TradeZero

Extended Hours Trading Risk Disclosure

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, we as investors, are more likely to pay or receive competitive price for securities purchased or sold when liquidity exists. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed or not executed 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 during regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price during extended hours trading than you would during regular market 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 market hours, or upon the opening the next morning. As a result, you may receive an inferior price during extended hours trading than you would during regular 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 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 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.