



LOW-PRICED SECURITIES - Penny and Sub-Penny Stocks

低价证券 – Penny and Sub-Penny Stocks

The term “penny stock” generally refers to low-priced (below \$5), speculative securities of very small companies. While penny stocks generally are quoted over the counter, such as on the OTC Bulletin Board or in the Pink Sheets, they may also trade on securities exchanges, including foreign securities exchanges. In addition, the definition of penny stock can include the securities of certain private companies with no active trading market.

RISKS

Investments in low-priced securities are speculative and involve considerable risk. Low-priced securities often exhibit high price volatility and erratic market movements. Often, when investors buy or sell these securities, they affect the quoted price significantly. In some cases, the liquidation of a position in a low-priced security may not be possible within a reasonable period of time and is subject to additional fees (read below Additional Fees section).

It may be difficult to properly value an investment in a low-priced security. Reliable information regarding issuers of low-priced securities, their prospects, or the risks associated with investing in such securities may not be available. Certain issuers of low-priced securities have no obligation to provide information to investors. Some issuers register securities with the Securities and Exchange Commission (SEC) and may provide regular reports to investors. Others however may not be required to maintain such registration or provide such reports. Securities may continue to be traded if issuers are delinquent in their reporting obligation to the SEC or other federal or state regulatory agencies.

Penny stocks have not been approved or disapproved by the Securities and Exchange Commission (SEC). The SEC has not passed upon the fairness, the merits, the accuracy or adequacy of the information contained in any prospectus or any other information provided by an issuer or a broker or a dealer of penny stocks.

Trading low-priced securities is subject to significant risks, increasing regulatory requirements and oversight, and additional fees.

FEES

Low-priced securities are subject to settlement fees if they are non-DTC-eligible securities. The Depository Trust Company (DTC) provides clearing, settlement and information services for certain securities. Certain low-priced securities are not DTC-eligible or have had their eligibility revoked. As a result, the settlement of these physical positions can carry significant pass-through charges for our clearing firm, Apex Clearing Corp, including execution fees, DTC fees, deposit fees, New York window

fees, and transfer agent fees. These fees, which can vary and may be substantial, increase the cost that Apex Clearing Corp, passes through for clearing and execution.

Customers who trade penny stocks and non-DTC-eligible securities are responsible for these charges, which can be as high as 10 times the value of the trade. Orders that require executions with multiple contra-parties will result in settlement fees for each separate transaction. Neither Firstrade nor Apex Clearing Corp mark up any of these fees before they are passed through to customers. These pass-through charges may not be immediately charged to a customer account following a trade in non-DTC-eligible securities, as our clearing firm may receive notice of such fees several weeks following the trade. Firstrade reserves the right to withhold funds in a customer account pending potential assessment of fees associated with trading in low-priced securities. It is your responsibility to investigate the eligibility status of a low-priced equity before trading it. You should contact the specific company whose equity you intend to trade to confirm eligibility.

FORCED BUY-INS

Your sale of a low-priced security may be reversed with a forced buy-in executed at the current market price, leading to potential large losses.

The National Securities Clearing Corporation (NSCC), a subsidiary of DTC, enforces an "Illiquid Requirement" onto the clearing firm when one customer (or more than one customer in the aggregate, across the totality of customers of Apex Clearing Corp's correspondents) whose account is carried by Apex Clearing Corp sells more than 25% of the average daily trading volume of a security over the last rolling 20 business days. The Illiquid Requirement is a deposit ("charge") that the Clearing firm is required to post under certain circumstances. The amount of this requirement depends on the percentage of the ADV (Average Daily Value) represented by the open sales. The requirement has very little relation to the value of the trade, and is generally at least ten times the trade value and may be as high as one hundred times the trade value, or even more. This requirement is incurred even if the customer owns the shares and even when Apex Clearing Corp has these shares long in its DTC account. If Apex Clearing Corp's customer creates a NSCC Illiquid Charge greater than \$50,000, the offending trade or trades may be bought in on T+1, without notice to the customer. If a customer creates a second NSCC Illiquid Charge greater than \$50,000 in a ninety-day period, in addition to the buy-in, the customer account may be subject to closure for ninety days.

