

It's important to understand the differences in trading during extended-hours sessions. Before deciding to trade during an extended-hours session, be aware of the associated risks as described below. Extended-hours trading is quite different from trading during the regular market "day" session, and you may experience greater market risk. Please be sure you are familiar with the trading rules applicable to the extended-hours sessions before participating.

## EXTENDED-HOURS TRADING SESSIONS

There are three extended-hour trading sessions: pre-market, post-market, and overnight. It is important to understand the following before trading during these sessions:

- The primary risk during extended-hours trading is a lack of liquidity. For example, during the normal trading session (9:30 a.m. ET - 4 p.m. ET), you could place a limit order to sell ABC Company stock for \$20 per share. It is possible that thousands of traders may be interested in purchasing your shares at \$20. In the extended-hours trading session, however, your same sell order for ABC Company stock at \$20 per share may draw no interest, and, in fact, the best offer to buy your shares could be significantly less than what you would receive in the normal session. In addition, even if there is interest to buy your shares at \$20 in another market, there may be no linkage between where your order resides and the other market and, therefore, your order may not fill.
- Given the lower liquidity, volatility, and risk of changing prices, a **limit** order is the only order type available during extended-hours trading sessions. Market orders are available to be placed for normal trading session orders, but not for trades during extended-hours trading sessions.
- During the pre- and post-market extended-hours trading sessions, TD Ameritrade may send your orders to a market center (such as market makers or exchanges) that it uses during the regular trading session.
- During the overnight extended-hours trading session, however, TD Ameritrade sends orders to a single alternative trading system ("ATS"). During this session, there is no consolidated quote and the ATS that TD Ameritrade uses is not required to display its orders to the public. In addition, the ATS that TD Ameritrade uses during the overnight session is not required to provide orders "price protection." This means that trades may execute on other markets at prices better than the displayed limit order, and your order may go unfilled. The risks noted below for the extended-hour trading generally may be significantly higher during the overnight session, as compared to the pre- and post-market sessions.

## EXTENDED-HOURS TRADING RISKS

You should consider the following points before engaging in extended-hours trading. "Extended-hours trading" means trading outside of "regular trading hours." "Regular trading hours" generally means the time between 9:30 a.m. and 4 p.m. ET.

- 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 during regular trading hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price when engaging in extended-hours trading than you would 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, you may receive an inferior price when engaging in extended-hours trading than you would during the 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, 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 the 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 and 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") and Lack of Regular Trading in Securities Underlying Indexes. For certain products, an updated underlying index or portfolio value or IIV will not be calculated or publicly disseminated during Extended Trading Hours. Since the underlying index or portfolio value and IIV are not calculated or widely disseminated during Extended Trading Hours, an investor who is unable to calculate implied values for certain products during Extended Trading Hours may be at a disadvantage to market professionals. Additionally, securities underlying the indexes or portfolios will not be regularly trading as they are during Regular Trading Hours, or may not be trading at all. This may cause prices during Extended Trading Hours to not reflect the prices of those securities when they open for trading.

*Our extended-hours trading rules are subject to change without prior notice. By participating in extended-hours trading, you are deemed to understand and agree to the unique risks of investing during extended-hours trading sessions and agree to abide by these extended hours trading rules. To review any rule changes, please refer to these extended-hours trading rules often. TD Ameritrade accounts are self-directed and you are solely responsible for implementing or adopting any investment decision or trading strategy. Extended-Hours Trading may not be appropriate for every investor.*

## DETAILS OF TRADING DURING EXTENDED-HOURS SESSIONS

**Securities offered** - over 8,000 NASDAQ/NMS<sup>®</sup> securities and NYSE<sup>®</sup> and AMEX<sup>®</sup> listed securities. Some securities eligible to be traded during the extended-hours sessions may not be available due to lack of trading interest during an extended-hours trading session.

**Session hours** – TD Ameritrade offers pre-market (A.M.), after-market (P.M.), and Overnight extended-hours trading sessions on official market days (excluding market holidays). In the event that the exchanges close early, a P.M. session may be offered. A GTC order lasts until it is completed or canceled. You can enter the date you would like your GTC order to be canceled, up to six months from the date the order was placed.

- A.M. session: 7 a.m. until 9:28 a.m. ET, Monday through Friday
- Day session: 9:30 a.m. until 4 p.m. ET, Monday through Friday
- P.M. session: 4:02 p.m. until 8 p.m. ET, Monday through Friday
- Day + ext. and GTC + ext.: 7 a.m. until 8 p.m. ET, Monday through Friday
- Overnight (EXTO) session: valid for all sessions for one trading day from 8 p.m. ET until 8 p.m. ET, Sunday through Friday. GTC + EXTO orders are valid for all sessions Sunday through Friday until filled or canceled. (limited securities offered, for additional details please contact our Trade Desk at 866-839-1100.)

