order with an average price system indicator, an average will be computed by multiplying the execution prices by the quantities at those prices divided by the total quantities. An average price for a series of orders will be computed based on the average prices of each order in that series. The actual average price or the average price rounded to the next price increment may be confirmed to customers. If a clearing member confirms the rounded average price, the clearing member must round the average price up to the next price increment for a sell order. The rounding process will create a cash residual of the difference between the actual average price and the rounded average price that must be paid to the customer. An average price system may produce prices that do not conform to whole cent increments. In such cases, any amounts less than one cent may be retained by the clearing member. For example, if the total residual to be paid to a customer on a rounded average price for ten contracts is $83.333333, the clearing member may pay $83.33 to the customer.

If you would like more information on average price system orders, please contact your TradeStation Client Services Representative or your Trading Advisor (as applicable).

Disclosures Required By CME Regulation To Be Provided To Singapore Market Participants

- CME Clearing's operations are subject to the laws of the United States and regulations promulgated by the U.S. Commodity Futures Trading Commission ("CFTC");
- The rights and remedies available to Singapore-based participants as stated in CME's rules, policies and procedures may be governed by U.S. law. Such rights and remedies under U.S. law may differ from those available to Singapore-based participants when accessing Singapore- based clearing houses which are primarily regulated by Singapore laws;
- Funds and collateral posted to a clearing intermediary registered as a U.S. futures commission merchant ("FCM") are subject to customer protection provisions of U.S. law;
- U.S. law and regulation mandate segregation of customer positions and collateral from the positions and collateral of FCM clearing members and prescribe the customer segregation model for futures and swaps, respectively, at both the FCM- and clearing house-levels. The structure and insolvency law impacts of the U.S. customer protection regime may differ from those of Singapore;
- Trades cleared at CME will be subject to U.S. business hours and settlement timelines as set forth in Exchange or Clearing House rules;
- Trades cleared at CME may be subject to U.S. tax law and applicable provisions of the U.S. Internal Revenue Code, which may have a different impact than Singapore tax law; and
- Costs associated with clearing should be discussed with the clearing member offering clearing services.

Nothing included in this bulletin should be regarded as legal advice. Tax advisors, legal counsel and Exchange or Clearing House rules, as applicable, should be consulted in all cases where a Singapore-based participant has questions concerning the conduct of their business or the impact of U.S. law or regulation thereon.

Uniform Notification Regarding Access To Market Data

As a market user you may obtain access to market data available through an electronic trading system, software or device that is provided or made available to you by a broker or an affiliate of such broker. This market data may include, with respect to products of an exchange (the "Exchange") or the products of third party participating exchanges (the "Participating Exchange") that are traded on or through the electronic trading platform of the Exchange, but is not limited to, "real time" or delayed market prices, opening and closing prices and ranges, high-low prices, settlement prices, estimated and actual volume information, bids or offers and the applicable sizes and numbers of such bids or offers.

You are hereby notified that this market data constitutes valuable confidential information that is the exclusive proprietary property of the applicable Exchange and is not within the public domain. Such market data may only be used for your firm's internal use. You may not, without the written authorization of the applicable Exchange, redistribute, sell, license, retransmit or otherwise provide the market data, internally or externally and in any format, by electronic or other means, including, but not limited to the Internet. Further, you may not, without the written authorization of the applicable Exchange, use market data of an Exchange (a) for purposes of determining any price, including any settlement price, for any futures product, options on futures product or other derivatives instrument traded on any exchange other than the applicable Exchange or a Participating Exchange or (b) in constructing or calculating the value of any index or indexed product. Additionally, you agree you will not, and will not permit any other individual or entity to, (x) use market data of an Exchange in any way so as to compete with such Exchange or to assist or allow a third party to compete with such Exchange or (y) use that portion of the market data of an Exchange which relates to any product of a Participating Exchange in any way so as to compete with that Participating Exchange or to assist or allow a third party to compete with such Participating Exchange.

You must provide upon request of the broker through which your firm has obtained access to market data of an Exchange, or upon request pf the applicable Exchange, information demonstrating your firm's use of the market data of such Exchange in accordance with this notification. Each applicable Exchange reserves the right to terminate the access of any market user to such market data for any reason. You also agree that you will cooperate with each Exchange with respect to which you have access to market data of that Exchange and permit each such Exchange reasonable access to your premises should such Exchange wish to conduct an audit or review connected to the distribution of market data of that Exchange.

NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER,

NOR THEIR RESPECTIVE MEMBERS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, GUARANTEE THE TIMELINESS, SEQUENCE, ACCURACY OR COMPLETENESS OF THE DESIGNATED MARKET DATA, MARKET INFORMATION OR OTHER INFORMATION FURNISHED NOR THAT THE MARKET DATA HAVE BEEN VERIFIED. YOU AGREE THAT THE MARKET DATA AND OTHER INFORMATION PROVIDED IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED AS AN OFFER OR SOLICITATION WITH RESPECT TO THE PURCHASE OR SALE OF ANY SECURITY OR COMMODITY.

NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER NOR THEIR RESPECTIVE MEMBERS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BE LIABLE TO YOU OR TO ANY OTHER PERSON, FIRM OR CORPORATION WHATSOEVER FOR ANY LOSSES, DAMAGES, CLAIMS, PENALTIES, COSTS OR EXPENSES (INCLUDING LOST PROFITS) ARISING OUT OF OR RELATING TO THE MARKET DATA IN ANY WAY, INCLUDING BUT NOT LIMITED TO, ANY DELAY, INACCURACIES, ERRORS OR OMISSIONS IN THE MARKET DATA OR IN THE TRANSMISSION THEREOF OR FOR NONPERFORMANCE, DISCONTINUANCE, TERMINATION OR INTERRUPTION OF SERVICE OR FOR ANY DAMAGES ARISING THEREFROM OR OCCASIONED THEREBY, DUE TO ANY CAUSE WHATSOEVER, WHETHER OR NOT RESULTING FROM NEGLIGENCE ON THEIR PART. IF THE FOREGOING DISCLAIMER AND WAIVER OF LIABILITY SHOULD BE DEEMED INVALID OR INEFFECTIVE, NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER, NOR THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BE LIABLE IN ANY EVENT, INCLUDING THEIR OWN NEGLIGENCE, BEYOND THE ACTUAL AMOUNT OF LOSS OR DAMAGE OR THE AMOUNT OF THE MONTHLY FEE PAID BY YOU TO SUCH BROKER, WHICHEVER IS LESS. YOU AGREE THAT NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER NOR THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BE LIABLE TO YOU OR TO ANY OTHER PERSON, FIRM OR CORPORATION WHATSOEVER FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST PROFITS, COSTS OF DELAY OR COSTS OF LOST OR DAMAGED DATA.

Customer Advisory: Understand the Risks of Virtual Currency Trading

The U.S. Commodity Futures Trading Commission (CFTC) is issuing this customer advisory to inform the public of possible risks associated with investing or speculating in virtual currencies or recently launched Bitcoin futures and options.

Virtual currency is a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Virtual currencies are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not currently backed nor supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional fiat currencies. Profits and losses related to this volatility are amplified in margined futures contracts.

For hedgers – those who own Bitcoin or other virtual currencies and who are looking to protect themselves against potential losses or looking to buy virtual currencies at some point in the future – futures contracts and options are intended to provide protection against this volatility. However, like all futures products, speculating in these markets should be considered a high-risk transaction.

Bitcoin is a Commodity

Bitcoin and other virtual currencies have been determined to be commodities under the **Commodity Exchange Act** (CEA). The Commission primarily regulates commodity derivatives contracts that are based on underlying commodities. While its regulatory oversight authority over commodity cash markets is limited, the CFTC maintains general anti-fraud and manipulation enforcement authority over virtual currency cash markets as a commodity in interstate commerce.

What makes virtual currency risky?

Purchasing virtual currencies on the cash market – spending dollars to purchase Bitcoin for your personal wallet, for example – comes with a number of risks, including:

- most cash markets are not regulated or supervised by a government agency;
- platforms in the cash market may lack critical system safeguards, including customer protections;
- volatile cash market price swings or flash crashes;
- cash market manipulation;
- cyber risks, such as hacking customer wallets; and/or
- platforms selling from their own accounts and putting customers at an unfair disadvantage.

It's also important to note that market changes that affect the cash market price of a virtual currency may ultimately affect the price of virtual currency futures and options.

When customers purchase a virtual currency-based futures contract, they may not be entitled to receive the actual virtual currency, depending on the particular contract. Under most futures contracts currently being offered, customers are buying the right to receive or pay the amount of an underlying commodity value in dollars at some point in the future. Such futures contracts are said to be "cash settled." Customers will pay or receive (depending on which side of the contract they have taken –

long or short) the dollar equivalent of the virtual currency based on an index or auction price specified in the contract. Thus, customers should inform themselves as to how the index or auction prices used to settle the contract are determined.

