

Risk Disclosure Concerning Uncovered Put Options Held in a RRSP/TFSA Account and Subject to a Trading Halt

IMPORTANT WARNING IF YOU HOLD AN UNCOVERED LONG PUT OPTION¹ IN A REGISTERED RETIREMENT SAVINGS PLAN (RRSP) OR TAX-FREE SAVINGS ACCOUNT (TFSA)

You will be unable to exercise an option to sell a security in a RRSP or TFSA (each defined herein as a *registered account*) if the underlying security² is halted from trading pursuant to an exchange trade halt or other regulatory cease-trade order in effect at the date of exercise of the option or at the date of the option's expiration, as applicable.

An uncovered (or naked) long put option position means that you do not hold in the same RRSP or TFSA account (that holds the put option position) an equivalent long position in the underlying security³.

Although the rules of the Canada Revenue Agency permit entering into an *uncovered* long put option position in registered accounts, these rules **prevent short selling and margin trading in RRSP and TFSA accounts**.

Because exercising the uncovered put option on a security that is halted from trading creates in the account a *short sale* position on such security which in turn triggers a corresponding margin requirement, Interactive Brokers **will not allow you to exercise your uncovered long put option in a registered account when the underlying security is halted from trading at the date of exercise or at expiration date of the option, as applicable**.

¹ A Put Option is an Option to Sell a Security. A Long Put Option Position means you purchased the right to sell the option's underlying security.

² Note that this restriction only applies to put option contracts held in a registered account that settle at their expiry by the delivery of the underlying security as opposed to cash-settled option contracts like index options.

³ An equivalent quantity of the underlying security that the put option gives the option holder the right to sell.