



DISCLOSURE
EXTENDED HOURS TRADING RISK DISCLOSURE

- ❖ FINRA Rule 2265
<https://www.finra.org/rules-guidance/rulebooks/finra-rules/2265>

DEFINITIONS

- **After-Hours Trading**
The term “After-Hours Trading” is generally defined as trading that occurs after 4:00 p.m. Eastern Time on a given trading day.
- **Extended Hours Trading**
The term “Extended Hours Trading” is generally defined as trading that occurs outside of Regular Trading hours.¹ Extended Hours Trading can include both the Pre-Market and After-Hours Trading sessions.
- **Pre-Market Trading Hours**
The term “Pre-Market Trading Hours” is generally defined as trading that occurs between 4:00 a.m. and 9:30 a.m. Eastern Time.²
- **Regular Trading Hours**
The term “Regular Trading Hours” is generally defined as trading that occurs between 9:30 a.m. and 4:00 p.m. Eastern Time.³

INTRODUCTION

Types of orders accepted during Extended Hours Trading

You may only enter limit orders during Extended Hours Trading.

¹ See FINRA Rule 2265: <https://www.finra.org/rules-guidance/rulebooks/finra-rules/2265>

² Note, Pre-Market Trading Hours are set by each market and could vary. Certain brokers may also have different Pre-Market and After-Hours Trading times. For specific details, please see the applicable market’s trading hour rules or contact your broker for more information.

³ Note, certain markets such as the New York Stock Exchange (“NYSE”) define Regular Trading Hours as the “Core Trading Session”. For additional details regarding NYSE’s market hours, see: <https://www.nyse.com/markets/hours-calendars>

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 unless it is placed with a duration of “Regular + Extended Hours Trading”. If an order is not executed during a specific Extended Hours Trading session, the order expires at the end of that session and does not roll into the next Regular or Extended Hours Trading session.

Orders not yet executed can still be canceled before the close of a trading session, in the same way as during Regular Trading Hours. Orders executed during an Extended Hours Trading session are considered to have been executed during the day’s Regular Trading Hours session for settlement and clearing purposes. Trade settlement remains the same for Extended Hours trades as with Regular Trading Hours trades. The settlement date is two business days after the date on which the transaction was effected.

An order placed with a duration of “Regular + Extended Hours Trading” session will be valid from 8:00 a.m. to 8:00 p.m. ET, covering the Pre-Market, Regular, and After-Hours Trading sessions. If the order is not executed after 8:00 p.m. ET, the order will be cancelled/expired. Any order placed after 8:00 p.m. ET 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, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower levels of liquidity in Extended Hours Trading as compared to Regular Trading Hours. 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 levels of volatility in Extended Hours Trading than in Regular Trading 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 to what you might receive during Regular Trading Hours.

Risk of Changing Prices

The prices of securities traded in Extended Hours Trading may not reflect the prices either at the end of Regular Trading Hours, or upon the opening of the next morning. As a result, you may receive an inferior price in Extended Hours Trading to what you might receive during Regular Trading Hours.

Risk of Unlinked Markets

Depending on the Extended Hours Trading (“EHT”) system or the time of day, the prices displayed on a particular EHT system may not reflect the prices on other concurrently operating EHT systems dealing in the same securities. Accordingly, you may receive an inferior price on one EHT system versus what you might receive on another EHT system.

The Firm does not own, control, or manage the various EHT systems.

Risk of News Announcements

Normally, issuers release 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.

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.

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, may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market 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.