

Xecute Special Notices

The Xecute® Service

Xecute® is a service used by customers of optionsXpress whereby they place standing orders with optionsXpress to effect transactions for their accounts in accordance with the recommendations of third parties to whose services the customers have subscribed. Customers place such orders by filing with optionsXpress specific information and instructions in their Xecute profile. Based on these instructions, optionsXpress effects and processes transactions for customers' accounts without further communication with or authorization from such customers. Customers who register to use Xecute are directing optionsXpress to purchase and/or sell securities, options contracts (exchange traded or over the counter, puts, calls, etc.) and/or commodity futures contracts, open new positions, close existing positions, or exercise options contracts in accordance with the instructions in their Xecute Profile and the recommendations of third parties they have selected. optionsXpress does not exercise any discretion over customers' accounts, and acts solely upon customers' specific instructions. Customers using Xecute acknowledge that the instructions they provide through Xecute directs the customers' orders to optionsXpress and in certain circumstances, the customer's order type will cause the customer's instructions for a transaction to exceed the customer's dollar trade amount limit. For example, a customer, through Xecute, may direct optionsXpress to "roll" an option transaction from the expiring month option contract into the next month's option contract and because the price of the options contract has increased, the cost of the "roll" transaction may exceed the customer's dollar trade amount limit. The same situation may occur in certain hedge transactions, and in all such situations, without limit, optionsXpress may affect the transaction directed by the customer regardless that the transaction exceeds the customer's currently specified dollar trade amount limit set in the Xecute service settings. IN USING optionsXpress's SERVICES, INCLUDING XECUTE, EACH CUSTOMER AGREES THAT NEITHER optionsXpress NOR ITS AFFILIATES ARE OR SHALL BE DEEMED TO BE PROVIDING TAX, LEGAL OR INVESTMENT ADVICE. CUSTOMER FURTHER AGREES THAT HE OR SHE WILL NOT USE ANY INFORMATION OR MATERIALS PRODUCED OR AVAILABLE THROUGH optionsXpress AS THE BASIS FOR ANY OF CUSTOMER'S INVESTMENT DECISIONS. CUSTOMER FURTHER AGREES THAT HIS OR HER USE OF OR RELIANCE ON RECOMMENDATIONS OF ANY THIRD PARTY IS AT THE CUSTOMERS' SOLE AND EXCLUSIVE RISK.

optionsXpress executes Xecute orders from many customers who use many different services. In this process, optionsXpress may aggregate (i.e., batch) orders entered by multiple customers who may use the same or different third party services and send a single order to the marketplace. If this bunched order is not filled in full optionsXpress will allocate the partial fill among its customers in accordance with allocation methods which incorporate various factors such as time of order entry and order size.

Because of the nature of the communication and processing systems and other factors involved in Xecute transactions, there is a risk that an individual customer's order may be processed and executed more slowly than it might be if a customer enters an order without using Xecute. In addition, orders entered through Xecute are subject to the risk of mishandling and other errors involving electronic systems, communications systems and market processes. The Xecute service is being provided by optionsXpress on a best efforts basis with all orders handled as market not held orders, and customers using Xecute are expressly agreeing to optionsXpress's handling of orders as described in this notice.

optionsXpress, in its sole discretion, at any time may cease to permit a third party from participating in Xecute and will notify customers if a third party is no longer participating in Xecute. If a third party is no longer participating in Xecute, optionsXpress customers who receive the third party's newsletters or other communications will be required to directly enter orders rather than using the Xecute order entry service, including for existing positions previously initiated by the customer based on the third party's information.

XECUTE AND ITS COMPONENTS AND RELATED MATERIALS ARE PROVIDED "AS IS." optionsXpress SPECIFICALLY DISCLAIMS, WITHOUT LIMITATION, ALL WARRANTIES OF ANY KIND WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR THOSE WARRANTIES ARISING FROM A COURSE OF PERFORMANCE, A COURSE OF DEALING OR TRADE USAGE. optionsXpress SHALL HAVE NO LIABILITY FOR ANY CLAIMS RELATING TO ANY SOFTWARE, TECHNOLOGY, EQUIPMENT, INFORMATION, OR MATERIALS OR THAT THE WEBSITE OR THE XECUTE SERVICE MEETS ANY SPECIFIC REQUIREMENTS

OR WILL BE UNINTERRUPTED, TIMELY, SECURE, COMPLETE, ACCURATE OR FREE FROM ERRORS OR DEFECTS.

