

## RISK-BASED HAIRCUT (RBH) TREATMENT FOR INDEXES

Last Update: January 2012

### HIGH-CAPITALIZATION BROAD-BASED INDEXES

#### BROAD-BASED INDEXES (Product Group 9)

#### EUROPEAN MARKET (Product Group 42)

INDEXES (Class Group): IXZ (10), OEX (13), IWV (15), DJX (16), RUI (17), SPX (18), VTI (506), RSP (507), PRF (515), IYY (517), ISI (520)	INDEXES (Class Group): EUR (42)
POSITIONS: Options, Futures, ETFs, and Stock Baskets	POSITIONS: Options, and Stock Baskets
MARKET MOVES: Broker +/-10% Market Maker +6/-8%	MARKET MOVES: Broker +/-10% Market Maker +6/-8%
OFFSETS 100% between products within a class group 90% between class groups within the product group 50% with NASD Market (Product Group 8): Portfolio Group USIDX 50% with Small Cap. Indexes (Product Group 45): Portfolio Group USIDX	OFFSETS: 100% between products within the class group
MINIMUMS: \$0.25 * contract size of option or future Exceptions: DJ=\$50.00, DJX=\$5.00, IWB=\$2.50, OEF=\$2.50, SPY=\$2.50, YM=\$25.00	MINIMUMS: \$0.25 * contract size of option
BASKETS Minimum Capitalization: 50% of index Minimum Charge: 5% of market value of basket Offset: 95% between basket and corresponding class group	BASKETS Minimum Capitalization: 50% of index Minimum Charge: 5% of market value of basket Offset: 95% between basket and corresponding class group

#### GROWTH INDEXES (Product Group 52)

#### VALUE INDEXES (Product Group 53)

INDEXES (Class Group): MRG (48), IWZ (50), RLG (51), SGX (52)	INDEXES (Class Group): MRV (49), SVX (53), RLV (55), RAV (69)
POSITIONS: Options, Futures, ETFs, and Stock Baskets	POSITIONS: Options, Futures, and Stock Baskets
MARKET MOVES: Broker +/-10% Market Maker +6/-8%	MARKET MOVES: Broker +/-10% Market Maker +6/-8%
OFFSETS 100% between products within a class group 80% between class groups within the product group	OFFSETS: 100% between products within a class group 90% between class groups within the product group
MINIMUMS: \$0.25 * contract size of option or future Exception: IVW = \$2.50	MINIMUMS: \$0.25 * contract size of option or future Exception: IVE = \$2.50
BASKETS Minimum Capitalization: 50% of index Minimum Charge: 5% of market value of basket Offset: 95% between basket and corresponding class group	BASKETS Minimum Capitalization: 50% of index Minimum Charge: 5% of market value of basket Offset: 95% between basket and corresponding class group

#### JAPAN INDEXES (Product Group 59)

#### FTSE 100 (Product Group 60)

INDEXES (Class Group): NKY (56)	INDEXES (Class Group): UKX (60)
POSITIONS: Options, Futures, and Stock Baskets	POSITIONS: Options, ETF, and Stock Baskets
MARKET MOVES: Broker +/-10% Market Maker +6/-8%	MARKET MOVES: Broker +/-10% Market Maker +6/-8%
OFFSETS: 100% between products within a class group	OFFSETS: 100% between products within the class group
MINIMUMS: \$0.25 * contract size of option or future	MINIMUMS: \$0.25 * contract size of option
BASKETS Minimum Capitalization: 50% of index Minimum Charge: 5% of market value of basket Offset: 95% between basket and corresponding class group	BASKETS Minimum Capitalization: 50% of index Minimum Charge: 5% of market value of basket Offset: 95% between basket and corresponding class group

#### S&P 500 Buy Write Index (Product Group 118)

INDEXES (Class Group): BXM (118)
POSITIONS: Options, Futures, and ETF
MARKET MOVES: Broker +/-10% Market Maker +6/-8%
OFFSETS: 100% between products within class group
MINIMUMS: \$0.25 * contract size of option or future

