

Disclosures for Market, Equity Price, and Volume Volatility

Although capital markets are diligently and carefully regulated, market reaction to various events and news are part of the general course of a trading day. For this reason, it's important for clients to become familiar with certain information that may occur during those periods in which markets are more volatile.

To better understand what to expect during times of market, equity price, and volume volatility (i.e., fast markets), please carefully review the information below. Any questions should be directed to your financial advisor.

- **Delays** – High volumes of trading at market opening or intra-day may cause delays in execution and executions at prices significantly away from the market price quoted or displayed.
- **Quotations** – Price quotations (bids and offer prices) may be delayed or inaccurate during fast or volatile markets. Consequently, execution prices may vary significantly from displayed quotes.
- **Types of orders** – The types of orders placed during volatile or fast markets may have their own benefits and risks, as noted below:
 - Market orders are fully and promptly executed without regard to price. Execution price(s) may significantly differ from the current quoted price.
 - Limit orders will be executed only at a specified price or better. They offer price protection, but there exists a possibility that the order will not be executed.
 - Stop-loss orders without price limits will trigger as a market order once the stop price is met. The actual execution may significantly differ from the stop-loss price.
 - Initial public offering (IPO) securities that begin trading in the secondary market may experience rapid and volatile price quote changes that subsequently do not keep up with the trading price of the stock itself. Therefore, execution prices may significantly vary from the quoted or displayed bid and offer price.
- **Access** – Delays in reaching firm representatives may occur due to a high volume of phone calls.
- **Margin** (*applicable to only those accounts using margin/borrowing against securities in account*) – Margin requirements (required equity percentage) may increase (up to 100%) for those stocks considered volatile, as determined by regulators, LPL Financial, UVEST, or the firm's clearing agent. A margin requirement percentage increase is to help ensure sufficient funds (equity) to cover large changes in the price of a stock. An increase in margin requirement may trigger a margin call and require either additional funds (equity) to be deposited, or current positions to be liquidated.
- **Cancelling and replacing orders** – Customers attempting to cancel orders during volatile or fast markets and then attempt to enter a separate, new replacement order assume the risk of both orders being executed. Both execution and cancellation reports may be delayed during volatile and fast markets. Replacement orders should be entered only after confirmation that the initial order was in fact canceled.