*TD Ameritrade reserves the right to change our hours of operation at any time. Extended-hours trading sessions, or any security available to be traded therein, may be temporarily or permanently suspended at our discretion without prior notice.*

**Order types** - You may place only unconditional limit orders to buy, sell, or sell-short securities. Mutual funds, bonds, and most options do not trade during our extended-hours trading session; orders for ineligible securities will be rejected or canceled. Stop orders, or orders with special instructions—all or none (AON), do not reduce (DNR), or fill or kill (FOK)—will not be accepted.

**Quotes** - You can get extended-hours trading quotes online from SnapTicket™ and the Research section. Extended-hours securities quotes may differ significantly from regular session closing prices, and may not include quote information from all market participants.

**Placing orders** - Orders for the extended-hours trading sessions may be placed on our trading platforms anytime. When placing orders make sure you select the appropriate session. Carefully review this information on the **Review Order** page.

**Canceling and editing orders** - As long as your extended-hours order has not already executed, you can attempt to cancel or edit it. You may submit a cancellation or edit for an order on our trading platforms, or by contacting a broker. Broker-assisted cancellations are free of charge. Broker-assisted edits incur a broker-assisted commission charge.

**Order Execution & Liquidity** - Orders for each extended-hour trading session will not be eligible for execution until we officially open the session and will cease at our official closing of the session. Lower trading activity, which is likely to occur during extended-hours trading, may result in wider spreads and greater price fluctuation with a lower likelihood of order execution. In addition, there may be a number of orders ahead of yours that will be filled by incoming matching orders before your order can be filled. It is possible that your order will not be executed at all, or only partially executed.

**Order expiration** - A.M. or P.M. session orders that are not executed or canceled will expire at the end of that session. EXTO (Extended-Hours Overnight) session orders that are not executed or canceled will expire at the end of that session. Day + ext. and GTC + ext. orders remain at the market throughout the A.M., Day, and P.M. sessions. GTC + EXTO orders remain at the market through all sessions until either filled or canceled. Extended-hours trading orders for options shall be expired at the end of CBOE extended session (2 a.m. ET to 8:15 a.m. ET for options on the SPX and SPXw (SPX Weeklys and SPX End-of-Month) and Sunday 5 p.m. ET to Monday 8:30 a.m. ET and Tuesday-Friday 3:30 p.m. ET (previous day) to 8:30 a.m. ET) if not filled during that session. A GTC order lasts until it is completed or canceled. You can enter the date you would like your GTC order to be canceled, up to six months from the date the order was placed.

**Order routing** - Orders for the extended-hours trading sessions are routed to a market maker, exchange, or an ECN for execution. Certain exchanges and ECNs provide computerized buy and sell limit order matching for securities. Buyers and sellers trading through certain exchanges and ECNs may experience significant delays before their orders are filled, and some orders may only be partially filled or may not be executed at all. For example—an investor who places an order to sell has to wait for a matching buy order to come in at his or her price before an order execution can take place. Orders for the extended-hours overnight are routed to a single ATS, which is like an ECN, but is not required to display prices publicly, and orders residing on the ATS are not price protected, which means there is no protection against orders filling on the ATS at worse prices than appear in other market centers.

**Fees and trade settlement** - There are no additional fees for Extended-Hours Trading and the standard commission schedule applies for trades executed during these sessions. Extended-hours trade settlement times are the same as for the regular session.

**Corporate actions** - Trades placed in the Extended-Hours Overnight (EXTO) beginning at 8 p.m. ET are considered the next trading day and are post-corporate action. Splits, dividends, spin-offs, and any other corporate action event will all be part of the post-corporate action environment. TD Ameritrade reserves the right to review any orders affected by a corporate action event in the EXTO session.

**Note: Extended-hours trading may affect opening stock prices.** When the securities markets open, the opening price of stock does not always match the closing price of that stock from the previous day. If you place market orders for execution at the beginning of the securities markets regular trading session, you should be aware that overnight events may impact the price of a stock between market close and market open. Publicly traded companies often wait until the securities markets close at 4 p.m. ET, to make major news announcements such as earnings reports. These announcements can, and often do, affect both extended-hours trading activity and the next day's opening prices. Orders placed after the securities exchanges have closed accumulate overnight and are evaluated by market participants before the market opens the following morning. The supply and demand indicated by these orders is one of the factors used to determine the opening price of a stock.

Investment Products: Not FDIC Insured \* No Bank Guarantee \* May Lose Value

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