

# STREETSMART PRO®

## TRADING

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## Trading Overview

### Trading Window

The Trading window is the primary order routing interface in StreetSmart Pro® and was designed to put important information at your fingertips to help you act on a security's most relevant, up-to-date data.

In addition to trading and viewing quotes for stocks and indices, approved traders can access quotes and trading capabilities for single- and multi-leg options.





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## Order Routing

All StreetSmart Pro users have access to SmartEx order routing, which is designed to see the best trade execution for your order in the timeliest manner possible unless otherwise specified.

Users who want more control over the routing of their orders may wish to enable Direct Access Trading for their accounts. Direct Access trading entails certain risks and responsibilities. As a result, we have established special eligibility requirements for Direct Access trading. These eligibility requirements are posted on the StreetSmart Pro Center of Schwab.com, in the section called **Trade Routing**.

With Direct Access, in addition to SmartEx order routing, you can route orders directly to:

- Direct Access ECNs, including INET, ARCA, ONTD, BTRD, and BRUT.
- SuperMontage, NASDAQ-operated system that routes orders to Market Makers and participating ECNs.
- Listed stocks, such as those on the New York Stock Exchange and the American Stock Exchange, are routed to one of several ECNs trading listed securities.
- Finally, Options trades are routed to the Chicago Board Options Exchange or other regional exchanges.
- Review the topic for each routing type to learn details about each routing method, or visit the Direct Access Route Comparison topic for a side-by-side view of each routing method.

No one method is best in all situations, so it is important that you familiarize yourself with the routes available and determine which best fits the market conditions.

## ABOUT THE TRADING WINDOW

**The Trading Window is the hub of the software, where you can place trades and get Level I and II quotes.**

In the **Settings** menu of the Trading Window, you can set up Hot Keys for rapid-fire trading, as well as general data display settings and much more.

You can have up to three Trading Windows open at once allowing you to follow several symbols at one time.

The Trading Window features four tabs: Stocks, Options, Level II Options, and Advanced Options.

### The Stocks Tab:

The Stocks Tab has 3 segments:

The screenshot shows the 'Trading #1 - 00000000 - Amazon.com Inc' window. It has tabs for 'Stocks', 'Options', and 'Adv.Opt'. The 'Stocks' tab is active, showing the following data:

AMZN	Change	+0.33	0.72%	Volume	3,077,800
Last	46.28	Open	46.12	Hi	46.90
Ratio	21 x 16	Close	45.95	Lo	45.86
Spread	-0.01	L	46.31	SmartEx	
Limit	DAY	Spec Cond	<input type="checkbox"/>	Sell	Buy
Short	Save				

The 'Order Entry' section includes a 'Limit' dropdown and a 'DAY' dropdown. The 'Level II and Time & Sales' section shows a list of orders:

AUTO	46.30	100	inet	46.31	400	46.30	46.31
arca	46.30	800	SIZE	46.31	200	46.30	46.32
inet	46.30	200	CINN*	46.31	400	46.30	46.31
ARCA*	46.30	800	NAS	46.31	400	46.28	100 13:06
CINN*	46.30	200	BRUT	46.31	200	46.28	100 13:06
WCHV	46.29	100	arca	46.32	300	46.30	100 13:06
inet	46.29	200	inet	46.32	300	46.30	100 13:06
SIZE	46.29	200	ARCA*	46.32	300	46.28	100 13:06

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**! NOTE:** Level II data is available to you for a fee if you wish to subscribe to the service. However, the fee may be waived if you meet certain eligibility requirements. For additional information, please contact your Schwab Active Trader Team.

### The Options Tab:

The Options Tab allows you to view options chains and, if approved for options trading, place options trades.

**The Level II Options Tab:**

You will need to turn on the Level II Options tab by clicking **Settings > General > L2 Data** and checking the **Show L2 Option Data** selection. The Level II Options Tab has 4 segments:

The screenshot shows a trading window for Amazon.com Inc (AMZN) with the following segments:

- Level I Data for Underlying Symbol:**

AMZN	Change	+0.30	17.65%	Volume	2,297
Last	2.00	Open	1.80	Hi	2.15
O.I.	2.762	Close	1.70	Lo	1.63
Spread	-0.05				
- Order Entry:**

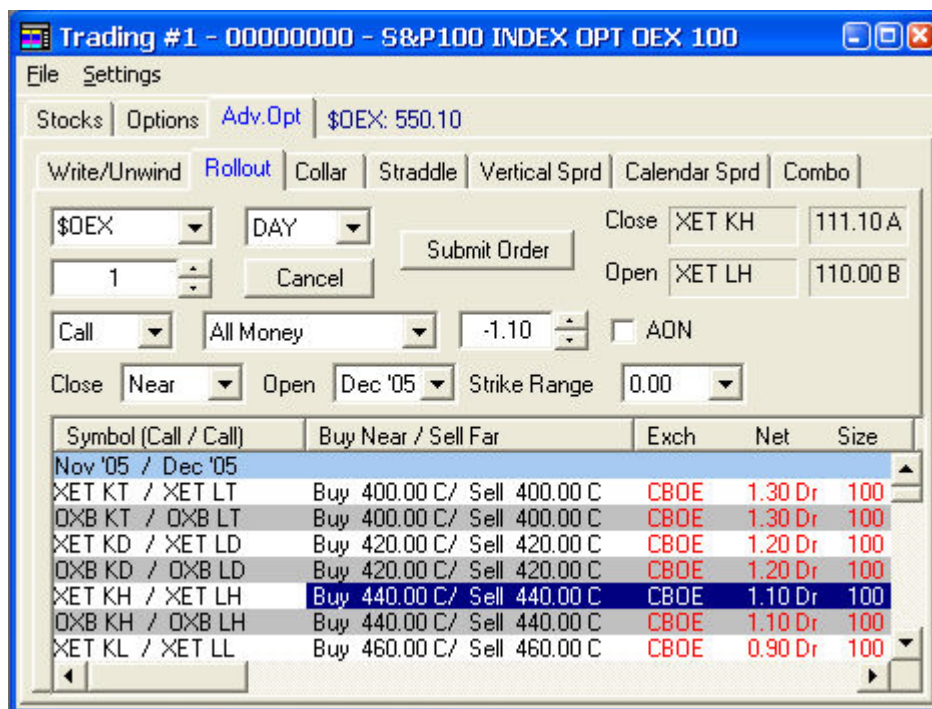
Nov '05, 2.05, 47.50, Limit, DAY, Sell to Close, Buy to Open, Call, Smart, Cancel, Sell to Open, Buy to Close
- Volume by Exchange:**

ZQN KW	ISE	CBOE	AMEX	PCX	PHLX	BOX
Volume	458	562	160	25	923	169
- Level II and Time & Sales:**

ISE	2.00	460	CBOE	2.05	447	2.00   2 3:19
PHLX	2.00	85	PHLX	2.05	60	
PCX	2.00	75	AMEX	2.05	47	
CBOE	2.00	75	PCX	2.05	10	
BOX	2.00	75	BOX	2.05	133	
AMEX	1.85	109	ISE	2.10	2,904	

**The Advanced Options Tab:**

The Advanced Options tab allows approved traders to place multi-leg option orders, including buy/writes, rollouts, collars, straddles, vertical spreads, and calendar spreads. The available tabs depend on your individual level of options approval.



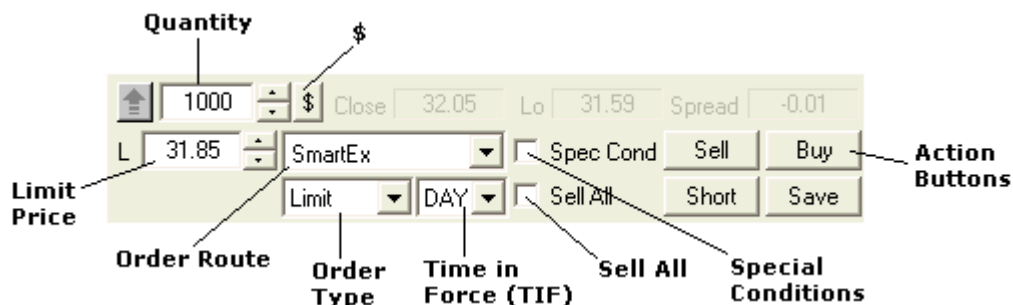
*Commissions, taxes, and transaction costs are not included in any of the following strategy discussions, but can affect final outcome and should be considered. Please contact a tax advisor to discuss the tax implications of these strategies. All strategies described herein require the use of a margin account. Options carry a high level of risk and are not suitable for all investors. Certain requirements must be met to trade options through Schwab. Multiple leg options strategies will involve multiple commissions. Please read the Options Disclosure Document titled "Characteristics and Risks of Standardized Options" before considering any option transaction. Call your local Schwab office or write Charles Schwab & Co., Inc. 101 Montgomery Street, San Francisco, CA 94104 for a current copy. Member SIPC*



## PLACING STOCK TRADES

### **Place stock trades and get Level I and II data in the Stocks tab of the Trading Window.**

Enter a symbol, select the variables for the order such as Quantity, Limit/Stop prices, and more. Then click the button for the action you wish to take (Buy, Sell, etc.) to send the order.

You may route an order from the Trading Window using the following steps. For more detailed information about each feature of the Order Entry panel, go to the Stock Tab Features topic.



1. Enter the symbol in the symbol field and press **Enter** on the keyboard
2. Change the quantity using the arrow buttons  or the following keyboard keys:
  - **Up/Down** keys to increase or decrease in increments of 500
  - **Left/Right** keys to increase or decrease in increments of 100
  - **Shift + Up/Down** keys to increase or decrease by 10
  - **Shift + Left/Right** keys to increase or decrease by 1
  - Or click in the quantity field and type the number of shares or contracts.
- ❖ **TIP:** You can also click the **\$** button and enter a dollar value to see how many shares you could trade for that amount.
3. Choose whether to place a **Limit**, **Market**, or **Trailing Stop** Order Type.
4. If placing a **Limit** order type, click on a price level in the Level II area of the Trading window to set the price.
5. If placing a **Trailing Stop** order, enter the number of points or the percentage for the trailing stop.
6. If necessary, change the **Price** using the arrow buttons  or click in the Price field and use the following keyboard commands:
  - **Up/Down** keys to increase or decrease by .05
  - **Left/Right** keys to increase or decrease by .01
  - **Shift + Up/Down** keys to increase or decrease by .005
7. Choose the Order Route and Time in Force you wish to use from the drop-down lists, if not already done.
8. Click **Buy**, **Sell**, or **Short** from the Action Buttons.
9. If **Order Verification** is enabled in the Trading window **Settings > General** window, you will be asked to verify the details of your order before it is sent.

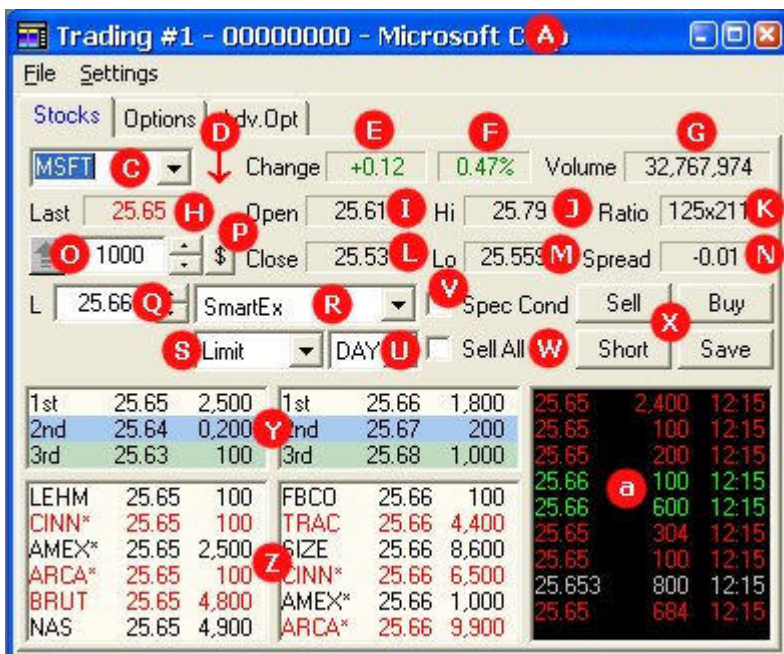
## STOCK TAB FEATURES

In the Stocks tab, you can view:

- **Level I data** - Real-time best bid/ask quotes, volume, change from close, high/low prices, etc.
- **Level II data** - Shows the depth of the market in a stock by displaying in real-time the quotes of each Level II market participant.

- **Level II aggregate** - Displays an aggregation of each price level to provide a quick overview of the quantity available at each price level.
- **Time & Sales** - Shows each trade in the stock, including quantity and price, color-coded to show its relation to best bid and ask prices.

Most orders will be routed from the Trading window, so there are fields for selecting the order price, quantity, venue, time-in-force (i.e. Day, Good 'Til Cancel, etc.). Then use the **Buy**, **Sell**, or **Short** buttons to submit the order.




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<b>A</b>	<b>Company Name/ Market</b>	<p>Shows the company name and the market on which the stock trades.</p> <p>A letter after the security name is the Financial Status Indicator (FSI).</p> <p>FSI Codes</p> <p><b>D</b> Deficient: Failed to meet NASDAQ continued listing requirements</p> <p><b>E</b> Delinquent: Missed regulatory filing deadline</p> <p><b>Q</b> Bankrupt: Issuer has filed for bankruptcy</p> <p><b>N</b> Normal (Default): Not currently deficient, delinquent, or bankrupt. -Will not be displayed</p> <p><b>G</b> Deficient and Bankrupt</p> <p><b>H</b> Deficient and Delinquent</p> <p><b>J</b> Delinquent and Bankrupt</p> <p><b>K</b> Deficient, Delinquent, and Bankrupt</p>
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		<p>❖ <b>TIP:</b> To view the current quote for an index, Level 1 needs to be enabled. Enable Level 1 in the Trading Window menu by clicking <b>Settings &gt; General &gt; L2 Data</b> tab and then checking <b>Level 1</b>.</p>
<b>Level I Data</b>		
<b>C</b>	<b>Symbol</b>	<p>To enter a new symbol, click in the field, type the new symbol, and press <b>Enter</b> on your keyboard.</p> <p>Click on the down arrow to show recently loaded symbols. Select a symbol from this list for rapid reloading.</p>
<b>D</b>	<b>Tick Direction</b>	<p>Shows whether the stock is on a downtick or uptick. Color-coded: red, downtick; green, uptick; black, stock can be shorted on a downtick.</p>
<b>E</b>	<b>Change (\$)</b>	<p>Shows the change in price from close.</p> <p>❖ <b>TIP:</b> This can be changed to reflect the change from the opening price by checking <b>Calculate Change from Open</b> in the <b>Settings &gt; General</b> menu of the Trading window.</p>
<b>F</b>	<b>Change (%)</b>	<p>Shows the percent change from close.</p> <p>❖ <b>TIP:</b> This can be changed to reflect the change from the opening price by checking <b>Calculate Change from Open</b> in the <b>Settings &gt; General</b> menu of the Trading window.</p>
<b>G</b>	<b>Volume</b>	Shows cumulative volume for the day.
<b>H</b>	<b>Last</b>	Shows the last price at which the stock traded. Red indicates the price was down from the previous sale, and green means the price was up from the previous sale.
<b>I</b>	<b>Open</b>	Shows the price at which the stock opened today.
<b>J</b>	<b>Hi</b>	Shows the highest price the stock has reached today.
<b>K</b>	<b>Ratio</b>	<p>Shows the number of participants posting at the inside bid price "x" the number of participants posting at the inside ask price.</p> <p>This can be set to show instead the number of shares available at the inside bid and ask by checking <b>Compute Ratio by Quantities</b> in the <b>Settings &gt; General</b> menu of the Trading window.</p>
<b>L</b>	<b>Close</b>	Shows yesterday's close price.
<b>M</b>	<b>Lo</b>	Shows the lowest price the stock has reached today.
<b>N</b>	<b>Spread</b>	Spread shows the difference between the inside bid and ask prices.
<b>Order Entry</b>		
<b>O</b>	<b>Order Quantity</b>	<p>There are several ways to change the order quantity.</p> <ul style="list-style-type: none"> <li>• Press the <b>Up/Down</b> arrow keys to increase or decrease in increments of 500.</li> <li>• Press the <b>Left/Right</b> arrow keys to increase or decrease in increments of 100.</li> </ul>

		<ul style="list-style-type: none"> <li>• Press the <b>Shift + Up/Down</b> keys on the keyboard to increase or decrease in increments of 10.</li> <li>• Press the <b>Shift + Left/Right</b> keys on the keyboard to increase or decrease in increments of 1.</li> <li>• In the Quantity field and type in a new share or contract size.</li> <li>• Tab to or click in the quantity field and press a number on the keypad to enter that quantity times 100 (for instance, pressing <b>5</b> on your keypad will enter 500).</li> </ul>
<b>P</b>	<b>\$ (Compute Shares from Quantity)</b>	<p>Calculates the number of shares for your order from the dollar amount you enter.</p> <p>For instance, if you have \$10,000 to spend on a stock that is trading at \$5 on the inside ask, you would click the <b>\$</b> button, type "10000", click <b>OK</b> and the share size field will fill in with <b>2000</b>.</p> <p><b>! NOTE:</b> Commissions are not included in this calculation.</p>
<b>Q</b>	<b>Limit Price</b>	<p>This is where you should enter the price at which you wish to place an order if you have selected a Limit order type. There are multiple methods for entering or adjusting your price.</p> <ul style="list-style-type: none"> <li>• Click on the arrows next to the price field to scroll the price up and down. To adjust the increments by which the arrows increase or decrease go to <b>Settings &gt; General</b>, then change the <b>Price Increment</b>.</li> <li>• Click or tab to the price window and use the: <ul style="list-style-type: none"> <li>○ <b>Up/Down</b> arrow keys on your keyboard to increase or decrease the price by .05</li> <li>○ <b>Left/Right</b> arrow keys on your keyboard to increase or decrease the price by .01</li> <li>○ <b>Shift + Up/Down</b> arrow keys on your keyboard to increase or decrease the price by .005</li> </ul> </li> </ul> <p>You may also click on a price in Level II to load it into the price field. Double-click an ECN to route directly to that ECN at their posted price.</p>
<b>R</b>	<b>Order Route</b>	<p><b>SmartEx:</b></p> <ul style="list-style-type: none"> <li>• Enter the limit price you want</li> <li>• Routes 24/7 to Schwab for submission in current/next Standard session.</li> </ul> <p><b>Pre-Market</b></p> <ul style="list-style-type: none"> <li>• Can be sent to Schwab from 8:05 p.m. to 9:15 a.m. EST for trading session beginning at 7:30 a.m. ET.</li> <li>• Cannot be sent to Schwab from 9:15 a.m. to 8:05 p.m. EST and menu selection will be grayed-out.</li> </ul> <p><b>After Hours</b></p> <ul style="list-style-type: none"> <li>• Can be sent from 4:05 p.m. to 8:00 p.m. ET for trading</li> </ul>

		<p>session beginning at 4:15 p.m. ET.</p> <ul style="list-style-type: none"> <li>Cannot be sent from 8:00 p.m. to 4:05 p.m. ET and menu selection will be grayed-out.</li> </ul> <p><b>Direct Access:</b></p> <p>Double-click on the participant in Level II that you wish to send your order to and it will fill in this field with either the ECN, or if a Market Maker, SuperMontage. Or click the arrow to see a drop-down list of all routing choices available to you.</p> <p>If you have a stock loaded that is on a listed exchange, you will see the Listed Order routing options.</p> <p>See the individual Order Route topics for information on how each routing venue works.</p>
<p><b>S</b></p>	<p><b>Order Types</b></p>	<p>Some order routes will have multiple order types, such as Limit, Market, Stop Limit, etc. After selecting your routing venue, choose an Order Type from the drop-down list.</p> <p>See the Direct Access Route Comparison topic for an overview of what Order Types each route may offer.</p>
<p><b>U</b></p>	<p><b>Time-In-Force</b></p>	<p>Some routing venues will have one or more Time-In-Force options, including Immediate or Cancel (IOC), Day (DAY), Fill or Kill (FOK), etc. After selecting your routing venue, choose a TIF from the drop-down list.</p> <p>See the Direct Access Route Comparison topic for an overview of what Order Types each route may offer.</p>
<p><b>V</b></p>	<p><b>Spec Cond</b></p>	<p>If checked when you send an order, a Special Conditions window will open allowing you to specify additional conditions for your order, such as Minimum Quantity, All or None, etc.</p> <p>See the topic for the Routing Venue you are using for a description of its available Special Conditions.</p>  <p><b>! NOTE:</b> If you do not change your order type to Market or use the Spec Cond checkbox, StreetSmart Pro" will automatically make your order type a Day Limit order.</p>

<b>W</b>	<b>Sell All</b>	If you are selling a long position, you can check the <b>Sell All</b> checkbox to sell the entire position, including fractional shares. Read the Sell All Checkbox topic for more information.
<b>X</b>	<b>Action Buttons</b>	Once the order fields are set up to reflect the type of order, price and share size, click on the <b>Buy, Sell, or Short</b> button to route the order. The <b>Save</b> button appears when any SmartEx order route is selected, allowing you to save the order to the saved order window.
<b>Level II Aggregate</b>		
<b>Y</b>	<b>Aggregate Quotes</b>	<ul style="list-style-type: none"> <li>Aggregate quotes shows the number of shares being quoted at each price level.</li> <li>You can view/hide the aggregation by checking <b>Display Aggregate Quotes</b> in the Trading window menu <b>Settings &gt; L2 Data &gt; Display Settings</b>.</li> <li>Increase or decrease the number of aggregate levels shown by clicking on the divider bar between the aggregate and regular Level II area and dragging it up or down.</li> </ul>
<b>Level II</b>		
<b>Z</b>	<b>Level II</b>	<p>Shows the depth of all bids and offers in a stock. Each line shows the four-letter Market Maker, ECN ID, or listed stock Exchange, the price at which they are bidding or offering, and the number of shares they are making available at that price.</p> <p><b>! NOTE:</b> Level II data is available to you for a fee if you wish to subscribe to the service. However, the fee may be waived if you meet certain eligibility requirements. For additional information, please contact your Schwab Active Trader Team.</p> <p>Note that NASDAQ quotes and Level II ECN quotes are in upper-case and ECN book quotes (when the book is turned on) are in lower-case. Other non-NASDAQ quotes are noted with an asterisk (*).</p> <p><b>Level II Tips</b></p> <ul style="list-style-type: none"> <li>Check <b>Show Equity Quote Volume in 100s</b> in the <b>Settings &gt; General &gt; L2 Data</b> window of your Trading window to display available shares at 1/100th of their real value (e.g. 10 means the participant has 1000 shares available). If there are parentheses ( ) around the number, it is for fewer than 100 shares and is the "actual" number of shares they are making available (For example: If you see (75), the participant has exactly 75 shares to buy or sell.)</li> <li><b>SIZE ID:</b> Market Makers and ECNs can post to Level II anonymously by sending Non-Attributed orders to the market. Non-Attributed orders are displayed in the Level II montage with the SIZE identifier. For each price level, all non-attributed orders are aggregated</li> </ul>

		<p>under the SIZE identifier.</p> <ul style="list-style-type: none"> <li>If you have <b>Directional Quote Change Arrow</b> checked in your Trading window settings, you may see some small up and down arrows in the Level II area of the Trading window. What these arrows indicate is the direction that market participant just moved in relation to the inside price. For instance, if Market Maker GSCO is on the bid at 65.25 but backs off to 65.125, a down arrow will appear at the new price level. If GSCO moves back up to 65.25, an up arrow will appear. Similarly, if GSCO is on the ask at 65.25 and moves up to 65.35, an up arrow will appear.</li> <li>You can also view the Status of the bids and offers. Check <b>Show Status of Bid/Ask</b> in the Trading window <b>Settings &gt; General</b> window to display: <ul style="list-style-type: none"> <li><b>O</b> = open, meaning this is a current, valid quote for the participant;</li> <li><b>L</b> = open for trading, but the quote has not been refreshed;</li> <li><b>K</b> = closed for trading.</li> </ul> </li> </ul>
<b>Time &amp; Sales</b>		
<b>a</b>	<b>Time &amp; Sales</b>	<p>Shows every trade being reported through NASDAQ and the INET book trades (denoted by "-inet"), as well as the share size of the trade and the time of the trade. Time &amp; Sales is color-coded:</p> <p><b>Green:</b> Prints at the inside Ask</p> <p><b>Red:</b> Prints at the inside Bid</p> <p><b>White/Gray:</b> Prints in between the inside Bid/Ask</p> <p><b>Yellow:</b> Prints above the inside Ask</p> <p><b>Purple:</b> Prints below the inside Bid</p> <p><b>Grey Highlight:</b> Inside quote change</p> <p>❖ <b>TIP:</b> Set the number of trades back to view through the <b>Settings &gt; General</b> menu. To expand this view up to the last 1000 trades, right-click in the T&amp;S window and select <b>Request Expanded T&amp;S</b>.</p>

## GETTING QUOTES IN THE TRADING WINDOW

There are several ways to load a symbol into the Trading window:


- Enter the symbol of the security in the Symbol box and press **Enter**.

