



Over the Counter (OTC) Equity Securities Disclosure

ETC Brokerage Services accepts orders for specific securities not listed on national stock exchanges and trades on the over the counter (OTC) market (known as OTC securities). OTC securities may be low-priced shares of new or small companies, foreign equity issues, warrants, and ADRs that do not meet the criteria for listing on a national stock exchange. Investing in these securities carries a high degree of risk. It is essential to understand these risks before deciding to invest in these securities. These include:

Lack of publicly available information: One of the most significant differences between an OTC security and a listed stock is the amount of publicly available information about the security issuer or the security itself. Information about the issuer of an OTC security may be difficult to find, making it less likely that the security's quoted price is based on complete information about the company. OTC securities are sometimes the targets of fraud or market manipulation, not only because of their generally low price but also because the reporting requirements for these securities are less stringent than for listed securities, and no exchange requirements are imposed. We encourage you to carefully review the information regarding the company you intend to invest in before trading OTC securities (or any other investment).

Liquidity risk: OTC securities may be "thinly traded" or more illiquid than exchange-listed securities, which tends to increase price volatility and impair your ability to buy or sell within a reasonable period without adversely impacting execution price(s).

Larger spreads: OTC securities typically have larger spreads between the prices at which an investor can buy (known as the ask) and sell (known as the bid) the security, which also tends to increase price volatility.

There is no minimum listing standard. Companies quoted on OTC markets generally must meet less stringent listing standards, if any.

Loss risk: You may lose all or part of your investment in OTC securities as these typically represent shares of new or small companies with limited operating histories and whose financial condition can change quickly. Any report (whether substantiated or not) or news that would affect the company's financial condition may lead to a dramatic decline in the security price. You must perform adequate due diligence on the issuer before executing any transaction and carefully consider your risk tolerance and ability to withstand a complete loss of your investment.

Other limitations: ETC Brokerage Services provides brokerage services but does not offer investment advice. We do not solicit or recommend transactions in any OTC security or OTC securities generally. You are solely responsible for the investment decisions in your account, including a decision to invest in an OTC security. We do not accept any responsibility for any losses or gains that may result from any decision or strategy you implement. You take these decisions entirely at your own risk.

In addition, at our sole discretion, we may restrict your ability to enter market orders or other order types in certain instances and require you to place limited orders to trade OTC securities. Some order types, when used for OTC equity securities, may trigger, route, or execute in a manner different than exchange-listed securities.



To the extent that you participate in any OTC security transaction, you acknowledge that you understand that OTC securities may be subject to different trading rules and trade on systems and venues different from exchange-listed securities. You may encounter significant delays in executions, reports of executions, and quotation updates in OTC securities. Although market data relating to OTC securities may update, displayed pricing information and other market data may not be current at any point in time.

Finally, we encourage you to review OTCBB Trading Rules carefully to determine if investing in these securities is appropriate for your investment goals, risk tolerance, and experience.

OTC Trading Rules

Available Symbols: ETC Brokerage Services currently supports trading in a limited number of OTC securities. This list is subject to change at any time and without prior notice. You should know that frequent symbol changes, additions, and delisting's occur in the OTC market. Suppose you buy or hold a stock with a reverse split, forward split, symbol change, or other corporate action-related event. In that case, your positions may not be updated immediately. It is your responsibility to be aware of the date on which such action is effective, to identify the type of split or name change on the stock, and to provide correct instructions, including accurate symbol and quantity information, when placing an order.

Close Only: "Close only" refers to a restriction where securities can only be sold or closed out, not purchased or acquired to open new positions.

- **Impact on Existing Positions:** If you hold a long position in a "close only" security, you will not be able to purchase additional shares. You can only place sell orders to reduce or close out your existing position. It is important to note that the ability to sell these securities is dependent on the availability of a market and the presence of buyers willing to purchase them.
- **Impact on New Positions:** If you wish to establish a new position in a "close only" security, you will not be permitted to do so. This restriction is in place to manage risk and ensure compliance with regulatory requirements.

Margin, Collateral and Short Sales: OTC securities are not marginable, cannot be used as collateral against any margin loans, and can only be traded during normal U.S. market hours. ETC Brokerage Services does not support short sales in OTC securities.

Fees: [Full brokerage commission and fee schedule](#)

Note that our rules regarding OTC security trading are subject to change without prior notice. Please check the rules on our website for amendments before entering a transaction. By participating in OTC security trading, you agree to the Terms and Conditions of your account presented on our website and the OTC Trading Rules.

Additional guidance on Over-the-Counter Securities can be found on the SEC website at <https://www.investor.gov/introduction-investing/investing-basics/glossary/over-counter-otc-securities>.