Entering into futures contracts through leveraged accounts can amplify the risks of trading the product. Typically, participants only fund futures contracts at a fraction of the underlying commodity price when using a margin account. This creates "leverage," and leverage amplifies the underlying risk, making a change in the cash price even more significant. When prices move in the customers' favor, leverage provides them with more profit for a relatively small investment. But, when markets go against customers' positions, they will be forced to refill their margin accounts or close out their positions, and in the end may lose more than their initial investments.

Beware of related fraud

Virtual currencies are commonly targeted by hackers and criminals who commit fraud. There is no assurance of recourse if your virtual currency is stolen. Be careful how and where you store your virtual currency. The CFTC has received complaints about virtual currency exchange scams, as well as Ponzi and "pyramid" schemes.

If you decide to buy virtual currencies or derivatives based on them, remember these tips:

- If someone tries to sell you an investment in options or futures on virtual currencies, including Bitcoin, verify they are registered with the CFTC. Visit **SmartCheck.gov** to check registrations or learn more about common investment frauds.
- Remember—much of the virtual currency cash market operates through Internet-based trading platforms that may be unregulated and unsupervised.
- Do not invest in products or strategies you do not understand.
- Be sure you understand the risks and how the product can lose money, as well as the likelihood of loss. Only speculate with money you can afford to lose.
- There is no such thing as a guaranteed investment or trading strategy. If someone tells you there is no risk of losing money, do not invest.
- Investors should conduct extensive research into the legitimacy of virtual currency platforms and digital wallets before providing credit card information, wiring money, or offering sensitive personal information.
- The SEC has also warned that some token sales or initial coin offerings (ICOs) can be used to improperly entice investors with promises of high returns.[1]

If you believe you may have been the victim of fraud, or to report suspicious activity, contact us at 866.366.2382 or visit **CFTC.gov/TipOrComplaint**.

[1] See https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_coinofferings.

NFA Investor Advisor – Futures On Virtual Currencies Including Bitcoin

The purpose of this investor advisory is to remind investors that, just like any other speculative investment, trading futures on virtual currencies, including Bitcoin, have certain benefits and various risks. While futures on virtual currencies must be traded on regulated futures exchanges, trading these products involves a high level of risk and may not be suitable for all investors.

It is critical, therefore, for investors who are considering trading virtual currency futures to educate themselves about these products, understand their risks, and conduct due diligence before making investment decisions. Investor protection begins with investor education.

- Conduct due diligence on any individuals and firms soliciting for an investment in futures on virtual currencies including Bitcoin by checking their Commodity Futures Trading Commission (CFTC) registration status, NFA membership status, and background using NFA's BASIC system or calling NFA's Information Center at 800-621-3570.
- Virtual currencies including Bitcoin experience significant price volatility, and fluctuations in the underlying virtual currency's value between the time you place a trade for a virtual currency futures contract and the time you attempt to liquidate it will affect the value of your futures contract and the potential profit and losses related to it. Be very cautious and monitor any investment that you make.
- Be aware of sales pitches offering investment schemes that promise significant returns with little risk or that encourage you to "act now." If an investment sounds too good to be true (e.g., high returns, guaranteed to perform in a certain way), then it probably is.
- Virtual currency futures contracts are bought and sold using initial margin money that can enable you to hold a virtual currency futures contract valued more than your initial investment. This is referred to as leverage. If the price of the futures contract moves in an unfavorable direction, the leveraged nature of the futures investment can produce large losses in relation to your initial investment. In fact, even a small move against your position may result in a large loss, including the loss of your entire initial deposit, and you may be liable for additional losses.
- Be aware of the risk of Ponzi scheme operators and fraudsters seeking to capitalize on the current attention focused on virtual currencies, including Bitcoin.

Outlined above are just some of the risks associated with trading futures on virtual currencies, including Bitcoin. Investors should consult the risk disclosures provided by TradeStation Securities and fully educate themselves on all of the associated risks before trading.

With CFTC oversight, each futures exchange listing a virtual currency futures contract is responsible for regulating its futures market. NFA performs market regulation services on behalf of certain futures exchanges and swap execution facilities. Please be aware, however, that just because futures on virtual currencies, including Bitcoin, must be traded on regulated futures exchanges does not mean that the underlying virtual currency markets are regulated in any manner, and as discussed above what occurs in a virtual currency's underlying market will impact the price of a virtual currency's futures contract.

Investors with questions or concerns regarding trading futures on virtual currencies including Bitcoin should contact NFA's Information Center (312-781-1410 or 800-621-3570 or information@nfa.futures.org).