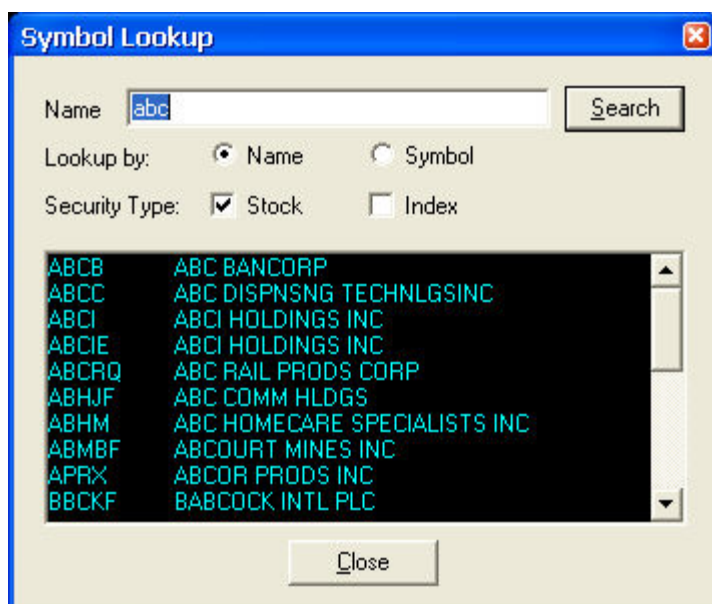
- Click on the arrow in the **Symbol** field to show recently entered stocks, then click on the one you want to load into the Symbol box for a quote.



- Right-click on the symbol from most any window and click **Load [Symbol] into the Trading window**.
- Double-click on the symbol in the Watch List.
- To view the current quote for an index, Level 1 needs to be enabled. Enable Level 1 in the Trading Window menu by clicking **Settings > General > L2 Data** tab and then checking **Level 1**.

## SYMBOL LOOKUP

Use this tool  to look up the name or symbol of a company. For example, if you do not know the symbol for a company, you can type in the full or partial name of the company and get back a list of companies with similar names, along with their symbols.



In the main menu, click **Tools > Look Up Symbol** or click the icon  in the toolbar.

- Enter the name or as much partial information as you have and click **Enter**. You may also check the Symbol option and simply enter a ticker symbol to get a company name. This can be done for either **Stock** or **Index**.
- The closest matches to what you entered will appear at the top of the list.

- You can load the data directly into the Quotes Window by right-clicking the symbol and selecting **Load [symbol] into Trading Window**.
- Clicking on **Name** and **Index** will give you a list of all indices.

## LEVEL II QUOTES AND TIME & SALES

The lower portion of the Stock Tab displays Level II information (as shown in the following figure):



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- The left column shows the Market Maker, Exchange and ECN best Bid quotes with the number of shares available at a particular bid.
- The middle column shows the Market Maker, Exchange and ECN best Ask quotes with number of shares available at a particular ask.
- The right column (Time and Sales) shows the most recently reported trades, the quantities of shares traded, and the time.
- The top line of both the Bid and Ask can display the Level I quotes if you go to **Settings > General > L2 Data** tab and check the **Level 1** box.
- For Level II users, each line shows the Market Maker or ECN ID with their Bid/Ask price.

- For Listed equities each line shows the Exchange with its Bid/Ask price and the number of actual shares available on the specialist order book or ECN book.

<b>A</b>	<b>Aggregate Quotes</b>	<ul style="list-style-type: none"> <li>• Aggregate quotes show the number of shares being quoted at each price level. The size is the sum of all of the individual market maker/ECN quotes at that level.</li> <li>• You can view/hide the aggregation by checking <b>Display Aggregate Quotes</b> in the Trading window menu <b>Settings &gt; L2 Data &gt; Display Settings</b>.</li> <li>• Increase or decrease the number of aggregate levels shown by clicking and dragging the divider bar between the aggregate and Level II areas.</li> </ul>
<b>B</b>	<b>Level I</b>	<p>Shows only the inside bid and ask for a stock. It does not reflect the depth of the bids and asks. It is reflected as "L1" in both the bid and ask boxes. You will still be able to view certain ECN quotes, but not the individual Market Makers or Exchanges.</p>
<b>C</b>	<b>Level II</b>	<p>Shows the depth of all bids and asks in a symbol. The left column shows the Bids; the middle column displays the Asks. Each line shows:</p> <ul style="list-style-type: none"> <li>• The four-letter Market Maker, ECN, or Exchange ID,</li> <li>• Their best Bid or Ask price (while this is their best price, it may not reflect their entire book),</li> <li>• The Market Maker will always be displayed in capital letters, while the ECNs will only display in capital letters if only their best Bid/Ask quote is displayed. Other non-NASDAQ quotes are noted with an asterisk (*).</li> <li>• To change the display, go to <b>Settings &gt; General &gt; L2 Data</b> and click all available ECN books or exchanges.</li> </ul> <p><b>! NOTE:</b> The availability of book quotes from some ECNs is sporadic. If checked, the software will display these quotes when available.</p> <ul style="list-style-type: none"> <li>• Number of shares they are making available at that price.</li> <li>• Shares available are shown in actual amounts.</li> </ul> <p><b>Level II Tips</b></p> <ul style="list-style-type: none"> <li>• Check <b>Show Equity Quote Volume in 100s</b> in the <b>Settings &gt; General &gt; L2 Data</b> window of your Trading window to display available shares at 1/100th of their real value (e.g. 10 means the participant has 1000 shares available). If there</li> </ul>



		<p>are parentheses ( ) around the number, it is for fewer than 100 shares and is the "actual" number of shares they are making available (For example: If you see (75), the participant has exactly 75 shares to buy or sell.)</p> <ul style="list-style-type: none"> <li>• <b>Direction Quote Change Arrow:</b> Activates small up / down arrows in the Level II area of the Trading window indicating the direction a market participant just moved in relation to the inside price. <b>EXAMPLE</b> If Market Maker ABCD is on the bid at 65.20, but backs off to 65.17, a down arrow will appear at the new price level. If ABCD moves back up to 65.20, an up arrow will appear.</li> </ul> <p>To add this to your display, go to <b>Settings General &gt; L2 Data</b> tab and click <b>Show Directional Quote Change Arrow</b>.</p> <ul style="list-style-type: none"> <li>• <b>Show Status of Bid/Ask:</b> You can view the Status of the bids and offers. Check <b>Show Status of Bid/Ask</b> in the Trading window <b>Settings &gt; General</b> window to display: <b>O</b> = open, displays a current, valid quote for the participant; <b>L</b> = open for trading, but the quote has not been refreshed; <b>K</b> = closed for trading.</li> </ul>
<b>D</b>	<b>Time &amp; Sales</b>	<p>Shows every trade being reported through NASDAQ and NYSE plus the INET book trades (denoted by "-inet"), as well as the share size and time the trade was reported.</p> <p>Time &amp; Sales is color-coded. These colors may be changed by going to <b>Settings &gt; Colors</b> in the Trading window menu.</p> <p>The default colors are::</p> <ul style="list-style-type: none"> <li>• <b>Green:</b> Trades at the inside Ask</li> <li>• <b>Red:</b> Trades at the inside Bid</li> <li>• <b>White/Gray:</b> Trades in between the inside Bid/Ask</li> <li>• <b>Yellow:</b> Trades above the inside Ask</li> <li>• <b>Purple:</b> Trades below the inside Bid</li> <li>• <b>Grey Highlight:</b> Inside quote change. Not a transaction.</li> </ul> <p>Set the number of trades back to view through the <b>Settings &gt; General</b> menu. To expand this view up to the last 1000 trades, right-click in the T&amp;S window and select <b>Request Expanded T&amp;S</b>.</p>

❖ **TIPS:****Maximizing Level II Depth**

You can maximize the depth of Level II data by hiding the Order Entry panel. Just click the **Open/Close Order Entry Panel** arrow.



You can also select **Hide Menu** from the right-click menu to further maximize the depth of the quotes display.

**Viewing More Level II Quotes**

To view more quotes, right-click in the Bids, Asks, or Time & Sales area of Level II and select **Show Scroll Bar**. This will allow you to scroll down and see the quotes that do not fit in the screen.

**View Entire ECN Books**

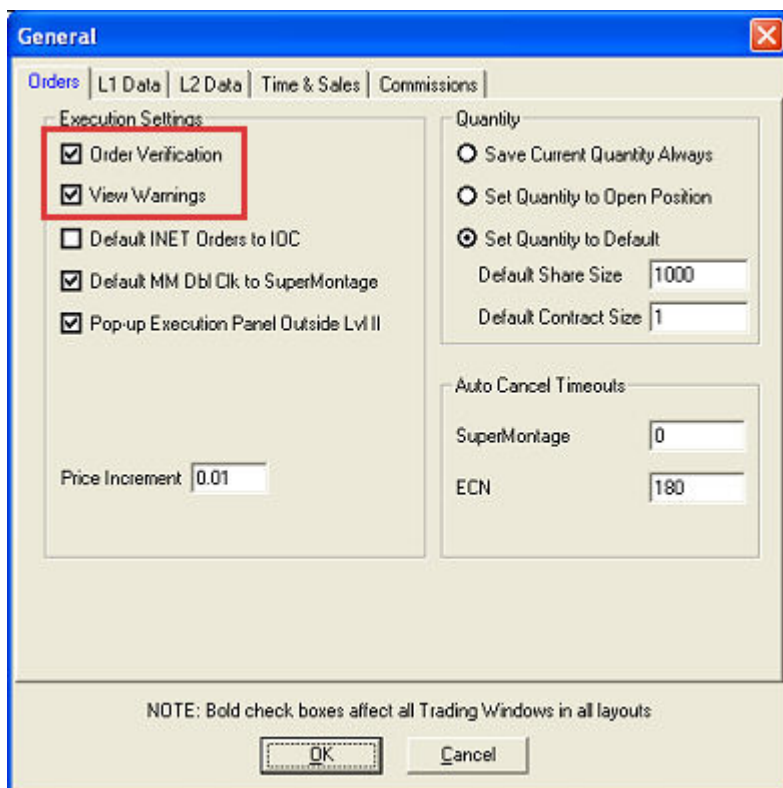
Go to **Settings > General > L2 Data tab** and check those boxes under **Display Bid/Ask Quotes**. When the entire book is displayed, the ECN ID and quote data will appear in red lower case text.

**ABOUT THE ACTION BUTTONS**

- Once the Order Entry fields are set up to reflect the attributes you want, choose your action: **Sell**, **Short**, **Buy**, or **Save**.
- If the **Spec Cond** box has been checked, when you click on an Action button, an additional Order Entry window will pop-up allowing you to specify further details about your order.
- If the **Spec Cond** box has not been checked, when you click on an Action button the order verification window will display unless you have elected to turn it off. See the Order Verification topic for more information.
- The **Save** button is actionable only when either SmartEx, Schwab Pre Market or Schwab After Hours is selected in the order route drop-down. This feature allows you to save the order to the Saved Order tab for later submission.
- If the account is restricted to liquidations only, the action buttons will be grayed-out.
- To liquidate equities and options in a restricted account, go to the Account Detail **Positions** tab and select **Close** from either the right-click or the Positions drop-down menu.

**ORDER VERIFICATION**

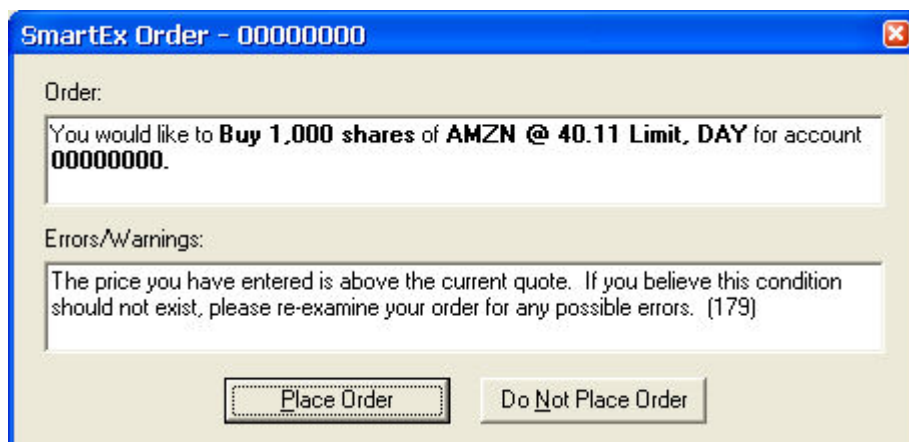
StreetSmart Pro® software provides you with Order Verification and Warning & Informational Messages related to your order. These two settings are found in the Trading window menu under **Settings > General** and the default settings are checked to activate these important features.



**! NOTE:** The **Settings > General** window includes additional features for Direct Access and other display settings. See *Configuring the System* for information about updates to the General Settings dialog box.

Order Verification applies to all orders regardless of whether you route your order to SmartEx or one of the Direct Access destinations. After you click one of the action buttons (when routing an order using a Direct Access channel), a pop-up window automatically displays your order so you can verify its accuracy before submitting it. The Order Verification window gives you:

- Details of your order and estimated cost if you have set this up (See **Settings > General > Commissions**)
- Warning and informational messages
- Error messages related to the order



You have the option of deactivating these settings in the **Settings > General** window. You can:

- Turn off both **Order Verification** and **Warnings**, or
- Keep **Order Verification** on and turn off only **Warnings**.

However, it is important that you understand the risks involved in deactivating either of these settings.



**IMPORTANT:** If you turn off **Order Verification**, your orders are immediately submitted without a verification screen, so you will not have the opportunity to review the terms of your order prior to entry and will not see warning or informational messages related to your orders. By unchecking this feature, you accept the associated risks of trading without an Order Verification window and messaging as described in the StreetSmart Pro Agreement and Disclosures.

### ORDER WARNING MESSAGES

The Order Warnings feature of StreetSmart Pro® automatically opens a pop-up window with warnings and important information about your order to review before you submit it. The default setting is checked to activate this feature. Here are some samples of the warnings and messages that be generated.

Warning Messages include:	Triggered by:
You have an open order for this security.	Duplicate order

The security you are buying is not marginable.	Security cannot be bought on margin or sold short
Please Note: The margin requirement for (your symbol) is XX%.	Maintenance margin of the security is something other than the standard 30%.
The price you have entered is below the last available quote. If you believe this condition should not exist, please re-examine your order for any possible errors.	Limit price is away from current price
The price you have entered is above the last available quote. If you believe this condition should not exist, please re-examine your order for any possible errors.	Limit price is away from current price
The order you have requested "Buy at a Limit of \$LIMIT_PRICE" is significantly above this security's closing price. If you believe this condition should not exist, please re-examine your order for any possible errors.	<ul style="list-style-type: none"> <li>• Limit price is away from current price</li> <li>• Extended hours session</li> </ul>
The order you have requested "Sell or Sell Short at a Limit of \$LIMIT_PRICE" is significantly below this security's closing price. If you believe this condition should not exist, please re-examine your order for any possible errors.	<ul style="list-style-type: none"> <li>• Limit price is away from current price</li> <li>• Extended hours session</li> </ul>
Please note: A special maintenance requirement of 100% is required for this purchase because the price per share of (your symbol) is below \$3.00.	Stock prices below \$3.00 require 100% maintenance
Please note: You are placing a cash secured put. Your available cash will be reduced by the assignment value of the put.	Entering into an equity put position in a Level 1 IRA or Cash account creates a CSEP position.

**IMPORTANT:** If you turn off **Warnings** (Trading window **Settings > General > Orders**), your orders are automatically submitted without displaying Warning & Informational Messages related to your orders. By unchecking this feature, you accept the associated risks of trading without Order Verification as described in the software Agreement and Disclosures.

## CHANGING OR CANCELING ORDERS

### Changing Orders

To change a SmartEx order, go to the Account Detail window, Order Status tab and either right-click on the open order then select **Change** or click once on the order to highlight it, then click **Orders > Change**. A pop-up box will appear prompting you to modify your order.

Note that you cannot change the order type of a SmartEx order to or from a trailing stop order after the order has been submitted. You must first cancel the order and then resubmit with a different order type.


Direct Access orders can never be changed.

### Canceling Orders

You can request to cancel open orders via the Order Status Tab. All Open orders have a green box in the left-most column. Because of the speed of execution and the short life span of market and marketable limit orders, canceling these orders may not always be possible.

## TRADING WINDOW MENU

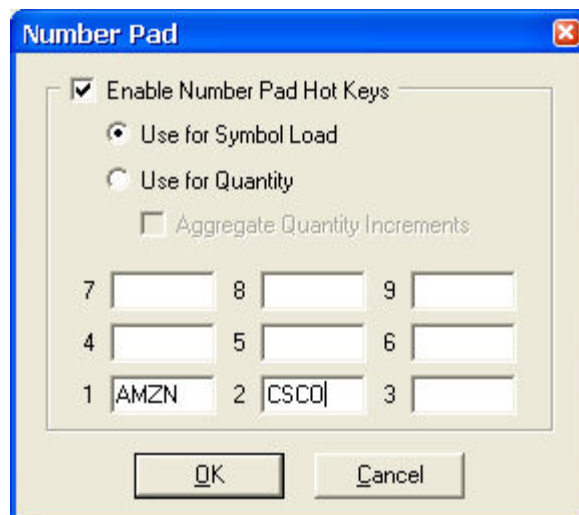
The menu bar is accessible by right-clicking in the Trading window and selecting **Show Menu Bar**.

FILE	
<b>Close</b>	Will close the Trading window. To reopen, click the Trading window icon  in the Main Tool Bar or go to <b>Tools &gt; Start Tool...</b> and change the number of Trading Windows.

SETTINGS	
<b>General</b>	Allows you to change general settings for Orders, Level I and II data, and Time & Sales. Refer to the Trading Window Settings topic for details about this important feature.

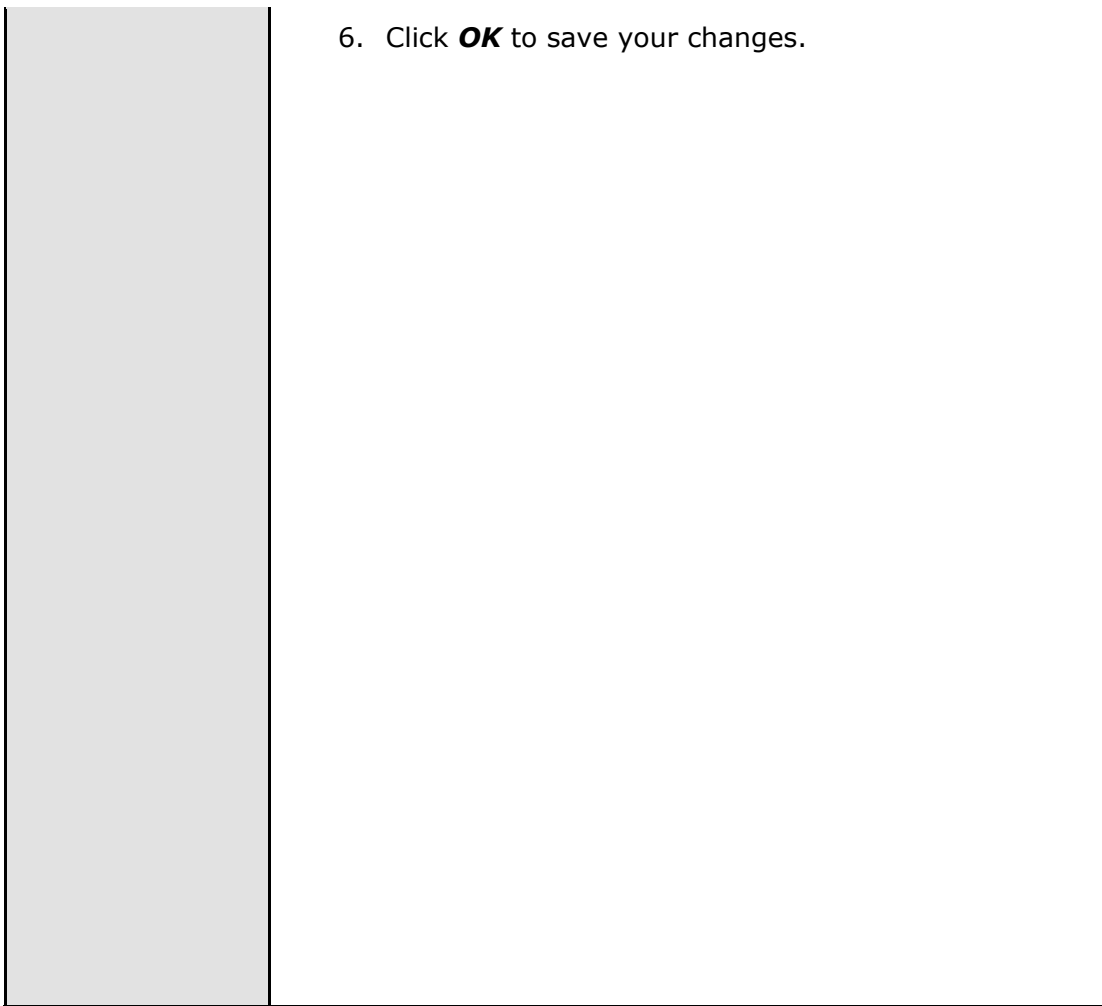
## Hot Keys > Number Pad

Number Pad allows you to assign either Symbols or Quantities to the keys on your keyboard number pad.