**NON-HIGH-CAPITALIZATION BROAD-BASED INDEXES**

**NASD MARKET (Product Group 8)**

**SMALL CAP. INDEXES (Product Group 45)**

<b>INDEXES (Class Group):</b> QQEW (21), NDX (22)	<b>INDEXES (Class Group):</b> MID (12), RUT (43), SML (45), VB (46), IWR (47), IWO (58), IWN (66), IWP (75), IWS (79), IWC (85)
<b>POSITIONS:</b> Options, Futures, ETFs, and Stock Baskets	<b>POSITIONS:</b> Options, Futures, ETFs, and Stock Baskets
<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-10%	<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-10%
<b>OFFSETS</b> 100% between products within a class group 75% between class groups within the product group 50% with Small Cap. Indexes (Product Group 45): Portfolio Group USIDX 50% with Broad-Based Indexes (Product Group 9): Portfolio Group USIDX	<b>OFFSETS</b> 100% between products within a class group 75% between class groups within the product group 50% with NASD Market (Product Group 8): Portfolio Group USIDX 50% with Broad-Based Indexes (Product Group 9): Portfolio Group USIDX
<b>MINIMUMS:</b> \$0.25 * contract size of option or future <b>Exceptions:</b> MNX = \$2.50, QQQ = \$2.50	<b>MINIMUMS:</b> \$0.25 * contract size of option or future <b>Exceptions:</b> IJH = \$2.50, IWM = \$2.50, IWN = \$2.50, MDY = \$5.00, RMN = \$2.50
<b>BASKETS</b> <b>Minimum Capitalization:</b> 50% of index <b>Minimum Charge:</b> 5% of market value of basket <b>Offset:</b> 95% between basket and corresponding class group	<b>BASKETS</b> <b>Minimum Capitalization:</b> 50% of index <b>Minimum Charge:</b> 7.5% of market value of basket <b>Offset:</b> 95% between basket and corresponding class group

**CHINA INDEXES (Product Group 81)**

**MSCI EAFE INDEX (Product Group 522)**

<b>INDEXES (Class Group):</b> FXI (80), CYX (82), GXC (91), CNZ (122)	<b>INDEXES (Class Group):</b> EFA (522), VEA (525), MFU (527)
<b>POSITIONS:</b> Options, Futures, ETFs, and Stock Baskets	<b>POSITIONS:</b> Options, Futures, ETFs, and Stock Baskets
<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-10%	<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-10%
<b>OFFSETS:</b> 100% between products within a class group 90% between class groups within the product group	<b>OFFSETS:</b> 100% between products within a class group 90% between class groups within the product group
<b>MINIMUMS:</b> \$0.25 * contract size of option or future	<b>MINIMUMS:</b> \$0.25 * contract size of option or future
<b>BASKETS</b> <b>Minimum Capitalization:</b> 50% of index <b>Minimum Charge:</b> 7.5% of market value of basket <b>Offset:</b> 95% between basket and corresponding class group	<b>BASKETS</b> <b>Minimum Capitalization:</b> 50% of index <b>Minimum Charge:</b> 7.5% of market value of basket <b>Offset:</b> 95% between basket and corresponding class group

**MSCI EMERGING MARKETS INDEX (Product Group 523)**

<b>INDEXES (Class Group):</b> EEM (523), VWO (526), MMN (528), DEM (529)
<b>POSITIONS:</b> Options, Futures, ETFs, and Stock Baskets
<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-10%
<b>OFFSETS:</b> 100% between products within classes 90% between class groups within the product group
<b>MINIMUMS:</b> \$0.25 * contract size of option
<b>BASKETS</b> <b>Minimum Capitalization:</b> 95% of index <b>Minimum Charge:</b> 7.5% of market value of basket <b>Offset:</b> 95% between basket and corresponding class group

**SECTOR INDEXES**

**GOLD AND SILVER MINING INDEXES (Product Group 12)**

**OIL AND NATURAL GAS (Product Group 15)**

INDEXES (Class Group): XAU (20), GDM (32)		INDEXES (Class Group): BZJ (24), OSX (31), XNG (95), FUM (100), IEZ (102), IEO (104), OIH (105), ERX (112), PXJ (113), XES (114), XOP(115), IYE(116), VDE(117), OOG(123), EPX (196), OIHYL (512), XLE (521)	
POSITIONS:	Options, ETF, and Stock Baskets	POSITIONS:	Options, Futures, ETFs, and Stock Baskets
MARKET MOVES:	Broker +/-15% Market Maker +/-15%	MARKET MOVES:	Broker +/-15% Market Maker +/-15%
OFFSETS:	100% between products within a class group 90% between class groups within the product group	OFFSETS:	100% between products within a class group 80% between class groups within the product group
MINIMUMS:	\$0.25 * contract size of option	MINIMUMS:	\$0.25 * contract size of option or future
BASKETS		BASKETS	
Minimum Capitalization:	95% of index	Minimum Capitalization:	95% of index
Minimum Charge:	5% of market value of basket	Minimum Charge:	5% of market value of basket
Offset:	95% between basket and corresponding class group	Offset:	95% between basket and corresponding class group