低价证券 – Penny and Sub-Penny Stocks

“Penny Stocks” 一词通常指非常小型的低价（低于\$5）投机性证券。Penny Stocks 一般通过电子报价系统报价，例如 OTC 公告板或粉单市场，但它们也可能在证券交易所交易，包括外国证券交易所，此外，Penny stock 的定义可包括某些没有活跃交易市场的私营公司的证券。

风险

投资低价证券是具有投机性，并且涉及相当大的风险。低价证券通常呈现出高价格波动及不稳定的市场走势。大多数时候，当投资者买入或卖出这些证券时，它们的报价将会被显著影响。在某些

情况下，低价证券可能在一段期间内无任何交易量，并且可能会需要支付额外的费用。（请参阅以下附加费用部分）。

正确的评估对于投资于低价证券中的风险可能是比较困难的，因为低价证券发行商的信息、其招股说明书、或者可能涉及到的风险披露都可能无法获得。某些低价证券发行商并没有义务披露信息给投资者，有些低价证券发行商通过美国证监会注册证券，可能会被要求定期向投资者提供相关报告，而其它低价证券发行商并没有被要求向投资者提供报告。如果证券发行公司延误向 SEC 或其他联邦或州监管机构提供相关报告，证券仍然可以继续进行交易。

美国证券交易委员会(SEC) 对于批准或不批准 Penny Stock 不会表示任何意见, 也不保证任何招股说明书中所载信息的公平性，价值性，准确性，发行公司, 经纪人或 Penny Stock 交易商提供的任何其他信息。

交易低价证券存在重大风险，需要更加严格的监管和额外费用。

费用

如果低价证券不能透过存托信托公司交割，结算交割此证券时需支付额外的交割费用。存托信托公司从事对于某些证券提供证券清算，结算及部分证券的信息服务。但对于某些不符合不属于存托信托公司证券的低价证券或者其资格被撤销的证券，其结算费用将会对我们的结算商公司（APEX Clearing Corp.）造成高昂的费用。这里包括执行费、DTC 费、存款费、纽约窗口费以及转让代理费, 这些费用金额可能会不同并且比较高，增加交割商公司 Apex Clearing Corp 的清算和执行成本。交易这些 Penny Stocks 及不属于 DTC 证券股票的投资者将负责支付这些费用, 这些费用可能导致超过多达成交额的 10 倍的金额。通过多方交易成交的订单每笔交易均会产生清算费, 这些费用不论 Firstrate 或者 Apex Clearing Corp 均不会提高费用转嫁给客户, 但这些费用可能不会在下单后立即呈现在账户上，这是因为交割商可能在订单成交后的数周后才会收到其费用通知。Firstrate 保留暂扣客户账户涉及到低价证券交易费用资金的权利。客户有义务在交易前查询其低价证券是否属于存托信托公司结算范围内。并应与相关公司联络以确保其 DTC 所属资格。

强制补仓

您卖出的低价证券可能会被以市场价格强制补仓，因而导致大量损失。

国家清算公司（NSCC）是存托信托公司（DTC）的子公司，该公司（NSCC）要求清算公司针对单一客户或在交割公司 Apex clearing Corp 管理下的多个账户总和, 在过去 20 个工作日内卖出超过平均交易额 20% 的账户执行“非流通性保证金”。这个“非流通性保证金”，需由清算商公司在特定情况下公布, 此要求金额取决于公开销售后日均价的百分比。此要求与该证券交易市值关系不大，通常是交易市值的十倍，甚至可能达到交易市值的一百倍或者更高。即使客户持有该证券或是 Apex Clearing Corp 长期在 DTC 账户中持有相关证券，该要求费用仍会产生。如果 Apex Clearing

Corp.客户产生超过\$50,000的 NSCC 非流通性费用，违规交易或是全部交易可能会在没有任何通知的情况下，以 T+1 的形式直接买回。如果客户在 90 天内产生了第二次超过\$50,000 的 NSCC 非流通性费用，除了直接买回外，客户的账户可能会被关闭 90 天。