*Stock symbols and price and volume data shown here and in the software are for illustrative purposes only. Charles Schwab & Co., its parent or affiliates, and/or its employees and/or directors may have positions in securities referenced herein, and may, as principal or agent, buy from or sell to clients.*

1. Check **Enable Number Pad Hot Keys**
2. Decide whether to use the number pad keys for Symbols or Quantities.
3. If you select **Use for Symbol Load**, enter the full stock symbol in the fields at the bottom of the window. **EXAMPLE** If you enter **WXYZ** in the **7** field, when you are in the Trading window and press **7** in your number pad, **WXYZ** will load in the Trading window.
4. If you select **Use for Quantity**, you can set up different quantities depending on whether you're in the **Stocks** or **Options** tab. Select the type of security from the drop-down list and enter the quantity you wish to assign to each key in the fields at the bottom of the window.
5. Another alternative when using the number pad keys for quantities is to **Aggregate Quantity Increments**.  
**EXAMPLE** If you have Number Pad Key **1** set to **100** and Number Pad Key **2** set to **500**, you could set the share size to **700** by pressing **1** and then **2**.  
 - To reduce by the quantity assigned, press **Ctrl +** the Number Pad Key assignment by which you wish to reduce your quantity.  
 - Press the divide symbol (**/**) on the number pad to set the quantity back to zero.





## Hot Keys > Symbol Aliases

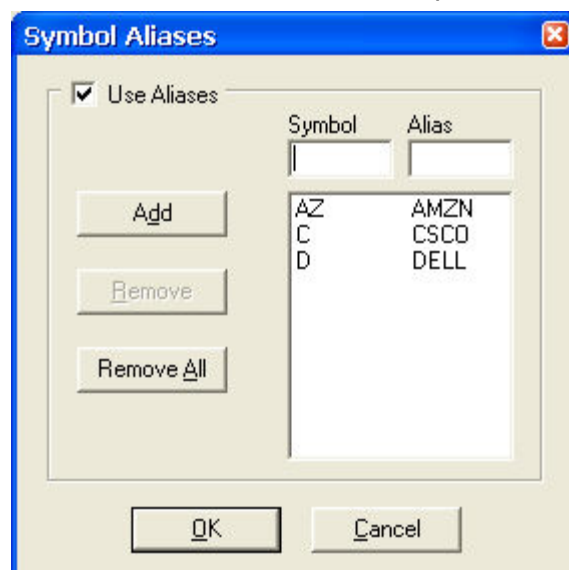
**Symbol Aliases** can be used to assign letters (or a combination of letters) to certain stocks to load them into the Trading window more quickly. For example, in the figure to the right, AMZN's alias is AZ. You would type in **AZ** into the Trading window and press **Enter** to load AMZN into the Trading window. You can insert any combination of letters or use single letters.


If you choose to use the aliases, this will take precedence over New York stocks. For example, if W has been assigned as the alias for WXYZ, when **W** is typed into the Trading window, WXYZ will load instead of the stock whose actual symbol is "W."

### Setting Up an Alias

1. Click in the **Use Aliases** box to activate
2. Type in a Symbol and Alias
3. Press the **Add** key or **Enter** to add it to the list
4. To delete one alias, click on it in the list and click **Remove**
5. To delete ALL aliases, click on **Remove All**

**! NOTE:** Hot Keys can only be set for one Trading window and will be the same for any other Trading windows open. You cannot set different Hot Keys for each Trading window.



<p><b>Links</b></p>	<p>Links allow you to automatically load stocks into other windows when they are loaded into the Trading window. <i>Note that only the linkable windows open in your layout will be displayed in the Links list.</i></p> <ol style="list-style-type: none"> <li>1. Click on an item to link to the Trading window. <ul style="list-style-type: none"> <li>• News <p>If linked to the Trading window, any stock loaded here will also load the most recent news on the stock in the News window.</p> </li> <li>• Strategy Matrix™ tool</li> <li>• Charts <p>When a stock is entered into the Trading window, the chart for that stock will also appear in the charts you select from this list. The settings for the chart will stay the same, but the stock it represents will change.</p> <p><b>❖ TIP:</b> You may link one chart to multiple Trading windows.</p> </li> <li>• Other Trading windows</li> </ul> </li> <li>2. Click on <b>OK</b>.</li> <li>3. Every time a stock is entered into the Trading window, the items linked will display that stock's information.</li> </ol>
<p><b>Clear Symbol List</b></p>	<p>Clears all symbols from the Trading window <b>Symbol</b> field and drop-down.</p>
<p><b>Fonts</b></p>	<p>Click to change fonts.</p>
<p><b>Color</b></p>	<p>Through the Color option you can change the background, ECNs, watches (Market Makers you specified in the Trading window General Settings to Watch) and Time &amp; Sales colors. Click on the color wheel button  to display all the color choices.</p> <div data-bbox="540 1394 1183 1724" data-label="Image"> </div> <p><b>Change the Price Level Color Scheme</b></p> <ol style="list-style-type: none"> <li>1. Select from the drop-down list whether to use the <b>Custom, Traditional, Earth</b>, etc. color scheme. An example of the colors will display at the bottom of</li> </ol>

	<p>the window.</p> <ol style="list-style-type: none"> <li>For Custom, click on a level and then click the color wheel button to select a new color for that level.</li> <li>The Price Level scheme can also be inverted to view the Level II data in black over a red background. To invert, check the <b>Inverted</b> box with the mouse.</li> <li>Click on <b>Color Rotation</b> to keep colors with the price levels as they move.</li> </ol>
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## TRADING WINDOW SETTINGS

By clicking on **Settings > General**, the Trading Window Settings will open and changes can be made.

### ! NOTES:

**Global Settings:** Bold check boxes are global changes (for all open Trading windows). Changing a setting marked with a bold check box affects all Trading windows simultaneously.

**Non-Global Settings:** Non-bold check boxes are local and only affect the Trading window in which you are working.

ORDERS	
EXECUTION SETTINGS	
<b>Order Verification</b>	<p>If checked, requires you to verify orders before they are sent, allowing you to reduce the risk of sending an incorrect order.</p> <p><b>! NOTE:</b> For important information about this subject, go to Order Verification.</p>
<b>View Warnings</b>	<p>StreetSmart Pro® automatically provides Order Verification and Warning &amp; Informational Messages related to your order.</p> <p>The default setting is active.</p> <p><b>! NOTE:</b> For important information about this subject, go to Order Warning Messages.</p>
<b>Default INET Orders to IOC</b>	<p>If checked, every INET order you send will automatically be sent as an Immediate or Cancel order, which requests an immediate fill for any number of shares that may be available with the possibility of a partial fill. Any remaining shares that are unfilled will be cancelled.</p> <p>This option will be grayed out if you do not have Direct Access capability.</p>
<b>Default MM Double-Click to SuperMontage</b>	<p>If checked and you double-click on a Market Maker ID in the Level II screen, your order entry fields will automatically set up a SuperMontage order.</p>

	If unchecked and you double click on a Market Maker ID, the system will automatically set up to send an order at that limit price.
<b>Pop-up Execution Panel Outside Lvl II</b>	Will position any order routing pop-up windows so that they do not pop-up on top of the Level II display.
<b>Price Increment</b>	You can change the increments by which the arrows next to the price field change the price. For example, if it were set to 0.125, a stock at 20.50 would change to 20.625 when you click the up arrow.
<b>QUANTITY</b>	
<b>Save Current Quantity Always</b>	Clicking on this option will set the default share size to the share size that is currently in the Share Size field of the Trading window. So, when you pull up a new stock, the share size will remain the same.
<b>Set Quantity to Open Position</b>	If you have an open position in a stock and this box is checked, the next time you load that stock into the Trading window, the Share Size field will show the number of shares you hold.
<b>Set Quantity to Default</b>	If selected, the software will default the quantity field to the specified <b>Default Share Size</b> or <b>Default Contract Size</b> .
<b>AUTO CANCEL TIMEOUTS</b>	
Note that changes to these settings are isolated to the computer on which you make them. If you access your software from another computer, you will need to change your timeout settings there as well.	
<b>SuperMontage</b>	This will automatically send a cancel after the number of seconds you put into the text box for SuperMontage orders only. The default setting is 0 seconds, which means it will remain live until canceled or executed.
<b>ECN</b>	The number of seconds that direct ECN orders are live before the system auto-cancels them. A value of 0 disables auto-cancel. The default is 180 seconds. To find out which ECNs post orders to their books, go to that ECNs section in this manual or visit their website. As ECN information changes on a regular basis the most reliable information will be found on their website.

<b>L1 DATA</b>	
<b>DISPLAY SETTINGS</b>	
<b>Compute Ratio from Quantities</b>	If checked, the ratio display in the Trading window will display number of shares available at the inside Bid vs. the inside Ask. If unchecked, the ratio shows the number of participants at the inside Bid vs. the inside Ask.
<b>Calculate Change</b>	Choose whether change is calculated based on one of the


<b>from:</b>	following: <ul style="list-style-type: none"> <li>• <b>Open:</b> Calculates change from the Open price.</li> <li>• <b>Close:</b> Calculates change from the current day's close. The change will recalculate when the exchange close price is received.</li> <li>• <b>Previous Close:</b> Calculates change from the previous day's close received from the exchange.</li> </ul>
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L2 DATA	
DISPLAY SETTINGS	
<b>Display Aggregate Quotes</b>	When checked, displays an aggregate of the top 20 price levels above your Level II montage.
<b>Hide Primary if Book is Displayed</b>	If checked, for any ECN Book data that is displayed (see Displayed Bid/Ask Quotes below), the primary quote for that ECN will NOT display in Level II. This eliminates the display of duplicate quotes during the standard session.
<b>Remove Stale Quotes</b>	Filters out stuck quotes during market hours.
<b>Show Directional Quote Change Arrow</b>	<p>If enabled in your Trading window settings, you may see some small up and down arrows in the Level II area of the Trading window. What these arrows indicate is the direction that market participant just moved in relation to the inside price. For instance, if Market Maker GSCO is on the bid at 65.25 but backs off to 65.125, a down arrow will appear at the new price level. If GSCO moves back up to 65.25, an up arrow will appear. Similarly, if GSCO is on the ask at 65.25 and moves up to 65.35, an up arrow will appear. If GSCO merely refreshes his quote, no arrow will display.</p> <p>This option will be grayed out if you are not enabled for Level II.</p>
<b>Show Equity Quote Volume in 100's</b>	If unchecked, the full volume for a quote will display. If it is checked, the quote will display without the last two zeros to save screen space.
<b>Show L2 Options Data</b>	Check to display the Level 2 Options tab in the Trading window. For more information on Level 2 options, review the Level 2 Options Tab topic.
<b>Show Status of Bid/Ask</b>	<p>This information will appear in Level II. Status of Bid/Ask shows the current status of the Market Maker. "K"=closed, "O"=open, "L"= open (non-refreshed) in the morning and closed in the evening.</p> <p>This option will be grayed out if you are not enabled for Level II.</p>
<b>Show Time of Bid/Ask</b>	Displays in Level II the time that the price server received the quote.

	This option will be grayed out if you are not enabled for Level II.
<b>Sort Quotes by Size</b>	Sorts all the posted quotes at each Tier in Level II by Size and then Time, where the largest size quote would be at the top of the tier. If multiple quotes have the same size, then sort by order of oldest first.
<b>Watch ECNs</b>	Will highlight all ECNs on Level II. Set the color of the highlight by going to <b>Settings &gt; Colors</b> and clicking on the color wheel next to <b>Watches</b> . <b>Red</b> is the default color.  This option will be grayed out if you are not enabled for Level II.
<b>Watches</b>	You may choose to highlight four Market Makers/ECNs in Level II. The colors can be changed by going to <b>Settings &gt; Colors</b> and clicking on the color wheel next to <b>Watches</b> . <b>Red</b> is the default color.  <b>Color Watches at Inside Only:</b> If checked, highlights the watched Market Makers/ECNs only when they are at the inside bid or ask.
<b>DISPLAY BID/ASK QUOTES</b>	
You have the option to integrate any available ECN books (not available for all ECNs) into Level II. Check the boxes next to the types of data you wish you see in your Level II montage.  <b>Update in Extended Hours:</b> If checked, Level 1 data will update during extended hours trading. If unchecked, it will freeze at the prior close price.	

<b>TIME &amp; SALES</b>	
<b>DISPLAY SETTINGS</b>	
<b>New Time &amp; Sales Info at Top</b>	This makes all new time & sales to appear from the top vs. the bottom.
<b>Color Time &amp; Sales Info</b>	Will color-code the Time and Sales for regular and ECN prints. The following are the default colors, but you can change these by going to <b>Settings &gt; Colors</b> in the Trading window menu.  <b>Green:</b> Trades at the inside Ask <b>Red:</b> Trades at the inside Bid <b>White/Gray:</b> Trades in between the inside Bid/Ask <b>Yellow:</b> Trades above the inside Ask <b>Purple:</b> Trades below the inside Bid <b>Gray Highlight:</b> Quote change; not a transaction
<b>Show Time on Sales</b>	This option will display the time of each print.

<b>Print Quote Changes in Time &amp; Sales</b>	Will highlight in grey and print quote changes in the Time & Sales panel.
<b>Show Equity Print Volume in 100's</b>	If checked, the full volume for a print will display. If it is unchecked, the print will display without the last two zeros to save screen space.
<b>T&amp;S Trades Back</b>	Shows a certain number of trades backward when loading a new stock. For instance, if you want to see the last 20 prints for the stock each time you load a new one, set this to 20. The maximum is 40 trades back.  To expand this view up to the last 1000 trades, right-click in the T&S window and select <b>Request Expanded T&amp;S</b> .
<b>DISPLAY EXCHANGE LABELS ON PRINTS</b>	
If an exchange is checked, each time a print comes through Time & Sales from that exchange, the ID for the exchange will display next to the print. Prints from unchecked exchanges will display without an exchange tag.	

<b>COMMISSIONS</b>	
<b>DISPLAY SETTINGS</b>	
<b>Display Estimated Order Cost Including Commissions</b>	<p>If checked, the estimated order amount displayed in the Order Verification window will include the estimated commissions specified in the fields below.</p>  <p>The screenshot shows a window titled "SmartEx Order - 00000000" with a close button (X). The text inside reads: "Order: You would like to Buy 100 shares of SWC @ 11.06 Limit. DAY for account 00000000. The estimated order amount including commissions is \$1115.95." Below the text are two buttons: "Place Order" and "Do Not Place Order".</p>
<b>Equities/Options Commissions</b>	<p>Enter the estimated commissions to use in calculating the estimated order cost.</p> <p><b>! NOTE:</b> Only enter a commission value for the type of commission structure currently assigned to your account. Do not enter a value in both the 'per trade' and 'per share' fields. Leave one of the fields blank.</p>

## SmartEx Trading

### HOW SMARTEX ORDERS ROUTE

SmartEx is a trade execution technology that combines the best of intelligent order routing (IOR) with market maker liquidity enhancements. SmartEx is designed to deliver trade executions that are as good as, if not better than, what you would expect to receive using IOR alone. Currently, SmartEx technology is used for executing NASDAQ National Market securities. Orders for listed securities continue to be executed according to the individual execution methods of receiving specialists.

SmartEx is an electronic execution technology designed to "hunt and seek" the best available price for your retail sized marketable orders. SmartEx automatically seeks the liquidity from the best price displayed in the market whether it is from an ECN or a market maker, and provides an execution based on the liquidity available. If there is insufficient size at the best price in the marketplace, SmartEx will automatically continue to route the remainder of your order at each subsequent price until your entire order has been filled or your limit order price (if any) has been reached. In addition, your order may receive enhanced liquidity in excess of the current liquidity displayed in the market. SmartEx order routing is available during the standard session only. It is not available during the extended hours sessions.

With SmartEx, there is only one commission charge and one order number (unless you change or cancel the order) regardless of the number of executions it takes to fill your order.

### PLACING A SMARTEX ORDER IN THE STANDARD MARKET SESSION

1. Enter the symbol in the symbol field and press **Enter** on the keyboard
2. The symbol field background should be white. (If it's blue, the window has not been updated with the quote information for the new symbol. To make the symbol field background white, press **Enter** on your keyboard.)
3. If necessary, change the quantity using the arrow buttons or the following keyboard keys:
  - **Up/Down** keys to increase or decrease in increments of 500
  - **Left/Right** keys to increase or decrease in increments of 100
  - **Shift + Up/Down** keys to increase or decrease by 10
  - Or click in the quantity field and type the number of shares or contracts.

#### ❖ TIPS:

- You can also click the \$ button and enter a dollar value to see how many shares you could trade for that amount.
  - To set the default quantity to a different amount go to **Settings > General > Orders > Quantity** in the Trading window menu.
4. Choose whether to place a **Limit**, **Market**, or **Trailing Stop** Order Type.



5. If placing a **Limit** order type, click on a price level in the Level II area of the Trading window to set the price.
6. If placing a **Trailing Stop** order, enter the number of points or the percentage for the trailing stop.
7. If necessary, change the **Price** using the arrow buttons or click in the Price field and use the following keyboard commands:
  - **Up/Down** keys to increase or decrease by .05
  - **Left/Right** keys to increase or decrease by .01
  - **Shift + Up/Down** keys to increase or decrease by .005
8. Select the session in which you wish to trade from the order routing field: **SmartEx, Schwab Pre Market, Schwab After Hours**. For a comparison of each route, view the SmartEx Order Types topic.
9. For SmartEx and extended hours orders the **Time in Force (TIF)** will always default to **Day**. If you wish to use a different TIF check the **Spec Cond** checkbox.
10. You can check the **Spec Cond** box to set any additional order qualifiers or to submit a Stop or Stop Limit order. This will require one more window to be reviewed prior to the Order Verification window.
11. To sell your entire position, check the **Sell All** box. The quantity will default to the shares you have available to sell. When checked, the quantity will become shaded. See the Sell All topic for more information.
12. Once the Order Entry fields are set up to reflect the attributes you want, choose your action: **Sell, Short, Buy, or Save**.
13. If **Order Verification** is enabled in the Trading window **Settings > General** window, you will be asked to verify the details of your order before it is sent.
14. Click **Place Order** to submit the order or **Do Not Place Order** to cancel your action.

## PARTIAL FILLS

### SmartEx

An order routed through SmartEx may have partial fills. Schwab will continue attempting to fill the order until it's completed.

- For a **Day Limit** order, there is only one commission charge and generally one order number assigned unless you change your order, regardless of the number of fills it takes to complete the order.
- **Good 'Till Cancelled** orders have the potential for multiple commissions if the order takes more than one day to complete. One commission will be charged for each day's combined fills, based on execution prices and quantities.

### Direct Access

If you have Direct Access enabled for your account, it is your responsibility to make sure your order is filled to your satisfaction. Partially filled orders require a decision on your part to either enter an additional order for the remaining shares or not.

For Direct Access orders, there is always the potential that your order will not completely fill. As the default settings have a maximum value of 180 seconds for ECN orders, it is very possible not to complete an order in under three minutes, depending upon the symbol, market, and routing method. Commissions will be based upon the price and number of shares filled on each order. To change the Auto cancel timeout setting go to the Orders tab in the **Settings > General** window.

All orders and executions can be viewed in the **Order Status** tab of the Account Detail window or, if there was more than one fill, in the Order Detail window. This window can be accessed by double clicking on the order or by clicking on the order and going to **Orders > Detail** in the menu.

### SMARTEX ORDER TYPES

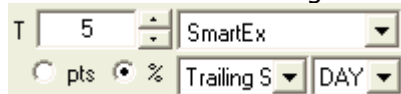
StreetSmart Pro® allows you to select any of these SmartEx order and action types:

Order Types	Action Types
Market	Buy
Limit	Sell
Stop	Sell Short
Stop Limit	Save
Trailing Stop	Cancel
	Change

### Trailing Stops

- A SmartEx Trailing Stop Buy/Sell/Short order is a stop order whose stop price will trail either the current inside ask (if buying) or inside bid (if selling/shorting) at the time the order was submitted by the number of points or the percent you specified in the Trailing Amount field.

**EXAMPLE** In the image below, we have a trailing stop of 5% set.



If at any point the price retraces the specified Trailing Amount, a SmartEx Market order will be routed for the quantity you specified.

If you place an order to close a position using a trailing stop set to 5%, if the bid price increases 9% and then drops 5% the order will be sent at that time. The change from the time that the trailing stop was placed would effectively be 4% above where you placed the order.

- Trailing Stop can have a Time in Force (TIF) of **Day** or **GTC** (Good 'til Canceled).
- When placing a Trailing Stop order, please note that you cannot change the order to another order type using the **Change** feature, nor can you change

another order type to a Trailing Stop order. In both cases, you would have to cancel the order and resubmit with a different order type.

For some NASDAQ equity orders, you may not be able to change the order. When this occurs you will notice that your order cannot be changed because, in most cases, it will fill immediately. You can always request to cancel a limit order that has not completely filled. Market orders can not be cancelled during Standard Market Session.

And you can designate which session you want your order placed in:

Trade Types	Available	Not Available
<b>Standard Session / SmartEx</b>	<ul style="list-style-type: none"> <li>Routes 24/7 to Schwab for submission in current/next Standard session.</li> <li>Trades are executed from 9:30 a.m. to 4:00 p.m. ET.</li> </ul>	Always available.
<b>Pre Market</b>	<ul style="list-style-type: none"> <li>Only from 8:05 p.m. to 9:15 a.m. ET.</li> <li>Trading session open from 7:30 a.m. to 9:15 a.m. ET.</li> </ul>	9:15 a.m. to 8:05 p.m. ET
<b>After Hours</b>	<ul style="list-style-type: none"> <li>Only from 4:05 p.m. to 8:00 p.m. ET.</li> <li>Trading session open from 4:15 p.m. to 8:00 p.m. ET.</li> </ul>	8:00 p.m. to 4:05 p.m. ET

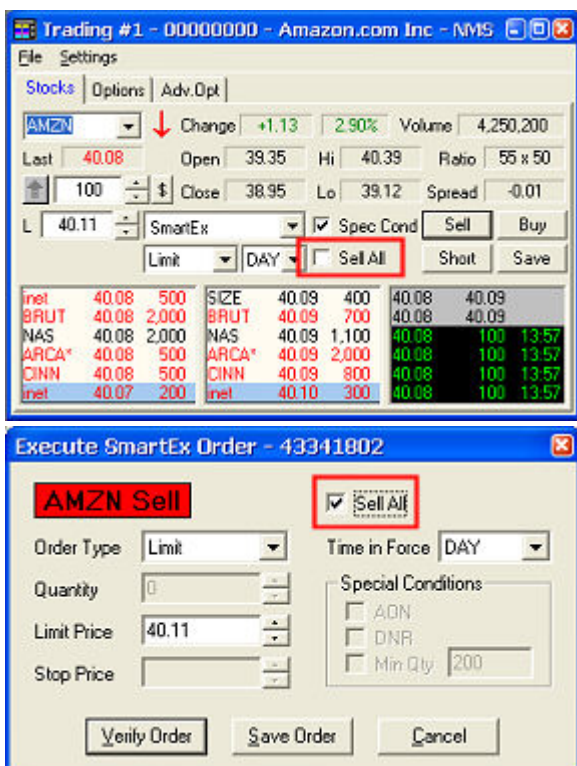
**! NOTES:**

- Extended hours orders are limit orders good only for the current or next session.
- If you select either Pre Market or After Hours in the routing field, the **Spec Cond** checkbox will still be available to you but you can only change the quantity and price of your order.
- ECN trades on Listed stocks will still populate the time and sales window in the After Hours and Pre Market sessions.
- Selling of fractional shares is allowed during extended hours sessions.
- For more information, go to the Extended Hours Trading section.

**SELL ALL CHECKBOX**

The **Sell All** Checkbox is located in three places:

- the Trading window
- the Execute SmartEx Order window accessed when you check **Spec Cond**, and
- when selling from the Positions tab of your Account Details.



