Extended-Hours Trading Risk Disclosure

You should consider the following points before engaging in extended-hours trading. “Extended-hours trading” means trading outside of “regular trading hours.” “Regular trading hours” generally means the time between 9:30 a.m. (ET) and 4 p.m. (ET).

Risk of Timing of Order Entry—All orders entered and posted during extended-hours trading sessions must be limit orders. You must indicate the price at which you would like your order to be executed. By entering the price, you agree not to buy for more or sell for less than the price you entered, although your order may be executed at a better price. Your order will be executed if it matches an order from another investor or market professional to sell or purchase on the other side of the transaction. In addition, there may be orders entered ahead of your order by investors willing to buy or sell at the same price. Orders entered earlier at the same price level will have a higher priority. This means that if the market is at your requested price level, an order entered prior to your order will be executed first. This may prevent your order from being executed in whole or in part.

Risk of Execution Pricing—For extended-hours trading sessions, quotations will reflect the bid and ask currently available through the used quotation service. The quotation service may not reflect all available bids and offers posted by other participating electronic communications networks (ECNs) or exchanges, and may reflect bids and offers that may not be accessible through Pershing or respective trading partners. This quotation montage applies for both pre- and post-market sessions.

Not all systems are linked; therefore, you may pay more or less for your security purchases, or receive more or less for your security sales through a participating ECN or exchange than you would for a similar transaction on a different ECN or exchange.

Risk of Communications Delays or Failures—Delays or failures in communications due to a high volume of orders or to other computer or system problems, including Internet disruptions, may cause delays in or prevent the execution of your order. Any communication or computer problems experienced by Pershing, its designated order manager, or participating ECN or exchange, may prevent or delay the order from being executed. Pershing reserves the right to temporarily or permanently close an extended-hours trading session without prior notification in the event of system failures or unforeseen emergencies. Pershing will not be held liable for missed executions in the case of a system failure.

Risk of Lower Liquidity—Liquidity refers to the ability to buy and sell securities. Generally, if there are more orders available in the market, then the security is more liquid. Due to limited trading activity in the extended-hours trading sessions, the liquidity in these sessions may be significantly less than during regular market hours. Lower liquidity may prevent your order from being executed in whole or in part, or from receiving as favorable a price as you might receive during regular trading hours. In addition, lower liquidity means fewer shares of a given security are being traded, which may result in larger spreads between bid and ask prices as well as volatile swings in stock prices.

Risk of Trading Halts—News stories may have a significant impact on stock prices during extended-hours trading sessions. The Securities and Exchange Commission (SEC), Financial Regulatory Authority (FINRA) or a stock exchange may impose a trading halt when significant news has affected a company's stock price. Any SEC-, FINRA- or exchange-imposed trading halt will be enforced. Pending orders for a security will be held upon imposition of a trading halt for that security and reinitiated upon resumption of trading during that session.

Risk of Duplicate Orders—There is a risk of duplicate orders if you place an order for the same security in both an extended-hours session and the regular trading session, even if that order is a day order. Orders executed during regular trading hours may not be confirmed until after the post-market extended trading session has already begun. Similarly, orders executed in the pre-market session may not be confirmed until after regular trading has begun.

Risk of Partial Executions—Orders placed during extended trading hours are entered through a participating ECN or exchange, which may be linked to other ECNs or exchanges. Because you cannot add qualifiers to an order, such as all or none (AON) or fill or kill (FOK), a round lot order may be filled in part by an odd lot or mixed lot order, leaving stock left over to buy or to sell. There is a risk that the remaining order may not be filled during the extended-hours session. An odd lot may not be represented in the displayed quote. This would occur in instances in which an order has an execution leaving an odd lot. There are no execution guarantees for an odd lot or the odd lot portion of a mixed lot portion of an order.

Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value—For certain derivative securities products, an updated underlying index value or intraday indicative value may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and intraday indicative value are not calculated or widely disseminated during the opening and late trading sessions, an investor who is unable to calculate implied values for certain derivative securities products in those sessions may be at a disadvantage to market professionals.

Risk of Higher Volatility—Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended-hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended-hours trading than you would during regular market hours.

Risk of News Announcements—Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended-hours trading, these announcements may occur during trading and, if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

Risk of Wider Spreads—The spread refers to the difference in price for which you can buy and sell a security. Lower liquidity and higher volatility in extended-hours trading may result in wider than normal spreads for a particular security.

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