

## Alpaca Extended Hours & Overnight Trading Risk Disclosure

Alpaca offers pre-market, after-market, and overnight extended hours trading sessions on official market business days (excluding market holidays).

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 4:00 p.m. Eastern Standard Time.

**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 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 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 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.

Alpaca may route extended hours eligible orders as not held orders. A not held order is an order where you give discretion for your order to be worked on a not held basis. Our extended hours not held orders will be sent to the market with your instructions to buy or sell at your limit price or better. It is important to note that if we route your order as a not held order the order is not a "covered order" under Reg NMS and is not subject to limit order display or trade through protections as outlined in Reg NMS during the life of the order.

**Trade Date / Corporate Actions.** The trade date for trades in US stocks executed during regular trading hours or during the extended hours trading session is the date on which the order was executed. However, the trade date for trades executed during the overnight trading session (i.e., 8:00 p.m. to 4:00 a.m. the following morning) is the date of the morning when the overnight session ends (even if the trade is executed before midnight). Thus, for example, if an account holder purchases a US stock on the day prior to the ex-dividend date during the regular or extended hours sessions they will be entitled to receive the dividend, but if the purchase is made during the overnight session they will not be entitled to the dividend because the trade date for the overnight trade would be on the ex-dividend date.

**Fractional Orders.** Certain securities are not eligible for fractional trading during the pre-market or after-hours sessions; during these sessions, orders in such securities may be placed for whole shares or queued for the opening of the next regular hours trading session. All orders with a fractional share component executed on a principal basis will be marked "Not Held," which gives Alpaca the time and price discretion to execute the order without being held to the security's current quote. As a result, each time you submit an order to buy or sell a fractional share quantity or dollar amount of a particular security resulting in an execution on a principal basis, you authorize Alpaca to "work" the order. If you do not wish your order to be handled on a Not Held basis, you should not engage in fractional trading.

**Additional Risks of Alpaca Overnight Trading.** If Alpaca Overnight Trading is available to you and you enter a limit order that is eligible for execution during the overnight session, Alpaca will route the order to a market center (a "24H Market Maker"), which may execute the order on a principal basis or route the order for execution to another market center. Between 8 p.m. and 4 a.m. ET ("Overnight Hours"), eligible counterparties include Market Makers, which may execute orders it receives on a principal basis or route them for execution to an alternative trading system (the "24H ATS"). The 24H ATS' are not required to display prices publicly and may have very limited liquidity and/or high volatility. Alpaca may decide to add or remove market markers or modify this order processing. Orders placed for the overnight session may not be price protected and so may be executed by a market center at prices that are worse than prices available at other execution venues. If an order placed for the overnight session is unexecuted as of the beginning of, or shortly before, the next overnight session, the order will be canceled and, subject to the order's time-in-force instructions, re-routed to a single 24H Market Maker, which may execute the order on a principal basis or route the order for execution to the 24H ATS. If an order placed for the overnight session is unexecuted as of the end of, or shortly before the end of, the overnight session, the order will be canceled and, subject to the order's time-in-force instructions, re-routed to a 24H Market Maker, which may execute the order on a principal basis or route the order for execution to another market center. If an order is canceled and re-routed as described in either of the two scenarios above, the order will not be eligible for execution during the period of time between the cancellation of the order and its re-routing. Overnight trading may be suspended at any time without notice.

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