Stock symbols and price and volume data shown here and in the software are for illustrative purposes only. Charles Schwab & Co., its parent or affiliates, and/or its employees and/or directors may have positions in securities referenced herein, and may, as principal or agent, buy from or sell to clients.

When checked, Sell All allows you to sell your entire position, including fractional shares, via SmartEx. As the quantity field does not allow the input of fractional shares, using the Sell All checkbox is the only way to send orders to sell fractional share amounts.

#### When Sell All is checked:

- The **Quantity** field displays the full share amount available for sale, including fractional shares. This quantity takes into account any open orders that you may have and any shares held that are currently non-negotiable. This amount cannot be changed when Sell All is checked.
- The Sell All checkbox can be turned on and off. If turned off the quantity will revert to the default amount designated in the Trading window **Settings > General** window.
- If you are using Sell All to sell your remaining fractional shares, only Market Orders are allowed.

## SPECIAL CONDITIONS SETTINGS

SmartEx orders can be qualified with the **Spec Cond** (Special Conditions) checkbox.

The **Spec Cond** box is already checked as the default and opens the **Execute SmartEx Order** window allowing you to customize your order with special conditions when you submit or save an order.

**! NOTE:** Using order qualifiers can delay the execution of your order or reduce the likelihood of it being filled.

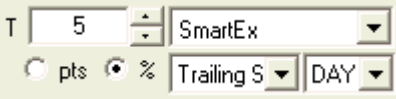
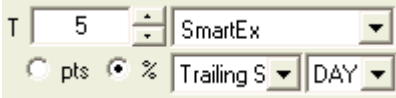
**❖ TIP:** For faster submission of Day Market and Day Limit Orders, you can uncheck the **Spec Cond** box and submit those orders directly from the Trading window.

StreetSmart Pro® has been designed to prevent you from sending variables that will not be accepted in the marketplace.



*Stock symbols and price and volume data shown here and in the software are for illustrative purposes only. Charles Schwab & Co., its parent or affiliates, and/or its employees and/or directors may have positions in securities referenced herein, and may, as principal or agent, buy from or sell to clients.*

SPECIAL CONDITIONS CHECKBOX FIELDS	STATUS / ACTION
<b>Account Number</b>	Displayed in the title bar
<b>Security and Action</b>	Displayed and cannot be edited
<b>Order Type</b>	Use this drop-down menu to select your order type: <ul style="list-style-type: none"> <li>• <b>Limit</b></li> <li>• <b>Market</b></li> <li>• <b>Stop</b></li> <li>• <b>Stop Limit</b></li> <li>• <b>Trailing Stop:</b> A SmartEx Trailing Stop Buy/Sell/Short order is a stop order whose stop price will trail either the inside ask (if buying) or inside bid (if selling/shorting) at the time the order was submitted by the number of points or the percent you specified in the Trailing Amount field.</li> </ul>

	<p><b>EXAMPLE</b> In the image below, we have a trailing stop of 5% set.</p>  <p>If at any point the price retraces the specified Trailing Amount, a SmartEx Market order will be routed for the quantity you specified. If you place an order to close a position using a trailing stop set to 5%, if the bid price increases 9% and then drops 5% the order will be sent at that time. The change from the time that the trailing stop was placed would effectively be 4% above where you placed the order.</p> <p>Defaults to the order type you selected in the Trading window -- either Market, Limit, or Trailing Stop.</p>
<b>Share Quantity</b>	Can be changed using the up/down arrows, however, only whole share amounts can be accepted in the quantity field.
<b>Limit Price</b>	Can be changed via manual input or by using the arrows - can be up to four decimal places only.
<b>Stop Price</b>	<ul style="list-style-type: none"> <li>• Can only be entered if <b>Stop</b> or <b>Stop Limit</b> order is chosen.</li> <li>• Can be up to four decimal places only.</li> </ul>
<b>Trailing Amount</b>	<p>A SmartEx Trailing Stop Buy/Sell/Short order is a stop order whose stop price will trail either the inside ask (if buying) or inside bid (if selling/shorting) at the time the order was submitted by the number of points or the percent you specified in the Trailing Amount field.</p> <p><b>EXAMPLE</b> In the image below, we have a trailing stop of 5% set.</p>  <p>If at any point the price retraces the specified Trailing Amount, a SmartEx Market order will be routed for the quantity you specified. If you place an order to close a position using a trailing stop set to 5%, if the bid price increases 9% and then drops 5% the order will be sent at that time. The change from the time that the trailing stop was placed would effectively be 4% above where you placed the order.</p>
<b>Reinvest Dividends</b>	Check to reinvest dividends for this security.

<b>Special Conditions</b>	Designate special conditions, including: <ul style="list-style-type: none"> <li>• <b>AON</b> (All or None)</li> <li>• <b>DNR</b> (Do Not Reduce) for GTC orders only</li> <li>• <b>Min Qty</b> (Minimum Quantity)             <ul style="list-style-type: none"> <li>• Use only for orders over 300 shares.</li> <li>• When checked, the amount field can be changed, but the amount must be at least 200 shares.</li> <li>• Designating minimum shares applies to the first fill only.</li> </ul> </li> </ul>
<b>Order Verification is Selected</b>	The action button at the bottom of the window should read <b>Verify Order</b> . Click it to open the Verification window. See Trading Window Menu topic for details.
<b>Save Button displayed at bottom of window</b>	<ul style="list-style-type: none"> <li>• Click to post the order to the Saved Orders tab in the Account Detail window.</li> <li>• No further validation/editing will be done until the order is submitted.</li> </ul>
<b>Order Verification is Not Selected</b>	The action button at the bottom of the window will read <b>Place Order</b> . Click to submit the order. See Trading Window Menu topic for details.

## Direct Access Trading

### DIRECT ACCESS ROUTE COMPARISON

During the specified trading times for each routing channel, Direct Access allows you to enter buy and sell orders for NASDAQ, Listed, and OTC stocks. The table below shows a list of all the action types allowed with Direct Access.

Action Types
Buy
Sell
Cancel

**! NOTE:** Short sale orders can be placed as either day or GTC orders; however, GTC orders can expose you to substantial risk. Although the stock may be borrowed on the day the order is entered, it may not be available for loan on the day the order is filled. An immediate buy-in may result for your account.

The change order function is not accepted when routing orders via Direct Access.

Each routing channel has different order types, hours of operation, and order conditions. The table below shows a quick reference guide for each destination including the following information: hours of operation, maximum number of shares, order types, and order conditions. For more information about each destination, view the individual topic for each.

Order Destination	Type of Channel	Hours of Operation (Eastern Time)	Order Types	Order Conditions	Security Types Traded
<b>ARCA</b> (NYSE Arca)	ECN	7:00 a.m. - 8:00 p.m.	Limit, Market, Market-Peg, Primary-Peg	Day, IOC, Max Floor, Peg Diff, Discretion	NNM, Listed, OTC
<b>BRUT</b> (NASDAQ Stock Market, Inc.)	ECN	7:00 a.m. - 8:00 p.m.	Limit, Limit Invisible, Market	Day, IOC	NNM, Listed, OTC
<b>BTRD</b> (Bloomberg)	ECN	7:30 a.m. - 5:30 p.m.	Limit	Day, IOC	NNM, Listed, OTC
<b>INET</b> (formerly ISLD/INCA)	ECN	7:00 a.m. - 8:00 p.m.	Limit, Limit Invisible,	Day, IOC, Max Floor, Peg Diff,	NNM, Listed



			Market-Peg, Primary-Peg	Minimum Quantity	
<b>ONTD</b> (OnTrade)	ECN	8:00 a.m. - 5:00 p.m.	Limit	Day	NNM, OTC
<b>SuperMontage</b> (NASDAQ)	Market Makers and Participati ng ECNs	8:00 a.m. - 4:00 p.m.	Limit, Market		NNM, OTC

### DIRECT ACCESS ELIGIBILITY

Direct Access order routing is available to eligible clients who want more control over the routing of their orders. Direct Access trading entails certain risks and responsibilities. As a result, we have established the special eligibility requirements for Direct Access Trading. These eligibility requirements are posted on the StreetSmart Pro® Center of Schwab.com, in the section called "Trade Routing."

### PLACING A DIRECT ACCESS ORDER

Placing a Direct Access order is similar to placing a SmartEx order, except you may use one of a variety of ECNs or NASDAQ SuperMontage.

1. Enter the symbol in the symbol field and press **Enter** on the keyboard
2. The symbol field background should be white. (If it's blue, the window has not been updated with the quote information for the new symbol. To make the symbol field background white, press **Enter** on your keyboard.)
3. If necessary, change the quantity using the arrow buttons or the following keyboard keys:
  - **Up/Down** keys to increase or decrease in increments of 500
  - **Left/Right** keys to increase or decrease in increments of 100
  - **Shift + Up/Down** keys to increase or decrease by 10
  - **Shift + Left/Right** keys to increase or decrease by 1
  - Or click in the quantity field and type the number of shares or contracts.

#### ❖ TIPS:

- You can also click the **\$** button and enter a dollar value to see how many shares you could trade for that amount.
  - To set the default quantity to a different amount go to **Settings > General > Orders > Quantity** in the Trading window menu.
4. Choose whether to place a **Limit** or **Market** Order Type.
  5. If placing a **Limit** order type, click on a price level in the Level II area of the Trading window to set the price

6. If necessary, change the **Price** using the arrow buttons or click in the Price field and use the following keyboard commands:
  - **Up/Down** keys to increase or decrease by .05
  - **Left/Right** keys to increase or decrease by .01
  - **Shift + Up/Down** keys to increase or decrease by .005
7. Select the Direct Access order route you wish to use, or you may use SmartEx. For a comparison of each Direct Access route, view the Direct Access Route Comparison topic.
8. The default **Time in Force** (TIF) will always be **Day**. Select a different TIF if available for the order route you have chosen.
9. You can check the **Spec Cond** box to set any additional order qualifiers such as pegging or Max Floor. This will require one more window to be reviewed prior to the Order Verification window.
10. To sell your entire position, check the **Sell All** box. The quantity will default to the shares you have available to sell. When checked, the quantity will become shaded. See the Sell All topic for more information.
11. Once the Order Entry fields are set up to reflect the attributes you want, choose your action: **Sell** or **Buy**. Use the SmartEx venue if you wish to place a Short order.
12. If **Order Verification** is enabled in the Trading window **Settings > General** window, you will be asked to verify the details of your order before it is sent.
13. Click **Place Order** to submit the order or **Do Not Place Order** to cancel your action.

## ARCA ECN

### General Information

- The order will try to find a match in the ARCA (NYSE Arca) Book. If a better price is available in the book, then it will target that price.
- If no match is made, the order will post to the ARCA Book. The best bid and ask posting 100 or more shares will post on Level II if it does not cross or lock the market.
- A market order is available by selecting Market in the drop-down menu once ARCA is chosen as the order route. The default is a limit order.
- Minimum decimal increment in order price: .001.
- Day order available if Auto Cancel time is set to 0.
- Default cancellation time: 180 seconds.
- Trading Hours 7:00 a.m. to 8:00 p.m. ET for Limit orders
- Trading Hours 9:30 a.m. to 4:00 p.m. ET for Market orders
- All ARCA limit orders will be canceled after the close at 8:00 p.m. ET.

### ARCA Order Routing

Order Types	Description
<b>Limit</b>	<ul style="list-style-type: none"> <li>• <i>Marketable Limit Orders</i> - Matched with the ARCA book or preferenced to other market participants using ARCA's SmartBook logic. The order price may be improved if a better price appears after your order has been routed by ARCA.</li> <li>• <i>Non-Marketable Limit Orders</i> - The order is posted to the ARCA book. ARCA posts the best bid and offer in their book to Level II (MMID=ARCA) NOTE: Your price may not cross or lock the market.</li> </ul>
<b>Market</b>	<p>These are matched with the ARCA book if there is volume at the inside. If ARCA is not at the inside the order is routed using ARCA's SmartBook logic. Any residual will not be routed to the next price level until all quotes at the current best bid or offer are exhausted</p> <ul style="list-style-type: none"> <li>• Criteria for routing orders: % fill history, time, and size shown.</li> <li>• Market orders are not accepted after 3:59 p.m. ET.</li> </ul>
<b>*Market Peg</b>	<p>Pegs the order price to the ask if buying or to the bid if selling, meaning the order price will automatically adjust as the bid or ask moves until the order executes or the stock trades beyond your limit price. Orders may be adjusted a penny up or down to avoid locking the market.</p> <p><b>EXAMPLE</b></p> <ul style="list-style-type: none"> <li>• XYZ is currently quoted at 20 bid x 20.05 ask.</li> <li>• A Market Peg order to buy XYZ with a limit of 20.10, will be submitted at 20.05.</li> <li>• If the quote changes to 20.05 bid x 20.10 ask, the order price would change to 20.10.</li> <li>• If the order is not executed, it will not update beyond the limit price and will remain posted at 20.10.</li> </ul>
<b>*Primary Peg</b>	<p>Pegs the order price to the bid if buying or the ask if selling OTC securities, or the best exchange bid/ask for Listed securities. The order price will automatically adjust as the bid or ask moves until the order executes or the stock trades beyond your limit price.</p> <p><b>EXAMPLE</b></p> <ul style="list-style-type: none"> <li>• XYZ is currently quoting at 20 bid x 20.05 ask.</li> <li>• A Primary Peg order to buy XYZ with a limit of 20.05, will be submitted at 20.</li> <li>• If the quote changes to 20.05 bid x 20.10 ask, the order price would change to 20.05.</li> <li>• If the order is not executed, it will not update beyond the limit price and will remain posted at</li> </ul>

	20.05.
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Times In Force	Description
<b>Day</b>	Can be entered after 7:00 AM ET and expire at the end of the extended trading day (8:00 p.m. ET)
<b>IOC</b>	Portions of the order not filled immediately upon reaching the market are canceled.

Special Conditions	Description
<b>*Discretion</b>	<p>Allows you to have a displayed price and a discretionary price. You can place the order at the price you'd like to receive with a discretion amount for the maximum/minimum amount you're willing to pay. Available for limit orders only.</p> <p><b>EXAMPLE</b> A limit order to buy with a displayed price of 50 and a discretionary price of 50.25 is presented as: Price = 50 Discretion = 0.25</p>
<b>*Max Floor</b>	<p>Specifies the reserve size for the order. Must be a round lot equal to or less than the order quantity. Reserve size has no time priority in Level II. Only the displayed portion of the order will have time priority.</p> <p><b>EXAMPLE</b> You enter a bid with 5,000 as the total quantity, but 1,000 as the Max Floor value. Your order will display as 1,000 shares, but if yours is the only bid when an offer arrives for 10,000 shares at your price, your entire 5,000 shares will execute.</p> <p>However, if 3 other bids for 3,000 shares each were behind you at the same price, only your displayed 1,000 would execute, along with 9,000 shares from the other three bids.</p>
<b>*Peg Diff</b>	<p>Added to the bid or offer to produce the actual order price. Allows more flexibility in your order executions.</p> <p><b>EXAMPLE</b> To peg the offer minus .02, Peg Diff must equal -0.02 (the negative sign is required).</p>

\* Features only available when **Spec Cond** is checked in the Trading window.

The information provided on this page is subject to change at any time.

## BRUT ECN

### General Information

- **NASDAQ Single Book:** NASDAQ® has integrated SuperMontage, INET, and BRUT branded market data facilities into a Single Book. While the integration does not impact the existing order routing venues and order types, the migration results in Level II data display changes within StreetSmart Pro®.

The software consolidates SIZE, BRUT and INET quotes into one INET quote at each tier.

Visit the [NASDAQTrader.com](http://NASDAQTrader.com) for more information on the NASDAQ Systems Integration.

- Day orders are available if Auto Cancel time is set to 0.
- Default cancellation time: 0 seconds.
- Trading Hours 7:00 a.m. to 8:00 p.m. ET

### BRUT Order Routing

Order Types	Description
<b>Limit</b>	These orders are not displayed in the BRUT book. The order executes through the inside price (whether in the market or in the BRUT Book) up until the limit is reached - at which point the order will time out. Non-Marketable Limit Orders - Will try to match with any other order on the BRUT book. If no match is found will post to the BRUT order book. Day orders can remain on the book until the end of the day.
<b>Limit Invisible</b>	Invisible orders are never displayed in the book or in Level II and therefore never cross or lock the market.
<b>Market</b>	Market orders are available during the standard session only. If the full quantity cannot be matched in the book the remaining shares will be routed via the BRUT Liquidity Finder. Orders are sent out at NBBO only. Execution will only stop if order executes in full or user cancels.

Times In Force	Description
<b>Day</b>	Can be entered after 7:00 AM ET and expire at the end of the extended trading day (8:00 p.m. ET)
<b>IOC</b>	Portions of the order not filled immediately upon reaching the market are canceled.

The information provided on this page is subject to change at any time. To get the most current information please go to the BRUT web site.

Direct Access Route Comparison

Placing a Direct Access Order

Auto Cancel Settings

**BTRD ECN**

**General Information**

- Order goes directly to the BTRD order book. If a better price is available in the book, it will target that price.
- If there is not match, order will post on Level II (must not cross or lock the market).
- Sending a market order to BTRD in a fast market can result in a slower fill at a worse price than a limit order.
- BTRD accepts odd lot orders.
- BTRD does not accept order prices with fractions smaller than .01.
- Day order available if Auto Cancel time set to 0.
- Default cancellation time: 180 seconds.
- Trading hours: 7:30 a.m. to 5:30 p.m. ET.

**BTRD Order Routing**

Order Types	Description
<b>Limit</b>	Limit orders are supported for NASDAQ and listed securities.

Times In Force	Description
<b>Day</b>	Can be entered after 7:30 AM ET and expire at the end of the extended trading day (5:30 p.m. ET)
<b>IOC</b>	Portions of the order not filled immediately upon reaching the market are canceled.

The information provided on this page is subject to change at any time. To get the most current information please go to the BTRD web site.

**INET ECN**

**General Information**

- **NASDAQ Single Book:** NASDAQ® has integrated SuperMontage, INET, and BRUT branded market data facilities into a Single Book. While the integration does not impact the existing order routing venues and order types, the migration results in Level II data display changes within StreetSmart Pro®.

The software consolidates SIZE, BRUT and INET quotes into one INET quote at each tier.

Visit the [NASDAQTrader.com](http://NASDAQTrader.com) for more information on the NASDAQ Systems Integration.

- INET does NOT accept Good 'Till Canceled orders and any open orders will be canceled when trading hours end at 8:00 p.m. ET.
- Day order available if Auto Cancel time is set to 0.
- Default cancellation time: 180 seconds.
- Trading Hours 7:00 a.m. to 8:00 p.m. ET

### INET Order Routing

Order Types	Description
<b>Limit</b>	Matched against existing orders on the NASDAQ Single Book.
<b>Limit Invisible</b>	These orders are never displayed on the book or in Level II and, therefore, cannot lock or cross the market.
<b>*Market Peg</b>	<p>Pegs the order price to the ask if buying or to the bid if selling, meaning the order price will automatically adjust as the bid or ask moves until the order executes or the stock trades beyond your limit price. Orders may be adjusted a penny up or down to avoid locking the market.</p> <p><b>EXAMPLE</b></p> <ul style="list-style-type: none"> <li>• XYZ is currently quoted at 20 bid x 20.05 ask.</li> <li>• A Market Peg order to buy XYZ with a limit of 20.10, will be submitted at 20.05.</li> <li>• If the quote changes to 20.05 bid x 20.10 ask, the order price would change to 20.10.</li> <li>• If the order is not executed, it will not update beyond the limit price and will remain posted at 20.10.</li> </ul>
<b>*Primary Peg</b>	<p>Pegs the order price to the bid if buying or the ask if selling OTC securities, or the best exchange bid/ask for Listed securities. The order price will automatically adjust as the bid or ask moves until the order executes or the stock trades beyond your limit price.</p> <p><b>EXAMPLE</b></p> <ul style="list-style-type: none"> <li>• XYZ is currently quoting at 20 bid x 20.05 ask.</li> <li>• A Primary Peg order to buy XYZ with a limit of 20.05, will be submitted at 20.</li> <li>• If the quote changes to 20.05 bid x 20.10 ask, the order price would change to 20.05.</li> <li>• If the order is not executed, it will not update beyond the limit price and will remain posted at</li> </ul>

20.05.

Times In Force	Description
<b>Day</b>	Can be entered after 7:00 AM ET and expire at the end of the extended trading day (8:00 p.m. ET)
<b>IOC</b>	Portions of the order not filled immediately upon reaching the market are canceled.

Special Conditions	Description
<b>*Min Qty</b>	A special condition that specifies the minimum execution quantity the client will accept (with any amount up to the specified Quantity thereafter). Available for limit IOC orders only.
<b>*Max Floor</b>	<p>Specifies the reserve size for the order. Must be a round lot equal to or less than the order quantity. Reserve size has no time priority in Level II. Only the displayed portion of the order will have time priority.</p> <p><b>EXAMPLE</b> You enter a bid with 5,000 as the total quantity, but 1,000 as the Max Floor value. Your order will display as 1,000 shares, but if yours is the only bid when an offer arrives for 10,000 shares at your price, your entire 5,000 shares will execute.</p> <p>However, if 3 other bids for 3,000 shares each were behind you at the same price, only your displayed 1,000 would execute, along with 9,000 shares from the other three bids.</p>
<b>*Peg Diff</b>	<p>Added to the bid or offer to produce the actual order price. Allows more flexibility in your order.</p> <p><b>EXAMPLE</b> To peg the offer minus .02, Peg Diff must equal -0.02 (the negative sign is required).</p>

\* Features only available when **Spec Cond** is checked in the Trading window.

The information provided on this page is subject to change at any time. To get the most current information please go to the INET web site.

## ONTD ECN

### General Information

- Order goes directly to the ONTD order book to search for a match. If a better price is available, it will target that price.



- If your price is not available in the book, it will post on Level II as ONTD. The best bid and ask posting 100 or more shares will post on Level II if it does not cross or lock the market.
- Odd lots are NOT allowed.
- Day order available if Auto Cancel time is set to 0.
- Default cancellation time: 180 seconds.
- Trading Hours 8:00 a.m. to 5:00 p.m. ET

### ONTD Order Routing

Order Types	Description
<b>Limit</b>	Only limit orders are available through ONTD. The order will not fill at a less favorable price than the limit you set.

Times In Force	Description
<b>Day</b>	Can be entered after 8:00 AM ET and expire at the end of the extended trading day (5:00 p.m. ET)

The information provided on this page is subject to change at any time.

### NASDAQ SUPERMONTAGE

SuperMontage<sup>SM</sup> is NASDAQ's display and order execution system designed to help reduce market fragmentation, provide best execution, expand the number of choices to Market Participants, and better handle the growth of the market.

#### General Information

- SuperMontage system will attempt to match your order with the best price available at the time it is received.
- Non-marketable SuperMontage order may be posted to the Level 2 as SIZE.
- Odd lots are accepted, but will be grouped with other odd lots to create round lots before being executed.
- **Hours:** Marketable limit orders and market orders may be entered into SuperMontage during the normal market hours of 9:30 a.m. to 4:00 p.m., ET; SuperMontage is not operational for after hours trading.

