Extended Hours Trading Risk Disclosure

FINRA Rule 2265

1. **Risk of Lower Liquidity**

Liquidity pertains to the ease with which market participants can buy and sell securities. In most cases, a market with more orders will have greater liquidity. High liquidity is crucial because it facilitates smoother buying and selling of securities, thereby increasing the likelihood of investors securing or receiving competitive prices for purchased or sold securities. During extended hours trading, liquidity may be lower compared to regular market hours. Consequently, your order may only be partially executed or not executed at all.

2. **Risk of Higher Volatility**

Volatility is a term that denotes the magnitude of price changes that securities undergo during trading. Typically, the more volatile a security is, the more pronounced its price swings are. Extended hours trading may have higher volatility levels than regular market hours. This may result in your order only being partially executed, not executed at all, or you may receive a less favorable price compared to regular market hours.

3. **Risk of Changing Prices**

The prices of securities traded during extended hours may not mirror the prices at the end of regular market hours or at the start of the next morning. Hence, you might receive a less favorable price during extended hours trading compared to regular market hours.

4. **Risk of Unlinked Markets**

The prices displayed on a specific extended hours trading system may differ from those on other concurrent extended hours trading systems dealing with identical securities, depending on the system or the time of day. This could result in you receiving a less favorable price on one extended hours trading system compared to another.

5. **Risk of News Announcements**

Companies often release news that could influence their securities' prices after regular market hours. Likewise, crucial financial data is frequently announced outside regular market hours. These announcements may coincide with extended hours trading and, when combined with lower liquidity and higher volatility, could have a disproportionately large and unsustainable impact on a security's price.

6. **Risk of Wider Spreads**

A spread refers to the difference between the price you can buy a security for and the price you can sell it at. Lower liquidity and higher volatility during extended hours trading may result in wider than normal spreads for a particular security.

7. **Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (IIV)**

For certain Derivative Securities Products, an updated underlying index value or IIV might not be calculated or publicly disseminated during extended trading hours. Given that the underlying index value and IIV are not calculated or widely circulated during pre-market and post-market sessions, investors who cannot calculate implied values for certain Derivative Securities Products during these sessions may be at a disadvantage compared to market professionals.

8. Risk of Limited Access to Support

Investors should be aware that the availability of customer support or technical assistance may be limited during extended hours. Standard market hours typically come with readily available assistance to address issues such as technical difficulties, order placement problems, or general inquiries. However, during extended hours trading, these resources may not be as accessible or responsive. This could potentially delay the resolution of issues and could impact trading decisions or outcomes. Therefore, investors should take this into consideration when choosing to engage in extended hours trading.

9. Risk of Faster Order Execution

During extended hours, trading volumes are generally lower than during regular market hours. This can sometimes lead to orders being executed more rapidly than during peak trading hours. While faster execution might seem advantageous, it can also lead to prices that differ significantly from the expected purchase or sale price. This is especially true in volatile markets where prices can fluctuate greatly in a short period. Investors should be prepared for this possibility and consider the potential impact on their trading strategy and investment goals when deciding to trade during extended hours.