

## RISKS OF ONLINE TRADING DISCLOSURE

It is important that investors educate themselves about how securities transactions are executed, particularly during times of volatile prices and high volumes.

**System Performance** – System availability and response time may vary based upon market conditions, volume and other factors.

**Fast Markets** – A fast market is a high-volume trading session marked by extreme price fluctuations and order imbalances resulting from numerous investors entering buy or sell orders for the same security simultaneously. Due to these imbalances, wide price variances are common. Fast Markets can be caused by material news announcements, market developments and even trading halts. The ability to execute orders in fast market conditions may be severely limited, and order execution may be delayed significantly. In addition, market orders entered in fast market conditions may be executed at prices that are significantly different from the prices quoted at the time the orders were entered.

**Extreme Volatility** – Securities of companies that have recently made initial public offerings (IPO's) may be particularly prone to price volatility. This is particularly risky for customers placing market orders, as a 10 or 15 minute delay in executions could mean a substantial change in the market price.

**Order Status** – Order cancellations are also affected by fast market conditions. Under fast market conditions, limit orders can be difficult, or not possible to cancel. If you cancel an order, make sure the cancellation actually occurred before placing another trade. Be aware that submitting a trade online is not the same as having that trade executed. If you replace your order prior to receiving confirmation you can duplicate your order and execution. Any duplicate orders entered are the customer's responsibility.

### **Additional Sources Recommended for Investor Reading -**

- “NASD Guidance to Investor Regarding Stock Volatility and Online Trading” is located at [www.nasd.com](http://www.nasd.com). Click on Investor Information/Markets and Trading/Online Trading.
- “SEC Tips for Online Investing: What You Need to Know About Trading in Fast Moving Markets,” is located at [www.sec.gov/investor/pubs/onlinetips.htm](http://www.sec.gov/investor/pubs/onlinetips.htm)