#### Order Routing

Order Types	Description
<b>Limit</b>	<ul style="list-style-type: none"> <li>• Matched against existing orders on the NASDAQ Single Book. If no match found will post to the book.</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>• Order is sent at the inside bid or ask.</li> </ul>

Time In Force	Description
<b>Day</b>	Orders may be sent starting at 9:30 A.M. and will expire at 4:00 P.M. ET

### Other SuperMontage Features

#### *NASDAQ Single Book*

NASDAQ® has integrated SuperMontage, INET, and BRUT branded market data facilities into a Single Book. While the integration does not impact the existing order routing venues and order types, the migration results in Level II data display changes within StreetSmart Pro®.

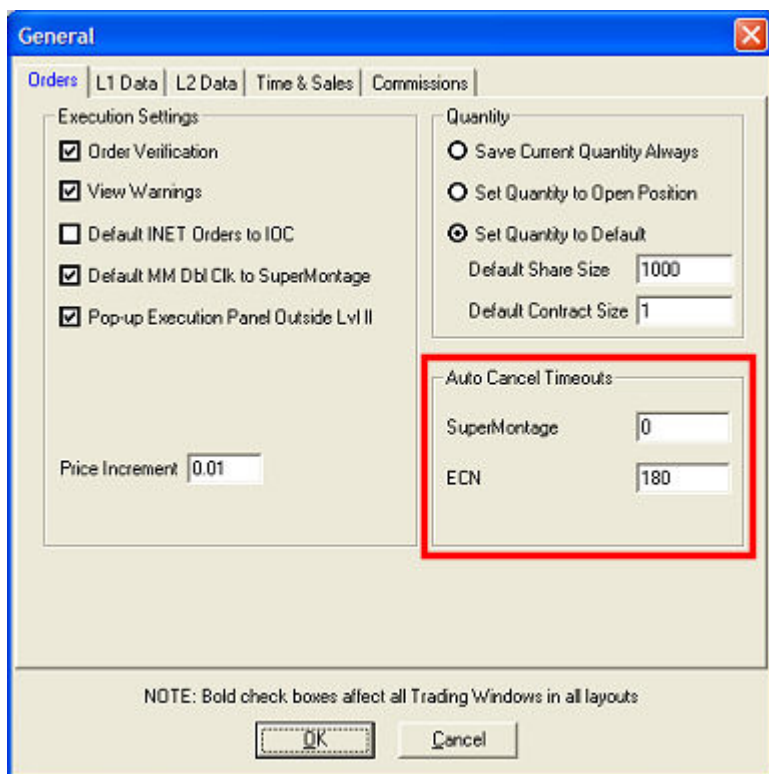
The software consolidates SIZE, BRUT and INET quotes into one INET quote at each tier.

Visit the [NASDAQTrader.com](http://NASDAQTrader.com) for more information on the NASDAQ Systems Integration.

### AUTO CANCEL SETTINGS

Most Direct Access orders, while designated as day orders, are only active in the market place for up to 3 minutes. While each route has its own rule regarding how long an order remains active until it is canceled for going unfilled, the StreetSmart Pro® software provides an automatic order cancel feature for your Direct Access orders. This cancel feature may protect you in a fast market and will also provide you with protection in the event of a network or system outage.

Auto cancel settings for Direct Access can be changed by going to the Trading window menu and clicking **Settings > General**. See the Trading Window Menu topic for more details about these important settings.



<b>AUTO CANCEL TIMEOUTS</b>	
<p>Note that changes to these settings are isolated to the computer on which you make them. If you access your software from another computer, you will need to change your timeout settings there as well.</p>	
<b>SuperMontage</b>	<p>This will automatically send a cancel after the number of seconds you put into the text box for SuperMontage orders only. The default setting is 0 seconds, which means it will remain live until canceled or executed.</p>
<b>ECN</b>	<p>The number of seconds that direct ECN orders are live before the system auto-cancels them. A value of 0 disables auto-cancel. The default is 180 seconds.</p>

## Options

*Options carry a high level of risk and are not suitable for all investors. Certain requirements must be met to trade options through Schwab. Multiple leg options strategies will involve multiple commissions. Please read the Options Disclosure Document titled "Characteristics and Risks of Standardized Options" before considering any option transaction. Call your local Schwab office or write Charles Schwab & Co., Inc. 101 Montgomery Street, San Francisco, CA 94104 for a current copy. Member SIPC.*

### OPTIONS TRADING TAB

**View the calls and puts being traded for a stock and place trades on individual contracts in the Options tab of the Trading Window.**

Enter the underlying symbol, select the option you wish to trade, select the variables for the order such as Quantity, Limit/Stop prices, and more. Then click the button for the action you wish to take (Buy to Open, Sell to Close, etc.) to send the order.

The Options Trading tab includes real-time, streaming options data and, for clients approved for options trading, automatic electronic access to all primary listed options exchanges. You may also trade index options such as \$OEX. Use the Adv. Options tab to if you wish to place multi-leg option trades.

Strike	Symbol	Last	Net	Bid	Ask	Vol	Open Int
12.50	MQF K\			14.20	14.30	0	549
15.00	MQF KI			11.70	11.80	0	257
17.50	MQF K\			9.20	9.30	0	182
20.00	MQF KI			6.70	6.80	0	2,689
22.50	MSQ K\	4.23	+0.03	4.20	4.30	171	16,479
25.00	MSQ K.	1.85	+0.20	1.70	1.80	460	89,022
27.50	MSQ K'	0.05	-0.05	0.05	0.10	1,046	41,956
30.00	MSQ KI			0.05	0.05	0	3,442
32.50	MSQ K\			0.05	0.05	0	2
35.00	MSQ KI			0.05	0.05	0	0
37.50	MSQ KI			0.05	0.05	0	0
40.00	MSQ KI			0.05	0.05	0	500

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The following table describes some of the features of the Options tab.

<b>Symbol Field</b>	<ul style="list-style-type: none"> <li>Enter a stock symbol in the symbol field and press <b>Enter</b>. The option chain will be loaded into the Option tab.</li> </ul>
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	<ul style="list-style-type: none"> <li>If you know an option symbol, but don't know the symbol for the underlying stock, you can enter the option symbol preceded by a period (".") or followed by ".o" into the symbol field. The underlying stock symbol will load into the symbol field (whether you are on the Stocks or Options tab within the Trading window).</li> </ul>
<b>Calls/Puts</b>	Click the check boxes to specify whether you want to view calls, puts or both.
<b>Expiration Month</b>	Click the down arrow next to the call/put display buttons to select a month in which the options will expire.
<b>Action Buttons</b>	Allow you to determine what type of trade you want to place.

#### ❖ TIPS:

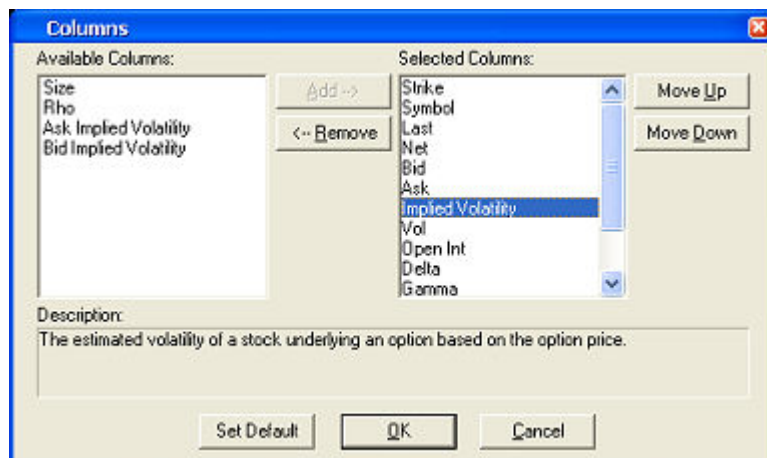
- The red and green boxes you may see around the bid and ask prices indicate changing quotes, and the color indicates the direction of the change.
- To see the details and cash requirements of option positions you have entered, go to the Account Detail window and click on the Positions tab. See the Positions Tab topic to find out which types of option strategies are available at each approval level. Note that approval for one level includes approval for all lower levels. For instance, if you have Level 3 approval, you may also enter Long, Covered, and Protective positions.
- For more information about equity options and advanced option trading strategies, visit Schwab.com and click on My Benefits located in the At a Glance tab.

## OPTIONS TAB COLUMNS

The Options Tab allows you to view up to 19 types of information about each option in a chain.

### Configuring Options Tab Columns

- Click **Settings > Option Page Columns** in the Trading window. The following window opens:



2. To add a column, click on a column name in the Available Columns list and click **Add** to add it to the Selected Columns (which are the columns that will display).
3. To remove a column, click on a name in the Selected Columns list and click **Remove**.
4. To sort the Selected Columns list, click on a name and use the Move Up/Move Down buttons to change its location in the list.

❖ **TIP:** If you only want to rearrange the columns but not add new ones, you can right-click on the column header and select a different column for that position or you can use drag-and-drop.

Available Columns	
<b>Strike</b>	Option strike price; price at which the option may be exercised
<b>Symbol</b>	Option symbol
<b>Last</b>	Price at which the option last traded
<b>Time of Last</b>	Time at which this option last traded
<b>Net</b>	Net change from yesterday's close price
<b>Bid</b>	Current inside bid price
<b>Ask</b>	Current inside ask price
<b>Size</b>	The available number of contracts for the bid and ask, displayed as [bid quantity] x [ask quantity].
<b>Volume</b>	Cumulative volume for the day
<b>Open Interest</b>	Total number of outstanding option contracts in a particular series
<b>Implied Volatility</b>	The estimated volatility of a stock underlying an option based on the option price.
<b>Delta</b>	Indicates how much the price of a call option moves for every one-point move in the price of the underlying security.

<b>Gamma</b>	Measures the change in delta for a change in the underlying stock price.
<b>Theta</b>	The change in option price in relation to the time left before the option expires.
<b>Vega</b>	The change in option price in relation to a 1% change in volatility.
<b>Rho</b>	The change in the price of an option resulting from a 1% change in interest rates.
<b>Ask Implied Volatility</b>	Implied Volatility based on ask price.
<b>Bid Implied Volatility</b>	Implied Volatility based on bid price.

## PLACING AN OPTIONS ORDER

The following figure shows the Trading window open to the Options tab.

Strike	Symbol	Last	Net	Bid	Ask	Vol	Open Int	li
12.50	MQF KI			14.20	14.30	0	549	
15.00	MQF KI			11.70	11.80	0	257	
17.50	MQF KI			9.20	9.30	0	182	
20.00	MQF KI			6.70	6.80	0	2,689	
22.50	MSQ K	4.23	+0.03	4.20	4.30	171	16,479	
25.00	MSQ K	1.85	+0.20	1.70	1.80	460	89,022	
27.50	MSQ K	0.05	-0.05	0.05	0.10	1,046	41,956	
30.00	MSQ KI			0.05	0.05	0	3,442	
32.50	MSQ K			0.05	0.05	0	2	
35.00	MSQ KI			0.05	0.05	0	0	
37.50	MSQ KI			0.05	0.05	0	0	
40.00	MSQ KI			0.05	0.05	0	500	

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### To Buy or Sell an Option:

1. Access Options trading by clicking the Options tab in the Trading window.
2. Check either **Calls**, **Puts** or both and select an expiration month.
3. Click on the option of choice in the Options Window.
4. Click one of the following options (*NOTE: These buttons are only actionable if you have been approved to trade options*):

<b>Sell to Close</b>	Click to sell any long option positions that are currently
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	in your account.
<b>Buy to Open</b>	Click to buy new long option positions for your account.
<b>Sell to Open</b>	Click to create new short option position in your account.
<b>Buy to Close</b>	Click to buy back any short option positions that are currently in your account.

5. The Options Execution window will open as in the following

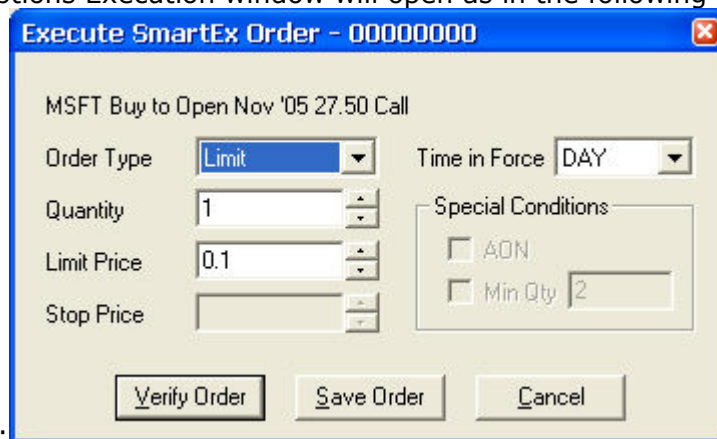


image:

6. Select the appropriate options (described below) and click **OK** to send the order.

Options Execution Settings	
<b>Quantity</b>	Click on the up and down arrows to change the number of contracts.
<b>Limit Price</b>	The bid/ask price of the selected option is automatically entered here, though it may be adjusted in .05 increments by clicking on the arrow buttons next to the field.
<b>Min Qty</b>	You may specify a minimum quantity for the order to fill if your order quantity is 2 or greater.
<b>AON</b>	All or None; All contracts must be filled or the order will be canceled.
<b>Order Type: Limit Orders</b>	<p><b>Limit:</b> Limit order (will accept improvement over limit price)</p> <p><b>Stop:</b> A market order that is only activated when there is a print or quote that is at or through the stop price. On sell-stop orders, the order is activated when the offer is at or below the stop price. On buy-stop orders, the order is activated when the bid is at or above the stop price. Once the order is activated, you are guaranteed execution, but there is no guarantee of the execution price.</p> <p><b>Stop Limit:</b> Similar to a stop order in that a stop price will activate the order. However, once activated, the stop limit order becomes a limit order and can only be executed at the limit price specified by you or at a better price. Thus, you are</p>



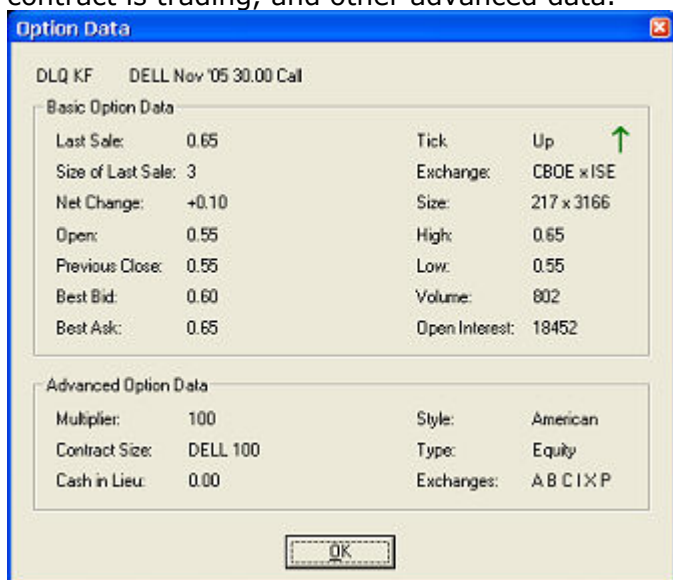
	not guaranteed an execution with a stop limit order.
<b>DAY</b>	Day Order; Will cancel at the end of the day
<b>FOK</b>	Fill or Kill; Requests an immediate fill for the entire number of contracts similar to an All Or None. If the entire number of contracts is not available, the order will be immediately cancelled.
<b>IOC</b>	Immediate or Cancel; Requests an immediate fill for any number of contracts that may be available with the possibility of a partial fill. Any remaining contracts that are unfilled will be cancelled.
<b>GTC</b>	Good 'Til Cancel; Order will remain live until it fills, is rejected, or is canceled.

### OPTION TAB SETTINGS

Options tab settings can be accessed through the **Settings** menu of the Trading window or by right-clicking on an option symbol. In both cases, you must **have the Options tab open** to access these settings.

### RIGHT-CLICK MENU SETTINGS

- **Option Data** - Displays the option multiplier, exchanges on which the contract is trading, and other advanced data.



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- Hypothetical Pricing** - Allows you to manually adjust variables involved in option pricing to see how changes affect the option values.
 

**EXAMPLE 1** You are bullish on a stock, but decide to purchase calls instead of the stock, so you can get more leverage. You anticipate the stock will go up about 2 points in the next week. You use the hypothetical model to add 2 points to the underlying price, and take away 7 days from the days to expiration. This gives you an indication that the call option you are considering might gain about 1.54, if the stock goes up 2 points over a the next 7 days.

**EXAMPLE 2** You can also see how the greeks change as the variables change. For example, since a Delta will increase as an option gets farther in the money, in the example above, you would see the Delta change from its current level of about .68 up to .90. This tells you that while it only earned .77 for every dollar so far, additional moves to the upside will yield about .90 for every dollar if it continues to go up.

Input		Output	
		Call	Put
Strike Price	19	Option Value	0.150009
Share Price	18.48	Delta	0.288242
Expiration (days)	12	Gamma	0.400677
Volatility (%)	25.418397	Theta	-0.012520
Interest Rate (%)	4	Vega	1.143497
Dividend Yield (%)	1.08	Rho	0.170193
			-0.453643

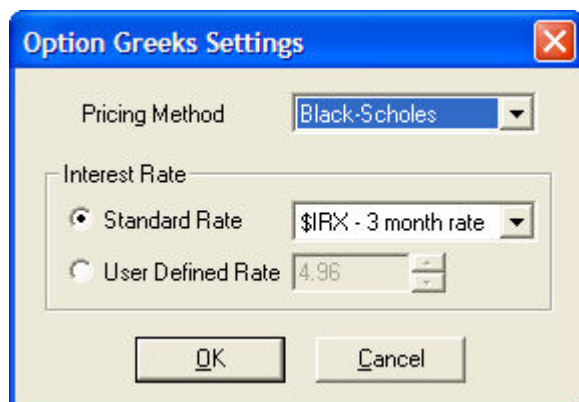
Pricing Method: Black-Scholes

Buttons: Calculate, OK, Cancel

## SETTINGS MENU OPTIONS

- Option Page Columns** - You can rearrange Options tab columns by either right-clicking on the column and selecting a different column or by adding columns. See the Options Tab Columns topic for directions.
- Option Greeks Settings** - Greeks indicate how fast an option price is changing relative to parameters such as time, underlying stock price, volatility, etc.
  - Pricing Method:** Select from **Black-Scholes**, **Barone-Adesi-Whaley**, or **Cox-Ross-Rubinstein**.
  - Interest Rate:** Defaults to the 3-Month Treasury I-rate Index rate, but you can select **User Defined Rate** and change the interest rate

to any you wish.



- **Stack Options** - When checked, Calls will be "stacked" above Puts in the Options tab. Scroll down to view Puts. Otherwise, Puts will be listed to the right of the Calls. Scroll to the right to view Puts.

### OPTIONS LEVEL II TAB

Options Level II tab displays the prices and size that each exchange is posting, as well as alerting you to exchanges where the contract may be available for automatic execution. Options Level II provides you with a greater depth of information regarding the option contract being viewed.

You will need to turn on the Level II Options tab by clicking **Settings > General > L2 Data** and checking the **Show L2 Option Data** selection.



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<b>A</b>	<b>Last Trade Price</b>	Shows the last price at which the underlying stock/index traded.
<b>B</b>	<b>Stock Symbol</b>	Shows the underlying stock symbol. To enter a new stock, click in the field, type the new stock symbol, and press <b>Enter</b> on your keyboard.  Click on the down arrow to show recently loaded stocks. Select a stock from this list for rapid reloading.
<b>C</b>	<b>Change (\$)</b>	Shows the change in price from close for the option.
<b>D</b>	<b>Change (%)</b>	Shows the percent change in price from close for the option.
<b>E</b>	<b>Volume</b>	Shows the option's cumulative volume for the day.
<b>F</b>	<b>Last</b>	Shows the last price at which the option traded. Red indicates a trade below the prior trade, and green indicates a trade above the prior trade.
<b>G</b>	<b>Open</b>	Shows the price of the option upon market open.
<b>H</b>	<b>Hi</b>	Shows the highest price the option has reached today.
<b>I</b>	<b>Open Interest</b>	Shows the number of contracts still open, meaning they have not been exercised, closed out, or allowed to expire as of the close from the previous day.
<b>J</b>	<b>Arrow</b>	Clicking on this button will open and close the execution portion of the Options Level II tab.
<b>K</b>	<b>Contract Size</b>	There are several ways to change the share size. <ul style="list-style-type: none"> <li>• Press the <b>Up/Down</b> arrow keys to increase or decrease by 1 contract.</li> <li>• Press the <b>Shift + Up/Down</b> keys on the keyboard to increase or decrease in 10 contract increments.</li> <li>• Tab to or click in the contract size field and type in a new contract size.</li> </ul>
<b>L</b>	<b>\$ (Dollar sign)</b>	This button allows you to base the number of contracts you place your order for on the amount of money you want to spend on the trade.  <b>EXAMPLE</b> You have \$10,000 to spend on a option that is trading at \$5 on the inside ask, so you click on the \$ button, type <b>10000</b> , click <b>OK</b> and the contract size field will fill in with 2000.  <b>! NOTE:</b> Commissions are not included in this calculation.
<b>M</b>	<b>Close</b>	Shows yesterday's close price for the option.
<b>N</b>	<b>Lo</b>	Shows the lowest price the option reached today.





<b>O</b>	<b>Spread</b>	Spread shows the difference between the inside bid and ask prices.
<b>P</b>	<b>Expiration Month</b>	Shows the month and year that the selected option will expire.
<b>S</b>	<b>Strike Price</b>	The available strike prices for the selected Expiration Month are listed here. Click on the arrow to scroll through the list and select the strike price you desire. The Level II display will change to show the details of the option at that strike price.
<b>V</b>	<b>Action Buttons</b>	<p><b>Sell to Close:</b> Click this button to sell long call or put options.</p> <p><b>Buy to Open:</b> Click this button to establish call or put options.</p> <p><b>Sell to Open:</b> Click this button to write covered calls or puts.</p> <p><b>Buy to Close:</b> Click this button to close a covered call or put position.</p> <p><b>Cancel:</b> Click this button to cancel any pending orders for the option that is currently loaded.</p>
<b>W</b>	<b>Call/Put</b>	Select whether to view the Call or Put for the current option.
<b>Y</b>	<b>Option Symbol Volume</b>	Shows the volume for the current option on each exchange.
<b>Z</b>	<b>Level II</b>	<p>Shows the depth of all bids and offers in an option. Each line shows the exchange ID, the price at which they are bidding or offering, and the number of contracts they are making available at that price.</p> <p>❖ <b>TIP:</b> By going to <b>Settings &gt; Colors</b>, you can specify unique colors for the different types of quotes displayed in Level II, such as <b>Non-Firm Quotes</b> and <b>Auto Executing Exchanges</b>.</p>
<b>a</b>	<b>Time &amp; Sales</b>	<p>Shows every trade being reported, as well as the share size of the trade and the time of the trade. Time &amp; Sales is color-coded:</p> <p><b>Green:</b> Prints at the inside Ask</p> <p><b>Red:</b> Prints at the inside Bid</p> <p><b>White/Gray:</b> Prints in between the inside Bid/Ask</p> <p><b>Yellow:</b> Prints above the inside Ask</p> <p><b>Purple:</b> Prints below the inside Bid</p> <p><b>Grey Highlight:</b> Inside quote change</p>







## ADVANCED OPTIONS

## Advanced Options Overview

The Advanced Options tab simplifies the process of entering Complex Option orders. By displaying potential pairings based on your spread ranges, expiration months, or by amounts "in, at, out and near the money" all entered at one net credit or debit price, Complex Option strategies can be entered more quickly and with potentially less market risk than by "legging in." In addition to saving time creating the order, having direct access to an exchange (if available) may improve the quality and speed of the execution by routing both legs of the order immediately and electronically.

