

# Extended Hours Trading Disclosure



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You should consider the following points before engaging in Extended Hours Trading. “Extended Hours Trading” means trading from 7:00 to 9:30 a.m. and 4:00 to 8:00 p.m. Eastern Time (or, for customers not yet able to trade during those hours, to the extent such trading is not yet available to all customers, from 9:00 to 9:30 a.m. and from 4:00 to 6:00 p.m. Eastern Time). “Regular Hours Trading” means trading from 9:30 a.m. to 4:00 p.m. Eastern Time.

- **Risk of Lower Liquidity**

Liquidity refers to the relative ability of market participants to efficiently buy and sell a security at a price that reflects its intrinsic value. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in Extended Hours Trading as compared to Regular Hours Trading. As a result, your order in Extended Hours Trading may only be partially executed, not executed at all, or may receive inferior pricing.

- **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 Hours Trading. As a result, your order may only be partially executed, not executed at all, or you may receive an inferior price when engaging in Extended Hours Trading than you would during Regular Hours Trading.

- **Risk of Changing Prices**

The prices of securities traded in Extended Hours Trading may not reflect the prices in Regular Hours Trading. As a result, you may receive an inferior price in Extended Hours Trading.

- **Risk of Unlinked Markets**

Depending on the Extended Hours Trading system or the time of day, the prices displayed on a particular Extended Hours Trading system may not reflect the prices in other concurrently operating Extended Hours Trading systems dealing in the same securities. Accordingly, you may receive a price in one Extended Hours Trading system that is inferior to the price you would receive in another Extended Hours Trading system.

- **Risk of News Announcements**

Normally, issuers make news announcements that may affect the price of their securities after Regular Hours Trading. Similarly, important financial information is frequently announced outside of Regular Hours Trading. 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 between the price at which a security can be purchased and the price at which it can be sold. Lower liquidity and higher volatility in Extended Hours Trading may result in wider than normal spreads for a particular security.

- **Simple Limit Orders**

- All Simple Limit Orders are “Good-for-Day” (“GFD”) orders. Simple Limit Orders that are entered during Regular Hours Trading, if not executed or canceled, will expire at the close of Regular Hours Trading that day. Simple Limit Orders that are entered during Extended Hours Trading (except for certain Fractional Orders discussed below), if not executed or canceled, will expire at the close of Extended Hours Trading that day.
- Simple Limit Orders placed while all sessions are closed will be queued for the opening of Regular Hours Trading.

- **Limit Orders**

- GFD Limit Orders placed with an instruction to execute only during Regular Hours Trading, if not executed or canceled, will expire at the close of Regular Hours Trading that day. GFD Limit Orders placed with an instruction to allow execution during Extended Hours Trading, if not executed or canceled, will expire at the close of Extended Hours Trading that day.
- “Good-’til-Canceled” (“GTC”) Limit Orders placed with an instruction to execute only during Regular Hours Trading will stand through only Regular Hours Trading sessions until executed or canceled. GTC Limit Orders placed with an instruction to allow execution during Extended Hours Trading will stand through all sessions until executed or canceled. GTC Limit Orders expire after ninety (90) trading days.
- Limit Orders placed while all sessions are closed will be queued for the opening of Extended Hours Trading or Regular Hours Trading, based on your selection.

- **Market Orders**

- If Simple Limit Orders are available to you, Market Orders placed during Extended Hours Trading will be queued for the opening of Regular Hours Trading. If Simple Limit Orders are not available to you, Market Orders (except for certain Fractional Orders discussed below) placed during Extended Hours Trading are converted to limit orders with a limit price set at 5% away from the last trade price on the Nasdaq Stock Market at the time the order was entered (i.e., 5% higher than the last trade price for buy orders and 5% lower than the last trade price for sell orders); if not executed or canceled, they expire at the close of Extended Hours Trading that day.
- Market Orders placed during Regular Hours Trading, if not executed or canceled, will expire at the close of Regular Hours Trading that day, irrespective of whether they are converted to limit orders.
- Market Orders placed while all sessions are closed will be queued for the opening of Regular Hours Trading.

- **Fractional Orders**

- Certain securities are not eligible for fractional trading during Extended Hours Trading, irrespective of order type. During Extended Hours Trading, orders in such securities may be placed for whole shares or queued for the opening of Regular Hours Trading.