Anti-Money Laundering Requirements Disclosure

The USA PATRIOT Act

The USA PATRIOT Act is designed to detect, deter, and punish terrorists in the United States and abroad. The Act imposes anti-money laundering requirements on brokerage firms and financial institutions.

What is money laundering?

To help you understand these efforts, we want to provide you with some information about money laundering and our steps to implement the USA PATRIOT Act. Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. ***Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, theft, fraud, racketeering, and terrorism.***

How big is the problem and why is it important?

The use of the U.S. financial system by criminals to facilitate terrorism or other crimes could well taint our financial markets. According to the U.S. State Department, one recent estimate puts the amount of worldwide money laundering activity at $1 trillion a year.

What are we required to do to eliminate money laundering?

Under the USA PATRIOT Act, and other regulations applicable to us, TradeStation has designated one or more chief anti-money laundering compliance officers for its financial business units and established policies and procedures to detect and report suspicious transactions and ensure compliance with the laws. We have also established appropriate policies and procedures to detect and report suspicious transactions and otherwise comply with applicable laws, set up and conduct employee training, and have independent audits conducted to test the effectiveness of our policies and procedures. As part of our required programs, policies and procedures, we may ask you to provide various identification documents or other information. Until you provide the information or documents we need, we may not be able to open an account, effect any transactions for you, or provide other products or services to you.

We thank you for your patience and hope that you will support us in our efforts to deny terrorist groups access to America's financial system, as well as our efforts to detect and try to eliminate the use of our systems and services for money laundering relating to other crimes, and for other illegal uses such as fraud and market manipulation.

Business Continuity Plan Disclosure

At TradeStation, we recognize that our clients rely on our systems and services. In accordance with applicable regulations, TradeStation has developed a ***Business Continuity Plan*** to help TradeStation companies operate in response to an emergency or significant business disruption. In order to maintain the security and effectiveness of this plan, we do not provide specific details in this disclosure. However, we can tell you that the plan does include:

- *A description of daily back-up of specified data and records and maintenance of back-up media at a secure offsite location.*
- *Alternate forms of communication between us and our customers, employees, vendors and regulators.*
- *A review of financial and operational risks.*
- *Alternate physical locations for employees, and logistical and safety strategies.*
- *Identification of mission critical systems.*
- *Identification of critical operations and, where applicable, how those operations could be reestablished in the event of a disruption.*
- *Identification of how we can assure our customers' prompt access to their funds and assets in the event that we determine we are no longer able to continue business.*

Response to Incidents of Varying Scope:

A business interruption includes any event, external or internal, that creates extreme operational site disruption as a result of which TradeStation must alter normal, daily processing procedures. TradeStation's ***Business Continuity Plan*** has been designed to respond both to specific-building and city-wide disruptions. In these situations, the plan's goal is to enable TradeStation to continue to do business, at a limited capacity, and reasonably meet client and customer obligations within the business day.

Disruptions that cause evacuation of a particular building, but no damage takes place, and systems stay functional:

- In the event that we need to evacuate a particular building, the highest-ranking company official available will make the decision to activate the continuity plan. All employees will be notified to exit the building per firm-approved evacuation procedures.
- All inbound numbers will be re-routed to a backup data center where they will be

prompted with messages until the predetermined emergency staff logs into the phone queues via IP Agents at our alternate site.

In the event of these types of site disruption, customers should experience a minimal amount of downtime in their ability to contact TradeStation.

***Disruptions that cause immediate evacuation of a particular building, damage takes place, and systems are not functional*:**

- All inbound numbers will be re-routed to a backup data center where they will be prompted with messages until the predetermined emergency staff logs into the phone queues via IP Agents at our alternate site. If the local alternate site is affected by the disruption, all critical personnel will be directed to other disaster recovery sites to resume operations.
- Procedures detailing these responsibilities are included in the **Business Continuity Plan**. Common (probable) examples when disaster recovery site procedures will be activated for this type of site interruption include (but are not limited to): (1) acts of nature—hurricanes, floods, fires, etc.; (2) global solar issues—impacting national and/or international communication and power grids; and (3) acts of terrorism.

TradeStation's **Business Continuity Plan** ***is designed for our customers to have full, appropriate access to our systems and their funds and assets in a timely manner. However, in the case of an extremely significant disruption, the actual recovery time depends upon the severity of the disruption and how many TradeStation locations and personnel are affected, the condition of the financial and banking systems, and a myriad of other factors outside of our control. Even well-designed plans may not function as intended in certain situations.***