StreetSmart Pro® offers the following Complex Option strategies from the **Adv. Opt** tab in the Trading window depending on your options approval level. Click on the links for descriptions of each type of complex option order:

Strategy	Sub-Strategy	For use when view of stock is:	Financial Characteristics		
			Max Loss	Max Gain	Change in value in time**
 <b>Straight Calls</b>	<b>Long</b>	Bullish	Net Premium Paid	Unlimited	Loss
	<b>Short</b>	Bearish	Unlimited	Net Premium Received	Gain
 <b>Straight Puts</b>	<b>Long</b>	Bearish	Net Premium Paid	Strike - Net Premium Paid	Loss
	<b>Short</b>	Bullish	Strike - Net Premium Received	Net Premium Received	Gain
 <b>Vertical Call Spreads</b>	<b>Debit Spreads</b>	Bullish	Net Premium Paid	$S_{High} - S_{Low} -$ Net Premium Paid	Loss
	<b>Credit Spreads</b>	Bearish	$S_{High} - S_{Low} -$ Net Premium Received	Net Premium Received	Gain
 <b>Vertical Put Spreads</b>	<b>Debit Spreads</b>	Bearish	Net Premium Paid	$S_{High} - S_{Low} -$ Net Premium Paid	Loss
	<b>Credit Spreads</b>	Bullish	$S_{High} - S_{Low} -$ Net Premium	Net Premium	Gain

			Premium Received	Received	
 <b>Straddles</b>	<b>Long</b>	Bullish or bearish, with rising volatility	Net Premium Paid	Unlimited	Loss
	<b>Short</b>	Neutral and falling volatility	Unlimited	Net Premium Received	Gain
 <b>Collars</b>		Bearish/ Protective	Stock Price - $S_{Low}$ +/- Net Premium*	$S_{High}$ - Stock Price +/- Net Premium*	Variable
 <b>Calendar Spreads***</b>	<b>Debit Spreads</b>	Moderate Bullish	Net Premium Paid	Unlimited <sup>+</sup>	Gain <sup>++</sup>
	<b>Credit Spreads</b>	Moderate Bearish	Unlimited <sup>+</sup>	Net Premium Received	Loss <sup>++</sup>
<b>Rollout</b>	The strategic and financial characteristics of Rollouts can vary greatly depending on the specifics of the order.				
 <b>Buy-Write and Unwind</b>	<b>Buy-Write</b>	Neutral to Bullish	Purchase Price of Stock - Premium Received	Strike - Purchase Price + Premium	Gain <sup>++</sup>
	<b>Unwind</b>	N/A	N/A	N/A	N/A
 <b>Sell-Write and Unwind</b>	<b>Sell-Write</b>	Neutral to Bearish	Unlimited	Short Sale Price + Premium - Strike	Gain <sup>++</sup>
	<b>Unwind</b>	N/A	N/A	N/A	N/A
 <b>Strangles</b>	<b>Long</b>	Bullish/Bearish and rising volatility	Net Premium Paid	Unlimited	Loss
	<b>Short</b>	Neutral and falling volatility	Unlimited	Net Premium Received	Gain
<b>Combos</b>	The strategic and financial characteristics of Combination orders can vary greatly depending on the specifics of the order.				

$S_{High}$  : High Strike Price in two option strategy

$S_{Low}$  : Low Strike Price in two option strategy

\* Collar Max Gain/Loss assumes the collar is put on in conjunction with a long stock position.

\*\* This column describes the effect of time decay on the respective strategy holder's position.

\*\*\* The discussion of Calendar Spreads that follows is for the debit spread only.

+ Max. Gain for Debit Spread is unlimited only after the expiration of the short option. Max. Loss for Credit Spread is unlimited when the long calls expire prior to the short calls, in which case, the position would not qualify as a spread.

++ The gain or loss with time for calendar spreads applies only during the period when both options in the spread have not yet expired or been assigned. Once the near-term option has expired or been assigned, the situation will reverse (Gain will change to Loss and vice-versa.) Although not common, calendar spreads may be neutral.

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## **Straight Calls**

Straight Calls refers to the purchasing or selling of call options to open a position. This strategy is also commonly referred to as Long or Short Calls. Generally, these two strategies are speculative in nature.

### **Long Call**

A strategy consisting of the purchase of a Call option. This strategy is generally used to speculate on the upward move of the underlying security or index.

#### **For use when investor anticipates:**

- Upward market direction / security appreciation

#### **Financial Characteristics:**

- Maximum Loss: Debit amount paid for the option\*
- Maximum Profit: Unlimited
- Break Even: Strike price of the option plus the debit amount paid for the option

#### **Objective:**

- Speculative gain

\* The maximum loss on a straight Call is limited as long as, and only as long as, the investor does not exercise the long call. There is an additional risk associated with the expiration weekend. If the long call is exercised, the investor ends up with a long position in the stock. Bad news during the weekend could force even greater losses on the investor before he can exit the long equity position.



**EXAMPLE (Long Straight Call)**

Currently, XYZ trades at \$25/share. The investor employs the strategy of buying one in-the-money call (strike \$20) for \$6.00/share (1 contract= \$600). Using this strategy, the investor pays a cash debit of \$6.00. This is the maximum loss the investor can incur. If the stock decreases to \$19.00/share the long call will expire worthless and the investor loses the \$6 premium. The maximum gain if the stock price is higher than the strike is the difference between the closing price and the call strike, less the call premium spent. If the stock is trading at \$30, then  $30 - 20 - 6 = \$4$  profit. The break even point for the strategy occurs when the price of XYZ is at \$26.

**Short Call**

The Short Straight Call may allow an investor to profit from downward movements in the underlying security or index. It uses the exact opposite structure as the Long Call. If the security or index falls in value, the investor can generally profit. The maximum profit is the premium received by selling the option. If the security rises in value, the maximum loss is unlimited.

**For use when investor anticipates:**

- Declining market/security depreciation

**Financial Characteristics:**

- Maximum Loss: Unlimited
- Maximum Gain: Credit received by selling the call option
- Break Even: Strike price of the option plus the credit received for the sold option

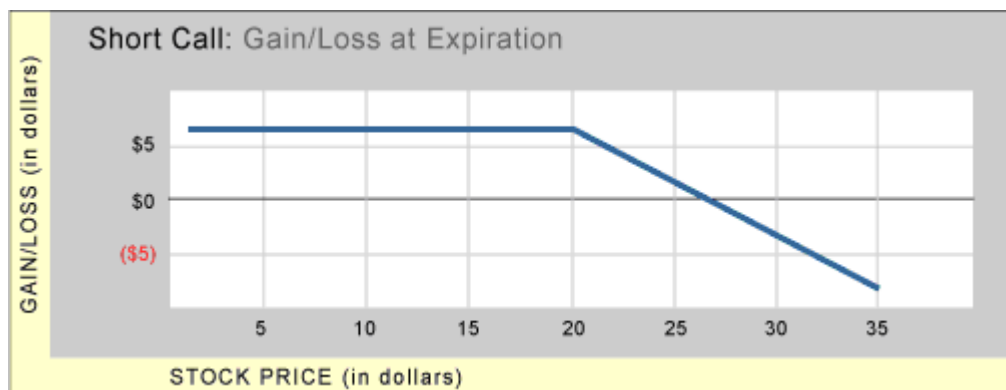
**Objective:**

- Speculative gain

**EXAMPLE (Short Straight Call)**

Currently, XYZ trades at \$25/share. The investor believes the stock will fall and wants to benefit from the downward movement. The investor shorts a Straight Call option (strike \$20) for \$6.00/share (1 contract= \$600). The maximum loss is unlimited should the stock prices suddenly rise in price. The maximum loss would be calculated by taking the closing price at expiration less the strike price, less the credit received on the sale of the option. If the stock closes at \$32 on expiration, there will be a \$6 loss ( $\$32 - \$20 - \$6 = \$6$  loss). The maximum profit an investor can

receive is the credit received when selling the option. For example, if the same XYZ 20 strike option is sold for \$6, and the stock closes under \$20, the option expires worthless, and the investor can pocket the entire \$6. The break even point for the strategy occurs when the price of XYZ is at \$26.



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## Straight Puts

Straight Puts refers to the purchasing or selling of put options to open a position. This strategy is also commonly referred to as Long or Short Puts. Generally, these two strategies are speculative in nature.

### Long Put

A strategy consisting of the purchase of a Put option. This strategy is designed for a prediction that the underlying stock or index may decline.

#### For use when investor anticipates:

- Downward market direction / security depreciation

#### Financial Characteristics:

- Maximum Loss: Debit amount paid for the option\*
- Maximum Profit: Strike price less debit paid for option\*\*
- Break Even: Strike price of option less the debit amount paid for the option

#### Objective:

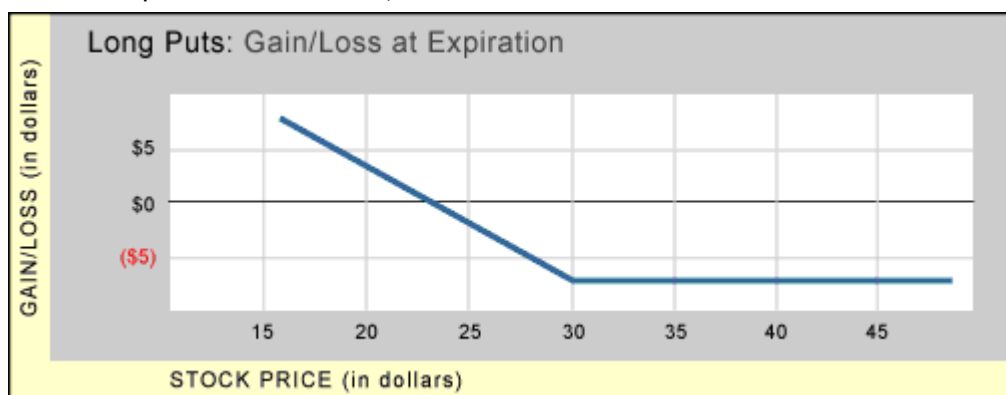
- Speculative gain

\*The maximum loss on a long put is limited as long as the investor does not exercise it which will result in a short stock position for their account. There is an additional risk associated with the expiration weekend. If the long put is exercised the investor ends up with a short position in the stock. Good news during the weekend could force even greater losses on the investor before he can exit the short equity position.

\*\*The maximum profit or gain is realized if the stock prices goes to zero.

### EXAMPLE (Long Put)

Currently, XYZ trades at \$25/share. The investor employs the strategy of buying one in-the-money put (strike \$30) for \$6.00/share (1 contract= \$600). Using this strategy, the investor pays a cash debit of \$6.00. This is the maximum loss the investor can incur. If the stock increases to \$31.00/share, the long put will expire worthless, and the investor loses the \$6 premium. The maximum gain, if the stock price is lower than the strike, is the difference between the put strike and the closing price, less the premium debit spent in buying the put. If the stock is trading at \$19, then  $30 - 19 - 6 = \$5$  profit. The break even point for the strategy occurs when the price of XYZ is at \$24.



### Short Put

The Short Put generally will allow an investor to profit from upward movements in the underlying security or index. It uses the exact opposite structure as the Long Put. If the security rises in value, the investor can generally profit. The maximum the investor can profit is the premium received by selling the option. If the security declines in value, the maximum the investor can lose is the strike price less the credit received for selling the put.

#### For use when investor anticipates:

- Increasing market/security appreciation

#### Financial Characteristics:

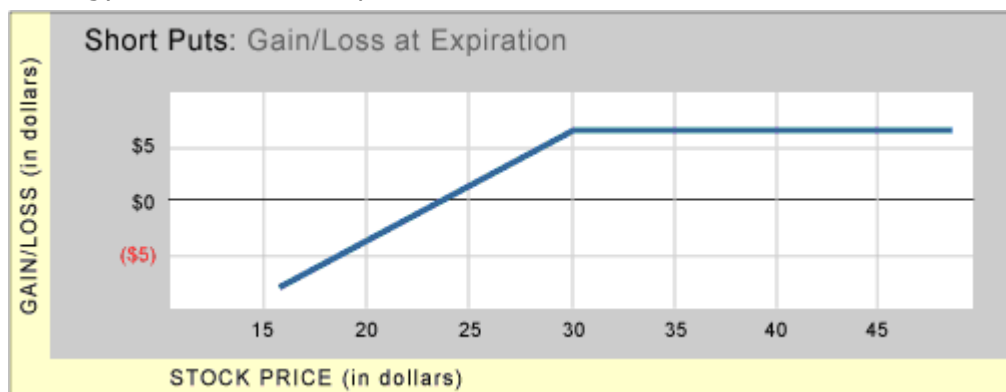
- Maximum Loss: Strike Price less credit received from sale of option
- Maximum Gain: Credit received by selling the put option
- Break Even: Strike Price of the option less the credit received for the sold option

**Objective:**

- Speculative gain

**EXAMPLE (Short Straight Put)**

Currently, XYZ trades at \$25/share. The investor believes the stock will rise and wants to benefit from the upward movement. The investor shorts a Straight Put option (strike \$30) for \$6.00/share (1 contract= \$100). The maximum loss is the difference between the strike of the option and the premium received through the sale of the put ( $\$30 - \$6 = \$24$ ). If the stock closes at \$19 on expiration, there would be a \$5 loss ( $\$30 - \$19 - \$6 = \$5$  loss). The maximum profit an investor can receive is the credit received when selling the option. For example, if the same XYZ 30 strike put option sold for \$6, and the stock closed over \$30, the option would expire worthless, and the investor could pocket the entire \$6. The break even point for the strategy occurs when the price of XYZ is at \$24.



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**Buy-Writes & Unwinds**

Of the kinds of multi-legged orders that can be placed 'as a package' using this feature, buy-writes and unwinds are unique in that one leg of the trade is for an option, the other is for an equity. Because one leg trades on an option exchange and the equity leg on a separate, equity exchange, the circumstances in which the 'Net' price indication will be better than the prices for the separate legs combined will be uncommon. (Please note the indicative prices are not firm quotes and may not be available when an order is sent for execution.)

## Buy-Write

In a Buy/Write, the individual purchases a stock and simultaneously writes calls against it. If the call expires out of the money, the investor will have collected the premium of the option – he is effectively generating income against his long position. Additionally, the investor will participate in any rise in the security up to the strike price of the option. If the option expires in-the-money, it will be exercised and the investor will have to sell his shares at the given strike price. On the downside, the underlying security has to fall further than the collected premium before money is lost, so the written call also gives a limited amount of downside protection.

This strategy is different from covered call writing only in that the investor does not own the security prior to selling the option contracts.

### For use when investor anticipates:

- Flat to Slowly rising market

### Financial Characteristics:

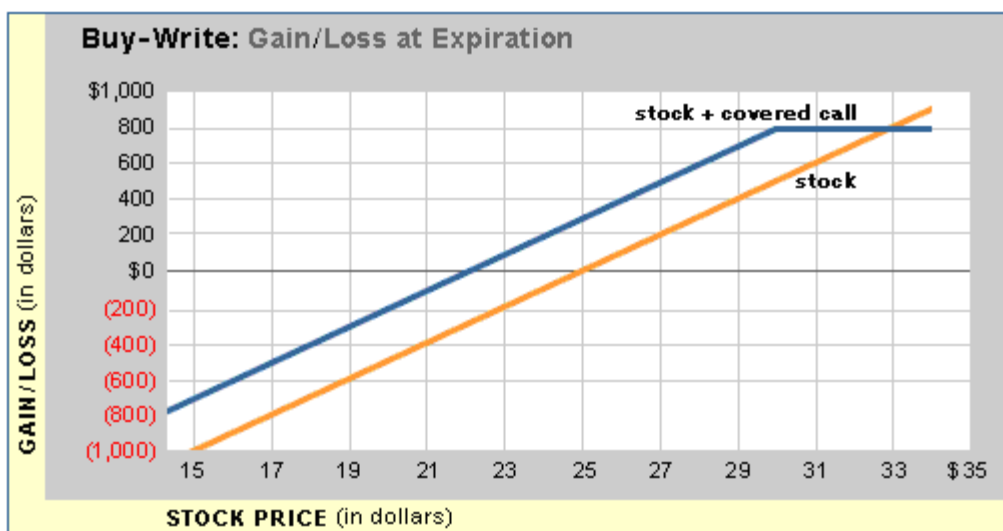
- Maximum Loss: Stock price – premium for written call. In addition, investor has opportunity cost of stock appreciation beyond the strike price of the call
- Maximum Gain: Call premium plus stock appreciation up to the strike price of the call
- Cash credit from call premium

### Objectives:

- Modest risk mitigation and income generation

### EXAMPLE (Buy-Write)

Currently, XYZ trades at \$25/share. An investor would like to participate in some of the upward movement in the stock and to generate additional income at the same time. Using the Buy-Write strategy, the investor buys the stock (100 shares) and sells one out-of-the-money call (\$30 strike price) for \$3.00 per share, for a total cash credit of \$300.00. If the stock appreciates past \$30.00/share, the total gain is capped at \$800.00. The stock must fall below \$22 (the breakeven price) before the investor loses money, so the short call provides limited downside protection.



## **Unwinds**

Unwind is the term used to refer to the order that closes out the positions opened in a buy-write strategy. The unwind for the example in buy-writes above would be to sell XYZ and to 'buy to close' the \$30 short call. Unwinds should be viewed more as a closing transaction than as a true option trading strategy.

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## **Sell-Writes & Unwinds**

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## **Sell-Write**

In a Sell/Write, an investor sells a stock short, and simultaneously writes puts against it. If the puts expire out of the money, the investor will have collected the premium of the option – he is effectively generating income against his short position. Additionally, the investor will participate in any drop in the security down to the strike price of the option. If the option expires in-the-money, it will be exercised and the investor will have to buy back his shares at the option strike price. On the upside, the underlying security has to rise further than the collected premium before money is lost, so the written put also provides a limited amount of upside protection.

This strategy is different from covered put writing only in that the investor does not have a short position in the security prior to selling the option contracts; rather they are done at the same time.

### **For use when investor anticipates:**

- Flat to Slowly dropping market

### **Financial Characteristics:**

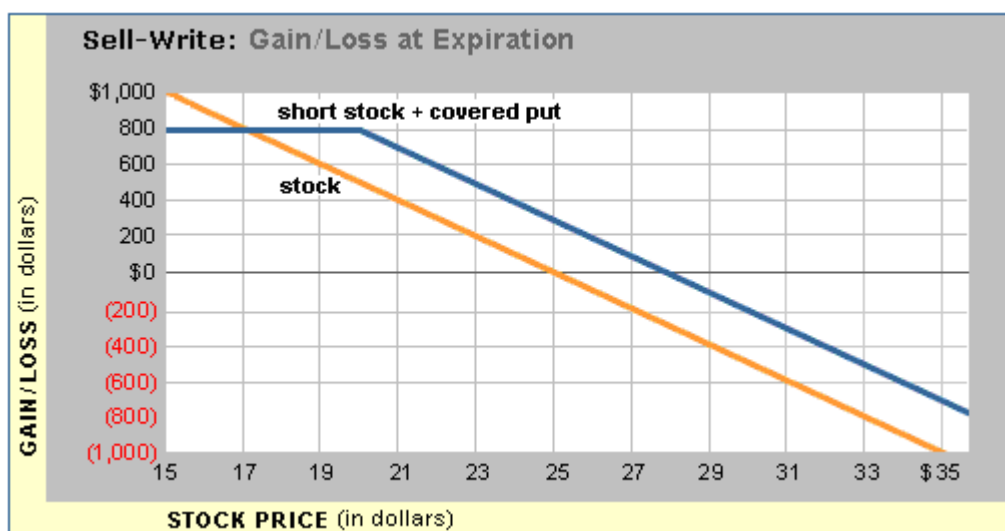
- Maximum Loss: Stock price – premium for written put. In addition, investor has opportunity cost of stock dropping below the strike price of the put
- Maximum Gain: Put premium plus stock decline down to the strike price of the put
- Cash credit from put premium

#### Objectives:

- Modest risk mitigation and income generation

#### EXAMPLE (Sell-Write)

Currently, XYZ trades at \$25/share. An investor would like to participate in some of the downside movement in the stock and generate additional income at the same time. Using the Sell-Write strategy, the investor sells the stock (100 shares) and sells one out-of-the-money put (\$20 strike price) for \$3.00 per contract, for a total cash credit of \$300.00. If the stock declines below \$20.00/share, the total gain is capped at \$800.00. The stock must rise above \$28 (the breakeven price) before the investor loses money, so the short put provides limited upside protection.



#### Unwinds

Unwind is the term used to refer to the order that closes out the positions opened in a buy-write or sell-write strategy. The unwind for the example in sell-writes above would be to buy XYZ and to 'buy to close' the \$20 short put. Unwinds should be viewed more as a closing transaction than as a true option trading strategy.

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### **Rollouts**

A Rollout, also known as a Roll Forward, is comprised of an order to close out of an option position with a near-term expiration date and an order to open a new position in the same type (Call or Put) of option with the same underlying and with the same or \*different strike price and a longer-term expiration date.

(\*Also known as a Rollup or Rolldown when the strike price is different.)

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### **Collars**

A collar allows an investor to help hedge a long (short) underlying security position by buying (selling) a put with a strike price beneath the current stock price and selling (buying) a call with a strike above it. Both options have the same expiration date. The user accepts a cap on his upside (downside) gains for a floor on his downside (upside) losses.

#### **For use when investor anticipates:**

- Volatile market conditions
- Any missed opportunities are perceived to be worth the risk mitigation

#### **Financial Characteristics:**

- Maximum Loss vs. Long Stock: Current Stock Price - Strike Price of Put +/- Net Premiums
- Maximum Loss vs. Short Stock: Strike Price of Call +/- Net Cost of Collar - Current Stock Price
- Maximum Gain vs. Long Stock: Strike Price of Call - Current Stock Price +/- Net Premiums
- Maximum Gain vs Short Stock: Current Stock Price - Strike Price of Put +/- Net Premiums

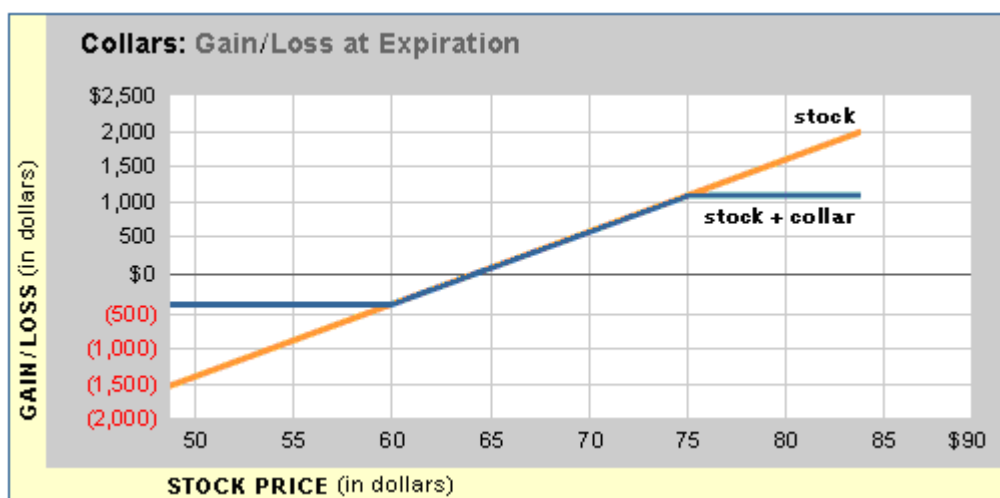
#### **Objectives:**



- Hedge an existing position for the short term that customer is willing to sell (buy in) at a set price.
- Risk mitigation in exchange for limited profit potential
- Lower cost protection than purchase of protective put alone

#### EXAMPLE (Collar on long equity position)

An investor is long 100 shares of XYZ at \$64.00, and wants to protect his downside risk using a protective collar. The important things are the percentage loss the customer is willing to assume, and the point that the investor is willing to lose the stock through assignment of the short call position. Lets assume that the investor is only willing to lose 5 to 10 percent on the downside, and will only sell his stock on a 10 to 20 percent move upwards. Let's assume that the XYZ 60 Puts are trading at .95, and the XYZ 75 Calls are trading at .95. The net effect of establishing a collar (long stock +long put + short call) using these two strikes is a net debit/credit of \$0. The investor is protected after a 6.25% loss, and may participate in an upside move of up to 17.2%. The investor assumes some risk of loss in exchange for retaining some of the upside potential of his XYZ position. With a net debit/credit of \$0, the breakeven price for this strategy remains \$64.