**HOME BUILDER INDEXES (Product Group 30)**

**BIOTECH INDEXES (Product Group 36)**

INDEXES (Class Group): ITB (28), XHB (29), HGX (30), RUF (126)		INDEXES (Class Group): BJE (39), NBI (44), XBI (513), PBE (516)	
POSITIONS:	Options, Futures, ETFs, and Stock Baskets	POSITIONS:	Options, Futures, ETFs, and Stock Baskets
MARKET MOVES:	Broker +/-15% Market Maker +/-15%	MARKET MOVES:	Broker +/-15% Market Maker +/-15%
OFFSETS:	100% between products within a class group 85% between class groups within the product group	OFFSETS:	100% between products within a class group 80% between class groups within the product group
MINIMUMS:	\$0.25 * contract size of option	MINIMUMS:	\$0.25 * contract size of option
BASKETS		BASKETS	
Minimum Capitalization:	95% of index	Minimum Capitalization:	95% of index
Minimum Charge:	5% of market value of basket	Minimum Charge:	5% of market value of basket
Offset:	95% between basket and corresponding class group	Offset:	95% between basket and corresponding class group

**PHARMACEUTICAL INDEXES (Product Group 37)**

**UTILITY INDEXES (Product Group 57)**

INDEXES (Class Group): PPH (36), KBK (37), RXS (40), PPHYL (510)		INDEXES (Class Group): DUX (54), UTY (57), IDU (501), UTH (503), VPU (505), XLU (514)	
POSITIONS:	Options, ETF, and Stock Baskets	POSITIONS:	Options, ETFs, and Stock Baskets
MARKET MOVES:	Broker +/-15% Market Maker +/-15%	MARKET MOVES:	Broker +/-15% Market Maker +/-15%
OFFSETS:	100% between products within a class group 90% between class groups within the product group	OFFSETS:	100% between products within a class group 80% between class groups within the product group
MINIMUMS:	\$0.25 * contract size of option	MINIMUMS:	\$0.25 * contract size of option
BASKETS		BASKETS	
Minimum Capitalization:	95% of index	Minimum Capitalization:	95% of index
Minimum Charge:	5% of market value of basket	Minimum Charge:	5% of market value of basket
Offset:	95% between basket and corresponding class group	Offset:	95% between basket and corresponding class group

**SECTOR INDEXES (continued)**

**REAL ESTATE INVESTMENT TRUSTS (Product Group 68)**

**TECHNOLOGY INDEXES (Product Group 76)**

<b>INDEXES (Class Group):</b> IYR (61), VNQ (62), RWR (64), ICF (68)		<b>INDEXES (Class Group):</b> MSH (78), IYW (128), TYH (129), XLK (508)	
<b>POSITIONS:</b>	Options, Futures, ETFs, and Stock Baskets	<b>POSITIONS:</b>	Options, ETFs, and Stock Baskets
<b>MARKET MOVES:</b>	Broker +/-15% Market Maker +/-15%	<b>MARKET MOVES:</b>	Broker +/-15% Market Maker +/-15%
<b>OFFSETS:</b>	100% between products within a class group 85% between class groups within the product group	<b>OFFSETS:</b>	100% between products within a class group 80% between class groups within the product group
<b>MINIMUMS:</b>	\$0.25 * contract size of option	<b>MINIMUMS:</b>	\$0.25 * contract size of option
<b>BASKETS</b>		<b>BASKETS</b>	
Minimum Capitalization:	95% of index	Minimum Capitalization:	95% of index
Minimum Charge:	5% of market value of basket	Minimum Charge:	5% of market value of basket
Offset:	95% between basket and corresponding class group	Offset:	95% between basket and corresponding class group

