



## Extended Hours Trading Risk Disclosure Statement

tastytrade will execute equity security trades during regular trading hours: Monday through Friday from 8:30am (CT) until 3:00pm (CT). Any equities order executed between 7:00am (CT) until 8:30am (CT) and 3:00pm (CT) until 7:00pm (CT) is considered to be extended hours trading. While offering these specified hours is an effort to offer the opportunity to limit customers' overnight risk, all customers must recognize certain risks that arise during extended hours trading. Therefore, tastytrade requires that customers familiarize themselves with these risk and make a well-informed decision as to whether extended hours trading is appropriate for their investment objectives and risk tolerance.

It is the customer's responsibility to review and understand the rules of the trading facility where they are routing trades if they choose to engage in extended hours trading, as well as to understand the risks involved with extended hours trading. tastytrade reserves the right, in its sole discretion, to conduct a manual review of customer orders to mitigate risks to tastytrade or its customers, which may cause order routing and execution delays and/or executions at prices significantly different from the quoted price displayed at order entry.

It should be noted that tastytrade does not advocate or suggest that extended hours trading is suitable for all customers by simply offering the service of extended hours trading.

Below are some of the risks associated in extended hours trading that customers should be aware of prior to trade execution:

- **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 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 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 the price you receive when engaging in extended hours trading may be inferior to the price you would 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 the next morning. As a result, the price you receive when engaging in extended hours trading may be inferior to the price you would receive during regular trading 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, the price in one extended hours trading system may be 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 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.