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#### Straddles

A strategy consisting of the purchase or sale of both a call and put option with the same expiration date and strike price. A long straddle offers an opportunity to make money when a stock or index moves substantially. A short straddle offers an opportunity to make money when a stock or index stays within a narrow range.

### **Long straddles**

Long straddles may allow an investor to profit from dramatic price movements in a specific security or index. An investor might employ a long straddle when he expects a surprising movement by the security, but is unsure of the direction. Long straddles involve simultaneously buying calls and puts with identical strike prices and expiration dates, typically 'at-the-money'.

The investor may benefit from either a large increase or a large decrease in the price of the stock. However, the stock must move up or down further than the total premium paid for the investor to profit at expiration.

Prior to expiration, if the underlying security moves substantially up or down, the investor may choose to realize a profit by selling the in-the-money option before its expiration date. In this case, while the in-the-money option will have been losing time value since it was purchased, the losses in time premium are offset by the gains in intrinsic value. The investor may continue to hold the out-of-the-money option for the possibility to participate in any further, opposite movement by the underlying security. However, there is no guarantee the out of the money option would retain a high premium even with an increase in volatility.

Rather than selling following a dramatic price move, the investor can continue to hold both options until expiration - anticipating even more dramatic price movements in the future. However, unless such movements do occur, time decay will eventually take its toll on both options' premiums.

#### **For use when investor anticipates:**

- Dramatic movements in security price (e.g. due to an earnings announcement), but unclear whether movement will be up or down
- Increased volatility

#### **Financial Characteristics:**

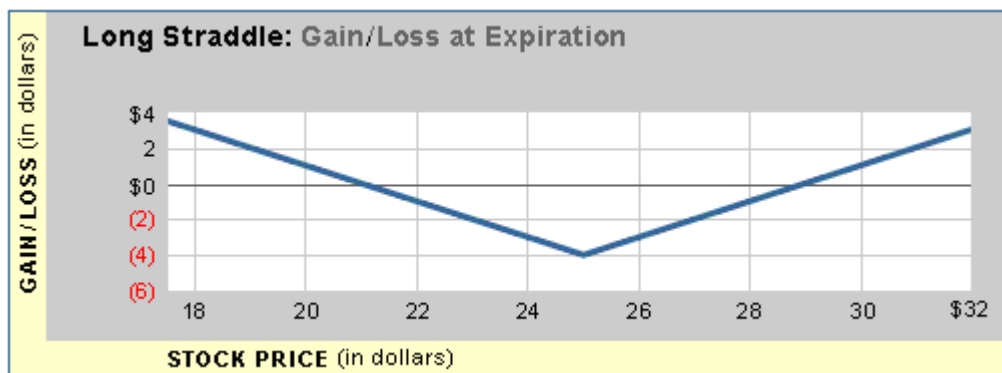
- Maximum Loss: Total premiums paid
- Maximum Gain: Unlimited
- Loses value with time

#### **Objective:**

- Speculative gain

#### **EXAMPLE (Long Straddle)**

XYZ trades at \$25.00/share. An investor anticipates that the stock will dramatically rise or fall in the near future. The investor purchases one at-the-money put for \$2.00 and one at-the-money call for \$2.00 to participate in large movements in either direction. Since each contract represents 100 shares, the total cost to the investor for buying both contracts is \$400.00. To break even, the stock must either fall \$4.00/share to \$21.00 or rise \$4.00/share to \$29.00 at or before expiration. The investor will profit if the stock goes up more than \$4.00/share or falls more than \$4.00/share.



### Short Straddle

Investors using the short straddle strategy anticipate that the underlying market/security of the options will trade in a narrow range and that large movements in either direction are unlikely. A short straddle will typically therefore involve the sale of at-the-money puts and calls with the same expiration date and strike price. The investor receives the premiums for the calls and puts and hopes that, at expiration, neither the call nor the put will be more in-the-money than the total premium received. The strategy exposes the investor to unlimited losses with the possibility of only limited profits. The investor might also sell a straddle at a strike that he/she expects the underlying security to move to by expiration.

#### For use when investor anticipates:

- Flat/Neutral market for the security
- Decreased volatility

#### Financial Characteristics:

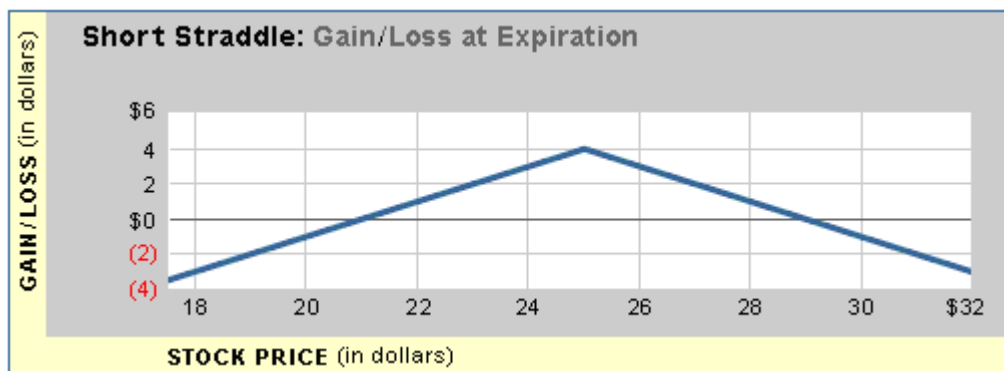
- Maximum Loss: Unlimited
- Maximum Gain: Premiums received in the transaction
- Benefits from time decay

#### Objective:

- Speculative income generation

#### EXAMPLE (Short Straddle)

XYZ trades at \$25.00/share. An investor believes that the stock will remain flat in the near term. He puts on a short straddle, selling one 25 call for \$2.00 and selling one 25 put for \$2.00. Since each contract represents 100 shares, the investor receives a cash credit of \$400.00. To break even or make a profit, the stock must trade between \$21.00/share and \$29.00/share. If the stock increases or decreases past these prices the investors suffers a loss. The maximum profit the investor can earn (\$4) is if the stock closes at exactly 25 at expiration. At that price, the investor would retain the entire premium.



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## Vertical Call Spreads

A strategy consisting of the purchase of a call option with one expiration date and strike price and the simultaneous sale of another call with the same expiration date, but a different strike price. Depending on whether the purchased call has a higher or lower strike than the sold call, a vertical call spread can generally be profitable if the underlying stock or index rises (a bull vertical call spread) or falls (a bear vertical call spread) sufficiently.

### Bull Vertical Call Spread

A Bull Spread strategy may allow an investor to profit from upward movements in the underlying security. The technique requires the investor to purchase at-the-money or in-the-money calls at a particular strike price and sell out-of-the-money calls at a higher strike price with the same expiration date. The cost of purchasing the call option will be partly offset by the premium received for the sale of the out-of-the-money call. This strategy is often termed a debit spread because of the net capital outlay that is required. A Bull Spread delivers maximum profit when the stock trades at or above the higher strike price at expiration.

#### For use when investor anticipates:

- Rising market/Security appreciation

#### Financial Characteristics:

- Maximum Loss: Net premium outlay\*

- Maximum Gain: The difference of the strike prices less the cost of establishing the spread

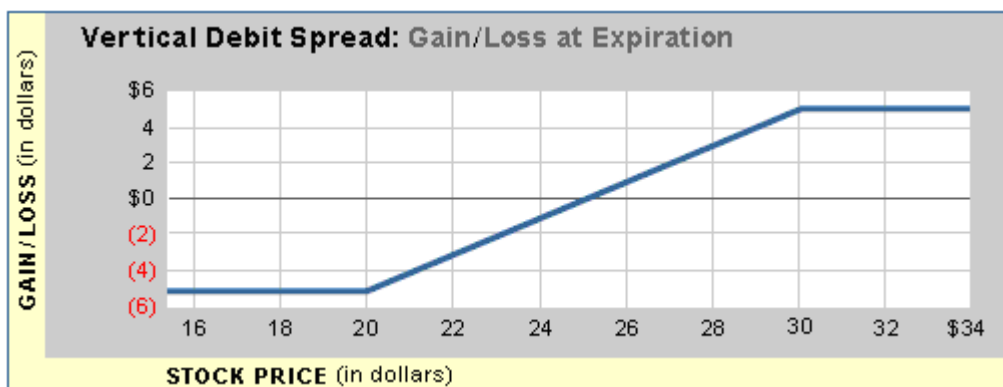
**Objective\*:**

- Speculative gain

\*The maximum loss on a spread position remains limited to premium outlay as long as, and only as long as, the integrity of the spread is maintained. If the investor trades out of or exercises the low-strike call, the maximum loss is no longer limited to the premium outlay.

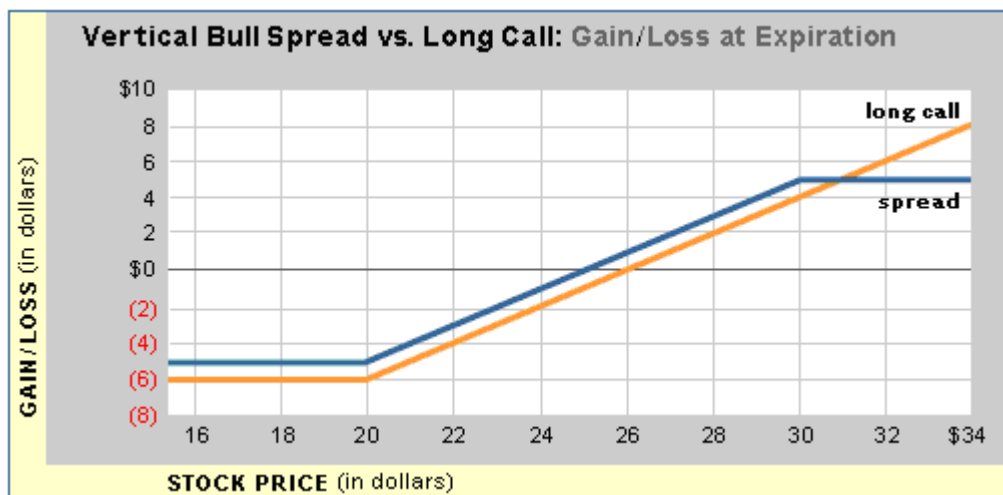
**EXAMPLE (Bull Vertical Call Spread)**

Currently, XYZ trades at \$25/share. The investor believes the stock will appreciate and wants to participate in the upward movement, but does not want to simply buy calls because of the expense/risk involved. Instead, the investor employs the spread strategy buying an in-the-money call (strike \$20) for \$6.00/share and selling an out-of-the-money call (strike \$30) for \$1.00/share. Using this strategy, the maximum loss is the difference between the premiums paid and the premiums received (\$5 or \$500). The maximum profit an investor can receive is the difference of the strike prices less the cost of the position. The breakeven price of 25 is calculated by adding the net debit of the spread to the strike price of the long option.



As can be seen from the following chart and table, the investor who buys the spread rather than simply investing in the call reduces his maximum loss by 1/6th, breaks even at \$25 instead of \$26, and only loses out to the call buyer if the stock price rises above 31 (at which point he would have a 100% return on his investment).

Spread vs. Long Call



Stock Price	% Change of Stock	Point (+/-)	Long Call Gain/Loss	Short Call Gain/Loss	Spread Gain/Loss at Expiration	Spread Gain/Loss	Long Call Total Gain/Loss
\$ 16	-36%	\$ (9.00)	\$ (6.00)	\$ 1.00	\$ (5.00)	\$ (500.00)	\$ (600.00)
\$ 17	-32%	\$ (8.00)	\$ (6.00)	\$ 1.00	\$ (5.00)	\$ (500.00)	\$ (600.00)
\$ 18	-28%	\$ (7.00)	\$ (6.00)	\$ 1.00	\$ (5.00)	\$ (500.00)	\$ (600.00)
\$ 19	-24%	\$ (6.00)	\$ (6.00)	\$ 1.00	\$ (5.00)	\$ (500.00)	\$ (600.00)
\$ 20	-20%	\$ (5.00)	\$ (6.00)	\$ 1.00	\$ (5.00)	\$ (500.00)	\$ (600.00)
\$ 21	-16%	\$ (4.00)	\$ (5.00)	\$ 1.00	\$ (4.00)	\$ (400.00)	\$ (500.00)
\$ 22	-12%	\$ (3.00)	\$ (4.00)	\$ 1.00	\$ (3.00)	\$ (300.00)	\$ (400.00)
\$ 23	-8%	\$ (2.00)	\$ (3.00)	\$ 1.00	\$ (2.00)	\$ (200.00)	\$ (300.00)
\$ 24	-4%	\$ (1.00)	\$ (2.00)	\$ 1.00	\$ (1.00)	\$ (100.00)	\$ (200.00)
\$ 25	0%	\$ -	\$ (1.00)	\$ 1.00	\$ -	\$ -	\$ (100.00)
\$ 26	4%	\$ 1.00	\$ -	\$ 1.00	\$ 1.00	\$ 100.00	\$ -
\$ 27	8%	\$ 2.00	\$ 1.00	\$ 1.00	\$ 2.00	\$ 200.00	\$ 100.00
\$ 28	12%	\$ 3.00	\$ 2.00	\$ 1.00	\$ 3.00	\$ 300.00	\$ 200.00
\$ 29	16%	\$ 4.00	\$ 3.00	\$ 1.00	\$ 4.00	\$ 400.00	\$ 300.00
\$ 30	20%	\$ 5.00	\$ 4.00	\$ 1.00	\$ 5.00	\$ 500.00	\$ 400.00
\$ 31	24%	\$ 6.00	\$ 5.00	\$ -	\$ 5.00	\$ 500.00	\$ 500.00
\$ 32	28%	\$ 7.00	\$ 6.00	\$ (1.00)	\$ 5.00	\$ 500.00	\$ 600.00
\$ 33	32%	\$ 8.00	\$ 7.00	\$ (2.00)	\$ 5.00	\$ 500.00	\$ 700.00
\$ 34	36%	\$ 9.00	\$ 8.00	\$ (3.00)	\$ 5.00	\$ 500.00	\$ 800.00

### Bear Vertical Call Spread

In a Bear Call Spread, an investor performs the exact opposite transactions as those used in the Bull Call Spread. Because the investor maintains a negative outlook on the underlying security, he sells in-the-money calls and buys out-of-the-money calls at a higher strike price but sharing the same expiration. This strategy is often termed a credit spread because of the net inflow of capital received when the investor establishes the position. As a result, if the value of the security falls below the strike price of the written call at expiration, the investor will retain the initial amount received to establish the spread. However, if the security increases in value, the investor may suffer a loss. The spread strategy caps the maximum value of this loss at the difference between the two option strike prices involved in the transaction, less the net premium received when putting on the spread\*.

**For use when investor anticipates:**

- Declining market/security depreciation

**Financial Characteristics\*\*:**

- Maximum Loss: The difference between the strike prices less amount received when establishing the spread\*
- Maximum Gain: The net premium received
- Cash credit

**Objective\*:**

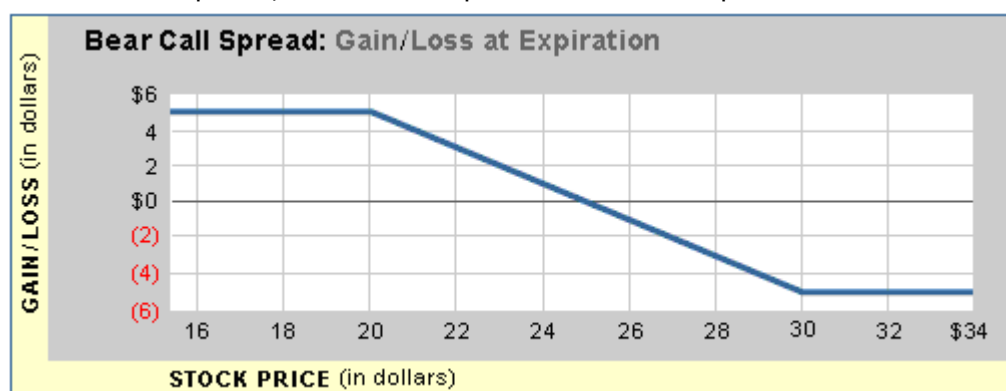
- Speculative income generation

\*The maximum loss on a bear call spread is limited as long as, and only as long as, the integrity of the spread is maintained. If the investor trades out of or exercises the high-strike call, the maximum loss is no longer limited. There is an additional risk associated with the expiration weekend. If the short call is assigned, while the long is not (exercised, for example, the stock finishes between the two strikes) the investor ends up with a short position in the stock. Good news during the weekend could force even greater losses on the investor before he can exit the short equity position.

\*\* A margin account is required

**EXAMPLE (Bear Vertical Call Spread)**

Currently, XYZ trades at \$25/share. The investor believes the stock will fall and wants to earn income but does not want to simply sell calls because of the risk involved. Instead, the investor employs the Bear Spread strategy selling an in-the-money (strike \$20) call for \$6.00/share and buying an out-of-the-money (strike \$30) call for \$1.00/share. Using this strategy, the maximum loss is the difference between the option strikes, less the call premium received ( $30-20-5 = \$5$  or \$500)\* (see \* above). The maximum profit an investor can receive is the premium received from selling the call less the premium paid for the out-of-the-money call ( $6-1 = \$5$  or \$500). The breakeven price of 25 is calculated by adding the net credit of the spread, to the strike price of the short option.



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*closed out prior to expiration, since exercising them could create short stock positions.*

*Options carry a high level of risk and are not suitable for all investors. Certain requirements must be met to trade options through Schwab. Multiple leg options strategies will involve multiple commissions. Please read the Options Disclosure Document titled "Characteristics and Risks of Standardized Options" before considering any option transaction. Call your local Schwab office or write Charles Schwab & Co., Inc. 101 Montgomery Street, San Francisco, CA 94104 for a current copy. Member SIPC*

## **Vertical Put Spreads**

A strategy consisting of the purchase of a put option with one expiration date and strike price and the simultaneous sale of another put with the same expiration date, but a different strike price. Depending on whether the purchased put has a higher or lower strike than the sold put, a vertical put spread can generally be profitable if the underlying stock or index rises (a bull vertical put spread) or falls (a bear vertical put spread) sufficiently.

### **Bull Vertical Put Spread**

Similar to the Bull Call Spread, the Bull Put Spread strategy may allow the investor to profit from an upward movement in the underlying security. To utilize this technique, the investor sells puts at one strike and buys puts at a lower strike that share the same expiration date. The high-strike puts have higher premiums than the low-strike puts. As a result, the investor will receive a net inflow of capital since the price of the options sold exceeds the price of the options purchased. Consequently, bull put spreads are often referred to as 'credit' spreads. To achieve maximum profit, the underlying security price must rise above the strike price of the short (written) put at expiration, rendering both puts worthless.

#### **For use when investor anticipates:**

- Upward market direction / security appreciation

#### **Financial Characteristics:**

- Maximum Loss: The difference between the strike prices less the amount received to establish the spread\*
- Maximum Profit: Net premium received

#### **Objective\*:**

- Speculative gain

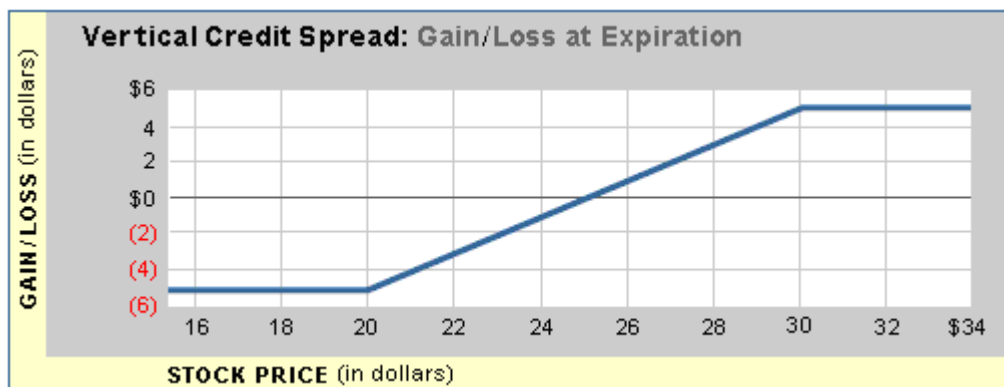
\*The maximum loss on a bull put spread is limited as long as, and only as long as, the integrity of the spread is maintained. If the investor trades out of or exercises the low-strike put, the maximum loss is no longer limited to the premium outlay. There is an additional risk associated with the expiration weekend. If the short put is assigned, while the long is not auto-exercised (because, for example, the stock closes between the two strikes) the investor ends up with a long position in the stock. Bad news during the weekend could force even greater losses on the investor before he can exit the long equity position.

#### **EXAMPLE (Bull Vertical Put Spread)**

Currently, XYZ trades at \$25/share. The investor employs the spread strategy selling one in-the-money put (Strike \$30) for \$6.00/share and buying one out-of-



the-money put (Strike \$20.00) for \$1.00/share. Using this strategy, the investor receives a cash credit of the difference between the premiums received and the premiums paid ( $6-1=\$5$  or \$500) and this is the maximum profit the investor can earn. If the stock rises to \$30.00/share, the long and short put positions expire worthless and the investor keeps the net premium received. The maximum loss is the difference between the option strikes, less the call premium received ( $30-20-5 = \$5$  or \$500) (see \* above). The breakeven price of 25 is calculated by subtracting the net credit of the spread from the strike price of the short option.



### Bear Vertical Put Spreads

The Bear Put Spread may allow an investor to profit from downward movements in the underlying security. It uses exactly the opposite structure of the Bull Vertical Put Spread and requires the investor to buy a high-strike put and sell a low-strike put (with a lower premium). The sale of the less expensive, out-of-the-money put will partly offset the cost of purchasing the in-the-money put. The maximum the investor can profit is the difference between the strike prices used to create the spread less the cost of establishing the spread. If the security rises in value, the maximum the investor can lose is the difference between the premium paid for the long put and the premium received from the short put.

