

**IN THE MATTER OF THE SECURITIES ACT
R.S.N.S. 1989, C 418 AS AMENDED, (the “Act”)**

- AND -

IN THE MATTER OF OPTIONSPRESS, INC.

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE NOVA SCOTIA SECURITIES COMMISSION**

Staff of the Nova Scotia Securities Commission (the “Commission”) make the following allegations against OptionsXpress, Inc. (“Options”):

1. Options is a corporation organized under the laws of Delaware and is registered as a broker-dealer with the United States (“U.S.”) Securities and Exchange Commission in all of the U.S. States.
2. In late 2000, Options began operations as a web-based Internet securities firm from its principal office in Chicago, Illinois.
3. In early 2001, Options started to trade U.S. securities on behalf of Canadian residents in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island (the “Jurisdictions”) without registration as required by the applicable provincial securities legislation in each of the Jurisdictions.
4. Options had no offices or employees in Canada. Through the Options website, Canadian residents could open a self-directed Options account and execute on-line trades of securities listed or traded in the U.S.
5. Between January 1, 2001 until May 6, 2004, Options opened accounts and earned gross commissions in the Jurisdictions as follows:

Jurisdiction	Number of Accounts	Commissions Received (\$ CDN)
Ontario	784	\$1,037,525.00
British Columbia	370	\$551,500.37
Alberta	173	\$270,685.63
Quebec	85	\$102,715.51
Manitoba	21	\$14,411.28
New Brunswick	12	\$9,510.53
Nova Scotia	10	\$5,378.44
Saskatchewan	10	\$9,758.96
Newfoundland & Labrador	1	\$359.52
Prince Edward Island	1	\$483.18
Totals	1,467	\$2,002,328.42

6. By trading without registration on behalf of Nova Scotia residents, Options contravened section 31(1)(a) of the Act and engaged in conduct contrary to the public interest and Nova Scotia securities law.
7. Staff reserve the right to make such further and other allegations as staff may submit and the Commission may allow.

DATED, at Halifax, Nova Scotia this 18th. day of August, 2005.

“R. Scott Peacock”

R Scott Peacock
Deputy Director, Compliance & Enforcement
Nova Scotia Securities Commission