Information Provided By the Customer

The information and instructions provided by the customer in the Profile, including the designation of the third party(ies), authorizes optionsXpress to effect transactions through the Xecute system. IT IS EACH CUSTOMER'S RESPONSIBILITY TO PROVIDE ACCURATE INFORMATION IN THE CUSTOMER'S XECUTE PROFILE AND TO REVIEW AND IMMEDIATELY UPDATE THE INFORMATION CONTAINED IN THE CUSTOMER'S PROFILE WHEN THE INFORMATION CHANGES. optionsXpress will continue to process orders for a customer's account in accordance with the customer's Profile unless it is directed in writing to the contrary or the customer's account lacks sufficient equity. IT IS THE CUSTOMER'S RESPONSIBILITY TO notify optionsXpress in writing if he or she wishes to "TURN OFF" OR DISCONTINUE XECUTE OR TO DISCONTINUE FOLLOWING THE RECOMMENDATIONS OF ANY PARTICULAR THIRD PARTY PREVIOUSLY DESIGNATED BY THE CUSTOMER.

In order to activate a customer's use of Xecute, optionsXpress may confirm that the customer is a subscriber or client of the designated service. In doing so, optionsXpress may confirm with the third party the customer's name, e-mail address and basic identifying information. If a customer desires optionsXpress to provide a third party with additional information, the customer must provide optionsXpress with a written authorization which specifies the information to be provided to the third party.

Third Party Services

Unaffiliated third parties provide impersonal investment recommendations through newsletters or other forms of publications. The third parties may or may not be registered as investment advisers under the Investment Advisers Act or as commodity trading advisors under the Commodity Exchange Act. A THIRD PARTY PARTICIPATING IN XECUTE DOES NOT AND SHOULD NOT BE DEEMED TO SUGGEST, IMPLY OR MEAN THAT IT IS OR IS NOT REQUIRED TO BE REGISTERED AS AN INVESTMENT ADVISER OR COMMODITY TRADING ADVISOR, AND optionsXpress DOES NOT REQUIRE THIRD PARTIES TO BE SO REGISTERED.

optionsXpress does not recommend, rank or rate third party services. optionsXpress does not prescreen or qualify them. optionsXpress does not review their experience, credentials, performance or other factors relating to their qualifications. PARTICIPATION IN XECUTE DOES NOT AND SHOULD NOT BE DEEMED TO SUGGEST, IMPLY OR MEAN THAT optionsXpress OR ANY AFFILIATE RECOMMENDS, ENDORSES OR ADVOCATES THE THIRD PARTIES PROVIDING THE SERVICES. Customers determine whether to use a third party and are responsible for investigating and selecting them.

optionsXpress does not review or assist in the preparation of the newsletters, information or recommendations provided by these services (other than in processing orders through Xecute). CUSTOMERS ARE RESPONSIBLE FOR EVALUATING ANY RECOMMENDATIONS, ADVICE, INSTRUCTIONS AND OTHER INFORMATION AND FOR UNDERSTANDING ALL SUCH INFORMATION, INCLUDING THE UNDERLYING TRADING STRATEGIES, RISKS AND OBLIGATIONS (INCLUDING CAPITAL REQUIREMENTS) ASSOCIATED WITH THE INFORMATION. optionsXpress does not supervise third parties or their services and takes no responsibility for reviewing or monitoring performance or the appropriateness of recommended transactions for customers' accounts. CUSTOMERS ARE RESPONSIBLE FOR REVIEWING AND MONITORING ALL ACCOUNT ACTIVITY, INCLUDING ALL ORDERS, TRANSACTIONS, TRADES AND DEALINGS ARISING FROM THE CUSTOMER'S USE OF XECUTE AND THE CUSTOMER'S ENTERING ORDERS BASED ON THIRD PARTY RECOMMENDATIONS.

optionsXpress, in its sole discretion, at any time may cease to honor recommendations from any third party and will notify customers if a third party is no longer participating in Xecute.

From time to time, optionsXpress may have advertising or marketing agreements with third parties, including newsletter and other types of advisory services providers. Any advertisements or marketing materials appearing on optionsXpress' website have been paid for by third parties and are solely for promotional purposes and are not endorsements of the third parties or recommendations by optionsXpress. Additionally, optionsXpress may have advertising or marketing agreements with third parties, including newsletter and other types of advisory services providers where it pays the third party for advertisements for optionsXpress's services placed on that party's website. These also are for promotional purposes and are not endorsements or recommendation of optionsXpress by the third party.

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