#### For use when investor anticipates:

- Declining market/security depreciation

#### Financial Characteristics:

- Maximum Loss: Net premium outlay (Premium Received – Premium Paid)\*
- Maximum Gain: The difference between the strike prices less the cost of establishing the spread

#### Objective\*:

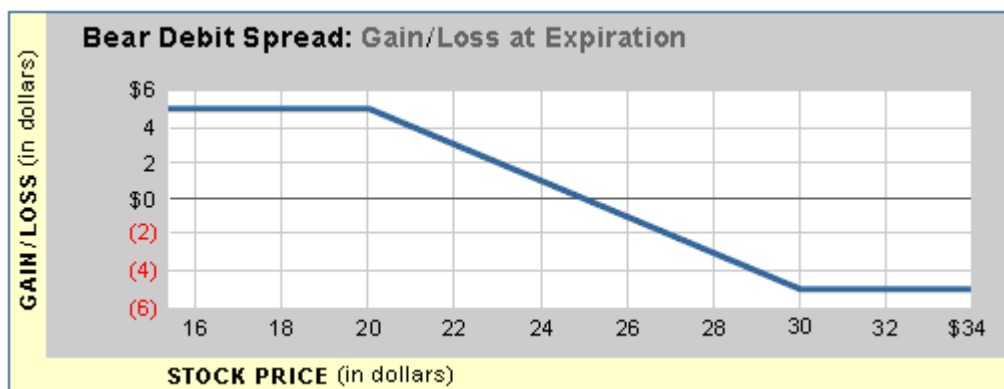
- Speculative gain

\*The maximum loss on a spread position remains limited as long as, and only as long as, the integrity of the spread is maintained. [If the investor trades out of or exercises the long put, the maximum loss is no longer limited].

### EXAMPLE (Bear Vertical Put Spread)

Currently, XYZ trades at \$25/share. The investor believes the stock will fall and wants to participate in the downward movement but does not want to simply buy

puts because of the expense/risk involved. Instead, the investor employs a spread strategy buying an in-the-money put (strike \$30) for \$6.00/contract and selling an out-of-the-money put (strike \$20) for \$1.00/contract. Using this strategy, the maximum loss is the difference between the premiums paid and the premium received\* ( $6-1=\$5$  or \$500). The maximum profit an investor can receive is the difference between the strike prices of the options used to create the position less the cost to establish the spread ( $30-20-5=\$5$  or \$500). In this example, the strategy breaks even at \$25.00/share. The breakeven price of 25 is calculated by subtracting the net debit of the spread from the strike price of the long option.



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### **Calendar Spreads**

The most common form of calendar spread involves the purchase of a longer-term option and the sale of an equal number of shorter-term options of the same type and strike. Most spreads, (with the exception of spreads on underlying securities with very high carrying costs) will initially be placed for a debit because of the greater time value of the longer-term options. This strategy can potentially be used to generate income and/or to reduce/increase the cost basis of an eventual stock purchase/sale. Using calls, this strategy has similarities with covered call writing / buy-writes.

#### **For use when investor anticipates:**

- Slowly rising or flat market
- Price of the underlying security to be slightly below the strike at short option's expiration

**Financial Characteristics:**

- **Maximum Loss:** Net Premium Paid. In addition, client may have to exit the long early (via sale or exercise) to cover an assignment on the short, losing the opportunity for further gains
- **Maximum Gain:** Unlimited, once the short option expires. If the short call is assigned on or before expiration, the client will have a short position whose losses, should the stock price rise, will outweigh any gains made on the long option
- Ideally, the cost basis of the long call is eventually reduced to zero, and the investor begins to get paid to hold his long position

**Objectives:**

- Generate income from the short positions
- Benefit from the greater rate of time decay of short-term options vs. longer-term options
- Potentially realize any gains from a movement in the underlying security after the near-term option expires

**EXAMPLE (Calendar Spread)**

An investor feels that stock XYZ, which is trading at 60, will trade at this price for at least the next 3 weeks, and then might rally. The investor could sell the June 65 Calls (trading at 2.10), and buy the July 65 Calls (trading at 4.10). The net debit to the account would be 2, or \$200. If XYZ is below 65 at June expiration, the short expires worthless, leaving the investor with a simple long position in the July 65 Calls that he can maintain, simply sell, or spread off with other July options. The short-term breakeven price cannot be calculated exactly. The long-term breakeven price (after the June expiration) is calculated by adding the net debit of the spread to the strike price of the long option.

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**Combos**

The Combo tab allows you to manually input two legged spreads and other two legged options strategies not specifically supported in any of the other Advanced Options tabs.

Note that because Schwab currently only accepts two legged orders, if you complete a stock leg (Leg 1), you will not be able to complete Leg 3, and vice

versa. Also, the StreetSmart Pro® Combination order is **not** the same as the Combo strategy on Schwab.com.

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### Placing an Advanced Options Order

1. Enter the underlying stock symbol and press **Enter**.

*Stock and/or option symbols and price and volume data shown here are for illustrative purposes only. Charles Schwab & Co., its parent or affiliates, and/or its employees and/or directors may have positions in securities referenced herein, and may, as principal or agent, buy from or sell to clients.*

2. Select the **Time in Force** (**Day** is currently the only TIF available)
3. Enter the number of contracts you wish to trade. You may also check the **AON** (All or None), which will ensure that your order will only fill if the entire quantity is available.

<b>Write-Unwind</b>	Remember each contract in a Buy/Write represents 100 shares of the underlying stock.
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4. Select the expiration month or **Near** for the nearest expiration month.

<b>Rollout</b>	Select the expiration month for the option position you wish to <b>Close</b> and the month for the position you wish to <b>Open</b> . Setting the <b>Open</b> to <b>Near</b> will automatically select the next nearest month beyond the current month.
<b>Calendar Spread</b>	Select the <b>Near</b> and <b>Far</b> expiration months.

5. Select whether you want to view combinations that are **At the Money, In the Money, Out of the Money**, or to see all at once, leave the default **All Money**.

<b>Collar / Straddle</b>	Select whether you want to view combinations that are <b>Around the Money, Above the Money, Below the Money</b> , or to see all at once, leave the default <b>All Money</b> .
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- Select whether to display **Calls** or **Puts** (applies to Rollout, Vertical Spread, Calendar Spread, and Combination orders only).
- Select the **Strike Range**, which will show you potential trades where the difference between the two contract prices is equivalent to the strike range you specify. (Applies to Rollout, Collar, and Calendar Spread orders.)

<b>Vertical Spread</b>	Select the <b>Spread Range</b> , which will show you potential spread trades where the range between the two contract strike prices is equivalent to the spread range you specify.
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- Now, decide whether you want a net **credit** or **debit** for the order.

❖ **TIP:** The debit is the ask price of the option being bought. The credit is the bid price of the option being sold. The net is the difference between the bid price of the option being sold (bid) and the ask price of the option being bought (ask).

<b>Buy/Write - Unwind</b>	When opening a Buy/Write you will need to select the price from the Debit side, and when closing (Unwind), select from the Credit side.
<b>Straddle</b>	The net is the total of the two bid prices of the options being sold (bid) or the total of the two ask prices of the options being bought (ask).

Symbol (Call / Put)	Buy Call / Sell Put	Exch	Net	Size	Exch	Net	Size	Sell Call / Buy Put
MQF EC / MQF QB	Buy 15.00 C/ Sell 10.00 P				CB0E	10.15 Cr	2738	Sell 15.00 C / Buy 10.00 P
MQF EW / MQF QV	Buy 17.50 C/ Sell 12.50 P				CB0E	7.65 Cr	2905	Sell 17.50 C / Buy 12.50 P
MQF ED / MQF QC	Buy 20.00 C/ Sell 15.00 P				CB0E	5.15 Cr	3349	Sell 20.00 C / Buy 15.00 P
MSQ EX / MSQ DW	Buy 22.50 C/ Sell 17.50 P				CB0E	2.65 Cr	3629	Sell 22.50 C / Buy 17.50 P
MSQ EJ / MSQ QD	Buy 25.00 C/ Sell 20.00 P				CB0E	0.35 Cr	5837	Sell 25.00 C / Buy 20.00 P
MSQ EY / MSQ QX	Buy 27.50 C/ Sell 22.50 P							Sell 27.50 C / Buy 22.50 P
MSQ EK / MSQ QJ	Buy 30.00 C/ Sell 25.00 P	CB0E	0.15 Cr	6217				Sell 30.00 C / Buy 25.00 P
MSQ EZ / MSQ QY	Buy 32.50 C/ Sell 27.50 P	CB0E	2.20 Cr	3878				Sell 32.50 C / Buy 27.50 P
MSQ EL / MSQ QK	Buy 35.00 C/ Sell 30.00 P	CB0E	4.65 Cr	4590				Sell 35.00 C / Buy 30.00 P

- Select the Exchange you wish to price indications for from the drop-down list.

Sell Call (Buy-Wri...	CB0E	Net	Size
Sell 7.50 C	AMEX	7.54 Dr	49
Sell 10.00 C	BOX	10.04 Dr	5
Sell 12.50 C	CB0E	12.54 Dr	5
Sell 15.00 C	ISE	15.04 Dr	5
Sell 17.50 C	PCX	17.54 Dr	6
Sell 20.00 C	PHLX	20.04 Dr	6

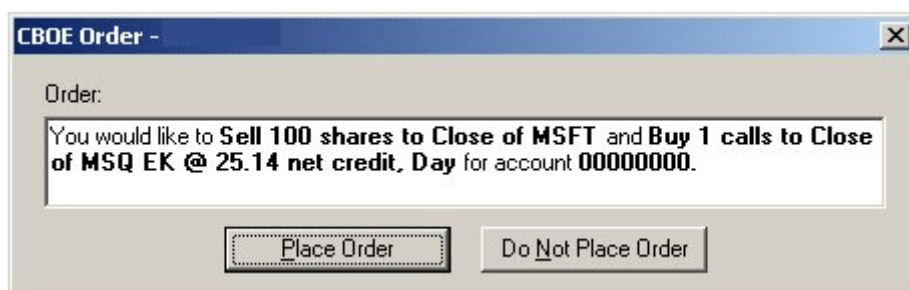
- Click on the combination you want to trade. In the image above, you can see the selected strategy highlighted in blue.

<b>Combination</b>	For each leg, click on the desired contract, then right-click and select which leg you want to apply that contract to (i.e., <b>Load [ZQN ED] to Leg2...</b> ), or manually select the <b>Expiration</b> month and <b>Strike</b> price.
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11. Finally, ensure that the **Price** is correct. It will default to the Net value of the quote you selected, but you may enter a different price or use the arrows to select a new price. Note that all Advanced Options orders are sent as **Limit** orders.

12. To send the order:

<b>Write/Unwind, Collar, Vertical Spread, Calendar Spread</b>	Click <b>Submit to Open</b> or <b>Submit to Close</b> and then verify that the order is correct.
<b>Rollout</b>	Click <b>Submit Order</b> and then verify that the order is correct.
<b>Straddle</b>	If you are placing a sell order, click <b>Sell to Close</b> or <b>Sell to Open</b> . If you are placing a buy order, click <b>Buy to Open</b> or <b>Buy to Close</b> and then verify that the order is correct.
<b>Combination</b>	Select the <b>Leg Action</b> for each individual leg (only two legs per order). To send the order, click <b>Submit Order</b> and then verify that the order is correct.



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## Extended Hours Trading

### EXTENDED HOURS TRADING

Extended Hours Trading is made possible by computerized order matching systems known as ECNs or Electronic Communications Networks. Generally Schwab routes all Extended Hours orders to the Archipelago Exchange. The Schwab Pre Market / After Hours order routes are available to you if you wish to route your extended hours orders in this way.

With Direct Access, you can send orders for NASDAQ equities direct to ECNs. Unlike orders sent to Schwab for execution, direct access orders sent during the extended hours can remain on the ECN's book for all sessions, if you have changed your ECN Auto-Timeout setting to zero. This means they will not be outed, or canceled at the end of the Pre-Market session nor at the end of the standard trading session. ECNs have one trading session, which lasts from the time they open for business until their designated closing time.

**! NOTE:** Listed securities participating in the extended hours sessions and all short sales will continue to be routed using Schwab's Extended Hours offerings.

### EXTENDED HOURS TRADING VIA SMARTEX

Extended Hours Trading is made possible by computerized order matching systems known as ECNs or Electronic Communications Networks.

### Trading Sessions

Schwab's Extended Hours Trading offering has two components: the Pre Market and the After Hours sessions. Both sessions are independent from the Standard Market Session.

- **Pre-Market Session:** Orders can be entered from 8:05 p.m. on the previous trading day to 9:15 a.m. ET, but trades are not eligible for execution until the session officially opens for trading at 8:00 a.m. ET.
- **After-Hours Session:** Orders can be entered from 4:05 p.m. to 8:00 p.m. ET, but trades are not eligible for execution until the session officially opens for trading at 4:15 p.m. ET.
- Separate trading sessions do not apply to Direct Access orders.
- Schwab reserves the right to change its extended hours session and may cancel extended hours sessions without prior notice.
- No matter when you submit a Direct Access Order, you can only request a cancel, you can never change your order.

### Eligible Securities

Most NASDAQ and listed securities are currently eligible for extended hours trading at Schwab. However, at any time, any number of securities may not be available due to lack of trading interest during the Extended Hours Trading Session.

### Order Types

Only limit orders and short sell limit orders - not market orders - are accepted during extended hours. The maximum order size is 5,000 shares.

### Quotes

Quotes for the Extended Hours Trading session reflect the best Bid (buy) and Ask (sell) orders currently available through the participating ECNs.

**! NOTE:** Because Schwab Pre Market and After Hours orders are executed on Archipelago, you should consider the ARCA quote as the most accurate indicator of bid/ask prices available to you.

### To View the NYSE Arca Order Book

1. Go to the Trading window
2. Click **Settings > General > L2 Data** tab
3. When the configuration box opens, check **ARCA Book**.

### Changing and Canceling Orders

You can attempt to change or cancel an Extended Hours order within the same Extended Hours session, as long as the status of your order is open.

### Unexecuted Trades

Unexecuted orders do **not** carry over into the next Standard or Extended Hours Trading Session. Any open orders will be automatically canceled at the end of the current Pre-Market or After Hours session. Unexecuted Direct Access orders will **not** carry over to the next day. If a Direct Access order is **not** executed, it will automatically be canceled at the time the ECN (to which you routed your order) closes. Direct Access orders that are not auto-canceled will be outed at the time the venue (to which you routed your order) closes.

Direct Access orders that are not auto-canceled will be outed at the time the venue (to which you routed your order) closes.

### Conditional Orders

Conditional orders are triggered by Alerts with pre-defined variables you choose and are only available during the Standard Market Session Alerts are not available for use during Extended Hours.

### Risks of Extended Hours Trading

Extended Hours Trading Sessions may not be suitable for all investors since they pose certain risks including, but **not** limited to: lower liquidity, changing prices, news announcements, higher volatility, and wider spreads. For more information, see the StreetSmart Pro Disclosures and Agreement.

Extended Hours Trading Sessions do not take place on official Exchange holidays or when the Exchanges close early. Schwab reserves the right to change or modify the hours of operation at any time. A Schwab Extended Hours Trading Session, or any security traded therein, may be temporarily or permanently suspended without prior notice at any time at our discretion.



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Extended Hours Trading Sessions do not take place on official Exchange holidays or when the Exchanges close early. Schwab reserves the right to change or modify the hours of operation at any time. A Schwab Extended Hours Trading Session, or any security traded therein, may be temporarily or permanently suspended without prior notice at any time at our discretion.

Standard Market Hours	Extended Hours Trading at Schwab	Extended Hours Trading via Direct Access
<ul style="list-style-type: none"> <li>• Individual investor orders may be executed from 9:30 a.m. to 4:00 p.m. ET.</li> <li>• Orders can be placed at any time.</li> </ul>	<p><b>Pre-Market Trading</b></p> <ul style="list-style-type: none"> <li>• Individual investor orders may be executed from 8:00 a.m. to 9:15 a.m. ET.</li> <li>• Orders can be placed as early as 8:05 p.m. the previous trading day, but order execution will not begin until 8:00 a.m.</li> <li>• Orders cannot be placed until after 8:00 p.m. ET for next day's session.</li> </ul> <p><b>After-Hours Trading</b></p> <ul style="list-style-type: none"> <li>• Individual investor orders may be executed from 4:15 p.m. to 8:00 p.m. ET.</li> <li>• Orders can be placed as early as 4:05 p.m. ET, but order execution will not begin until 4:15 p.m.</li> <li>• Orders cannot be placed after 8:00 p.m. ET.</li> </ul>	<p>Please refer to the table in Direct Access Route Comparison for the hours of operation for each routing channel. These destinations do not in any way differentiate orders based on the time of day the order is submitted.</p>
<p>Trading occurs on NASDAQ and the exchanges through a variety of Market Makers and ECNs.</p>	<p>Your orders will be processed through ARCA.</p>	<p>For NASDAQ equities, your orders will be routed to your chosen destination.</p>

All orders types available via StreetSmart Pro® are accepted by Schwab during this Trading Session, subject to account or security specific limitations.	Only limit orders are accepted, subject to account or security specific limitations.	Limit orders and some market orders are accepted, subject to account or security specific limitations.
All order sizes are accepted (round, odd, and mixed lots).	While odd and mixed lot orders can be accepted, their use may significantly reduce your chance of finding a matching buy or sell. The maximum order size is 5,000 shares.	Maximum order size limitations vary by channel.
You can trade securities or options.	Currently, most NASDAQ and certain listed securities are available for trading during the Extended Hours Session at Schwab.	NASDAQ equities only.
Unexecuted limit orders placed during the day session do not carry over to the Extended Hours Session.	Unexecuted extended hours orders are canceled at the end of the session, and do not carry over to the next standard market or Extended Hours Trading Sessions.	Like orders placed during the Standard Market Session, unexecuted shares are either auto-canceled or remain on the books of the ECN until the end of the day if you have changed your Auto-Timeout setting to zero.
In general, higher trading activity means more liquidity and a greater likelihood of order execution.	Lower trading activity may result in lower likelihood of order execution, plus wider spreads and greater price fluctuation.	Lower trading activity may result in lower likelihood of order execution, plus wider spreads and greater price fluctuation.

**! NOTE:** Direct Access order destinations do not make a distinction between the standard session and the extended hours sessions. Orders can be sent anytime during the ECN's or NASDAQ's hours of operation. Also, be aware that while some ECNs accept market orders this is usually only during the standard session between 9:30am and 4:00pm ET.

## Order Status

### ORDER STATUS

The Order Status tab in the Account Detail window displays all orders - both open and closed - placed via any Schwab channel, including Schwab.com , TeleBroker™ and Velocity.

The Order Status tab displays:

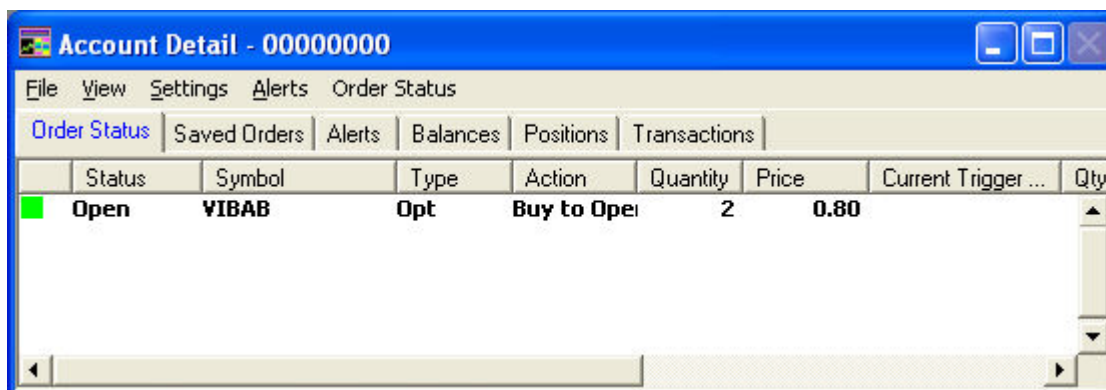
- **Open orders, closed orders that have been filled, or canceled orders:** You can sort on any column in the Order Status window by clicking on the column header you want as your sort key.
- **Contingent Orders:** This applies to SmartEx trailing stop orders that are held up until the trailing stop price is met. Once the price is met the order status changes to **Open** and a market order is submitted for execution.

Status	Symbol	Type	Action	Quantity	Price	Current Trigger...	Qty Filled
Contingent	DELL	Eqty	Buy	1000	Trailing Stop: 5.00 %	32.95	

*Stock symbols and price and volume data shown here and in the software are for illustrative purposes only. Charles Schwab & Co., its parent or affiliates, and/or its employees and/or directors may have positions in securities referenced herein, and may, as principal or agent, buy from or sell to clients.*

- **Partial fills:** The **Quantity Filled At** column displays information for the first fill. If there are additional fills, this column displays the average price with the number of shares. To view the individual fills, double-click on the order and an Order Details window will open displaying the fill events at the bottom.
- **Sorting by Column:** Click on a column name to sort by that column (click again to reverse the sort order). Press **Shift** and click on a second column to perform a secondary, more detailed sort within the primary sort. For instance, if you wanted to see all the Open Buy orders, you could do a primary sort on **Status** and a secondary sort on **Action** and the Open Buy orders would be grouped together.

Order Status automatically updates when orders are executed either via StreetSmart Pro or other Schwab channels.



The screenshot shows a window titled "Account Detail - 00000000" with a menu bar (File, View, Settings, Alerts, Order Status) and a tabbed interface. The "Order Status" tab is active, displaying a table with the following data:

Status	Symbol	Type	Action	Quantity	Price	Current Trigger ...	Qty
Open	YIBAB	Opt	Buy to Open	2	0.80		

**! NOTE:** Short Sell-Exempt orders will display in your Order Status tab. A customer service representative may enter Short Sell-Exempt orders on your behalf in certain limited circumstances. The most common instance when this may occur is when liquidating the underlying security where the position is held as either an equity right, warrant, or convertible. In these circumstances, the securities are not in an acceptable form for delivery on settlement date. Note that you must file an exercise for the right, warrant or convertible before your order to liquidate the underlying security can be marked as Short Sell-Exempt. This action acknowledges that the intent is to sell a position instead of short a stock and is therefore exempt from the up-tick rule. Please see Up-Tick rule for more information.

## MESSAGES WINDOW

### Messages

By clicking **View > Messages** in the Account Detail menu, you can view streaming order status in the Messages window for the current day only. If you log off and back on multiple times during the day, all messages for the previous session(s) will display in gray.

The Messages Window provides useful information about your software settings, order status information, alert messages, and market session information. If you make any changes to your software settings, these changes will also be noted in the Messages Window.

The streaming data displayed includes:

- New Order Accepted
- Orders Filled
- Nothing Done / Out
- Alerts & Conditional Order Events
- Change Order
- Cancel Accepted



As the Messages Window provides you with real-time information not always available in other parts of the application, we recommend leaving your Messages Window open while logged on.

#### ❖ **TIP: Printing Data From the Messages Window**

A copy of your log files is maintained in the SSPro folder on your C: drive for each day you log in to the software. These files can be printed in text format. Please note that Schwab retains the official copy of these logs.

To print data directly from the Messages window before logging off, go to **File > Print**.

## CHANGING OR CANCELING ORDERS

### Changing Orders

To change a SmartEx order, go to the Account Detail window, Order Status tab and either right-click on the open order then select **Change** or click once on the order to highlight it, then click **Orders > Change**. A pop-up box will appear prompting you to modify your order.

Note that you cannot change the order type of a SmartEx order to or from a trailing stop order after the order has been submitted. You must first cancel the order and then resubmit with a different order type.

Direct Access orders can never be changed.

### Canceling Orders

You can request to cancel open orders via the Order Status Tab. All Open orders have a green box in the left-most column. Because of the speed of execution and the short life span of market and marketable limit orders, canceling these orders may not always be possible.