



## Extended Hours Trading Risk Disclosure

### **Types of orders accepted during extended-hours trading**

You may enter limit orders only.

### **Duration of orders placed during extended-hours trading**

An order placed during an extended hours trading session is only good for the session during which the order was placed. If an order is not executed during a specific extended-hours session, the order expires at the end of the session and does not roll into the next traditional or extended-hours session. Orders not yet executed can still be canceled before the close of a session, in the same way as during traditional market hours.

Orders executed during an extended hours session are considered to have been executed during the day's traditional session for settlement and clearing purposes. Trade settlement remains the same for extended-hours trades as with traditional market trades. The settlement date is two business days after the date on which the transaction was effected.

An order placed with duration of Day + Extended Hours trading session will be valid from 8:00AM to 8:00PM ET, cover Pre-market Session, traditional market hours and After-market Session. Any order placed before 8:00PM ET with duration of Day+Ext will only be valid until 8:00PM ET. If the order is not executed after 8:00PM ET, the order will be cancelled/expired. Any order placed after 8:00PM ET, the order will be valid for the next business day.

### **Risk of Lower Liquidity**

Liquidity refers to the ability of market participants to buy and sell securities. 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 more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in the extended-hours session as compared to traditional trading session. As a result, your order may only be partially executed, or not at all.

### **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 traditional 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 traditional market hours.

### **Risk of Wider Spreads**

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

### **Previously Entered Orders May Displace Yours**

Only limit orders may be entered during the extended-hours session. You must indicate the price at which you would like your order to be executed. By entering the limit price, you are guaranteed not to buy at a higher price or sell at a lower price. However, your order may be executed at a better price or may not be executed at all. Orders entered earlier at the same price have priority over your order. This means that if there is an execution at that price, the earlier order will be executed before your order. This may prevent your order from being executed in whole or in part.

### **Quotes**

The quotation to buy and sell may differ significantly from traditional market hours (9:30 am – 4:00 pm eastern time) closing prices and opening prices the following morning. In addition, securities trading on an ECN may simultaneously trade on other electronic trading systems.

### **Communications Delays or Failures**

High volume of orders or a Computer/Communications problem experienced by Firsttrade, the execution venue, or its designated order manager, may prevent or delay execution of your order.

### **Duplicate Orders**

There is a risk of duplicate orders if you place an order during an extended-hours session for a security, for which you already have an outstanding order in the traditional trading session. Orders executed during traditional trading might not be confirmed until after the post market extended-hours trading session has already begun.

### **Risk of Changing Prices**

The prices of securities traded in extended-hours trading may not reflect the prices either at the close of the traditional trading session, or upon the opening the next morning. As a result, you may receive an inferior price in extended-hours trading than you would during traditional market hours.

### **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 an inferior price in one extended hours trading system than you would 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 trading hours. Similarly, important financial information is frequently announced outside of regular trading 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.

### **Trading Halts**

News stories can have a strong impact on stock prices during extended-hours trading sessions. The SEC, FINRA or one of the Stock Exchanges may impose a trading halt when significant news has affected a company's stock price. Firsttrade will enforce any SEC, FINRA, or exchange-imposed trading halts, but will not impose its own trading halts when news has been disseminated outside of traditional market hours. We will cancel pending orders for a security upon imposition of a trading halt for that security; however,

it may take some time for us to reflect the cancellation and notify you by e-mail. Once trading resumes, you may re-enter an order for that stock. Any order entered after a trading halt has been declared will be rejected but may be re-entered after trading resumes.

**Cancel/Replace Requests May Not Be Accepted**

You may change or cancel your order at any time before the order has been executed. However once an order has been partially executed, the price and quantity of the remaining portion can no longer be modified. You can cancel the remaining order and replace it with a new order.