

Physically-Settled Futures Liquidation / Rollover Policy

Definitions

First Notice Day

This is the date on which customers holding long physically-settled futures can be called upon by the exchange to accept delivery of the underlying commodity. First Notice Day for a deliverable contract can be found on the “Quote Detail” section under the “Quotes” tab.

Last Trading Day

Last trading session for a particular delivery month. Physically-settled futures positions which are carried until the end of the Last Trading Day are subject to delivery of the underlying commodity. Last Trading Day for a deliverable contract can be found on the “Quote Detail” section under the “Quotes” tab.

Liquidation / Rollover Policy

optionsXpress requires customers to exit all long positions in deliverable contracts by no later than the close of trading three (3) business days prior to First Notice Day or Last Trading Day, whichever occurs first. All positions in deliverable contracts must be offset no later than 3 business days prior to Last Trading Day.

Positions carried past these deadlines may be liquidated or rolled into the next contract month without further notice, in order to protect against a possible assignment of the underlying physical commodity.

Cash-settled futures positions (long or short) may remain open until expiration. optionsXpress will not roll cash-settled futures positions to the next available trading month prior to the Last Trading Day.

Liquidity Risk Warning

Customers carrying short physically-settled positions should be aware of reduced liquidity risk during the period following the First Notice Day and before the Last Trading Day. This market condition is a result of speculators exiting the front month contract prior to the First Notice Day, typically reducing volume and open interest.