**RETAIL (Product Group 84)**

**TRANSPORTATION INDEXES (Product Group 85)**

<b>INDEXES (Class Group):</b> XRT (83), RTH (84), MVR (86), RTHYL (511)		<b>INDEXES (Class Group):</b> DTX (71), IYT (519)	
<b>POSITIONS:</b>	Options, ETFs, and Stock Baskets	<b>POSITIONS:</b>	Options, ETF, and Stock Baskets
<b>MARKET MOVES:</b>	Broker +/-15% Market Maker +/-15%	<b>MARKET MOVES:</b>	Broker +/-15% Market Maker +/-15%
<b>OFFSETS:</b>	100% between products within a class group 80% between class groups within the product group	<b>OFFSETS:</b>	100% between products within a class group 90% between class groups within the product group
<b>MINIMUMS:</b>	\$0.25 * contract size of option	<b>MINIMUMS:</b>	\$0.25 * contract size of option
<b>BASKETS</b>		<b>BASKETS</b>	
Minimum Capitalization:	95% of index	Minimum Capitalization:	95% of index
Minimum Charge:	5% of market value of basket	Minimum Charge:	5% of market value of basket
Offset:	95% between basket and corresponding class group	Offset:	95% between basket and corresponding class group

**U.S. BANKING & FINANCIAL SECTOR (Product Group 99)**

**SEMICONDUCTOR INDEXES (Product Group 104)**

<b>INDEXES (Class Group):</b> BKX (38), KBE (92), RKH (93), IYG (96), FAS (98), XLF (99), IYF (101), RKHYL (504)		<b>INDEXES (Class Group):</b> SOX (76), USD (120), SSG (121), SMH (125), SMHYL (502)	
<b>POSITIONS:</b>	Options, Future, ETFs, and Stock Baskets	<b>POSITIONS:</b>	Options, Futures, ETFs, and Stock Baskets
<b>MARKET MOVES:</b>	Broker +/-15% Market Maker +/-15%	<b>MARKET MOVES:</b>	Broker +/-15% Market Maker +/-15%
<b>OFFSETS:</b>	100% offset between products within classes 90% between class groups within the product group	<b>OFFSETS:</b>	100% between products within a class group 85% between class groups within the product group
<b>MINIMUMS:</b>	\$0.25 * contract size of option	<b>MINIMUMS:</b>	\$0.25 * contract size of option
<b>BASKETS</b>		<b>BASKETS</b>	
Minimum Capitalization:	95% of index	Minimum Capitalization:	95% of index
Minimum Charge:	5% of market value of basket	Minimum Charge:	5% of market value of basket
Offset:	95% between basket and corresponding class group	Offset:	95% between basket and corresponding class group

**SECTOR INDEXES (continued)**

**CRUDE OIL (Product Group 234)**

**SILVER (Product Group 236)**

<b>INDEXES (Class Group):</b> USO (201), DXO (202), UCO (203), OIL (204), DBO (234)	<b>INDEXES (Class Group):</b> SI (231), SLV (232), DBS (236), SIVR (238), SILV (241)
<b>POSITIONS:</b> Options and ETFs	<b>POSITIONS:</b> Options, Futures, and ETFs
<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-15%	<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-15%
<b>OFFSETS:</b> 100% between products within a class group 80% between class groups within the product group	<b>OFFSETS:</b> 100% offset between products within classes 95% between class groups within the product group
<b>MINIMUMS:</b> \$0.25 * contract size of option	<b>MINIMUMS:</b> \$0.25 * contract size of option or future

**GOLD BULLION (Product Group 244)**

**CBOE VOLATILITY INDEXES (Product Group 500)**

<b>INDEXES (Class Group):</b> DGL (237), GLD (240), SGOL (242), IAU (244), TGOLD (245), GC (246)	<b>INDEXES (Class Group):</b> VXD (498), VIX (500)
<b>POSITIONS:</b> Options, Futures, and ETFs	<b>POSITIONS:</b> Options and Futures
<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-15%	<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-15%
<b>OFFSETS:</b> 100% offset between products within classes 95% between class groups within the product group	<b>OFFSETS:</b> 100% between products within a class group 80% between class groups within the product group
<b>MINIMUMS:</b> \$0.25 * contract size of option or future	<b>MINIMUMS:</b> \$0.25 * contract size of option or future Exception: VIX = \$2.50

**SECTOR INDEXES (Default Product Group)**

<b>INDEX (Class Group):</b>
<b>POSITIONS:</b> Options, ETFs, and Stock Baskets
<b>MARKET MOVES:</b> Broker +/-15% Market Maker +/-15%
<b>OFFSETS:</b> 100% between products within classes No permitted offset between sector product groups
<b>MINIMUMS:</b> \$0.25 * contract size of option
<b>BASKETS</b>
Minimum Capitalization: 95% or 50% of index
Minimum Charge: 5% or 7.5% of market value of basket
Offset: 95% between basket and corresponding class group