

Low-Priced Securities Disclosure

Definition:

The term "penny stock," or "low-priced security," generally refers to low-priced shares issued by a company that are not traded on an exchange or quoted by NASDAQ. Low-priced securities generally are quoted over-the-counter, such as on the OTC Bulletin Board (or OTCBB, which is a facility of FINRA) or OTC Links LLC (which is owned by OTC Markets Group, Inc., formerly known as Pink OTC Markets Inc.). Low-priced securities may, however, also trade on exchanges. In addition, the definition of low-priced securities can include the securities of certain private companies with no active trading market.

Low-priced securities are considered speculative investments and customers who trade in low-priced securities should be prepared for the possibility that they may lose their entire investment, or an amount in excess of their investment if they purchased on margin. Before investing in a low-priced security, you should thoroughly review the issuer and be aware of the risks associated with trading low-priced securities.

Low Priced Security Risks:

Risk of Low Liquidity: Low-priced securities may trade infrequently, which means that it may be difficult to sell the shares once you own them. Because it may be difficult to find quotations for certain low-priced securities, they may be difficult, or even impossible, to accurately price.

Risk of Higher Volatility:

Due to low liquidity, low-priced securities are subject to greater volatility and price swings. A customer order to purchase or sell a low-priced security may not execute or may execute at a substantially different price than was quoted in the market at the time the order was placed. In addition, the market price of any low-priced security you purchase can vary significantly over time.

Risk of Lack of Public Information:

Most large, publicly-traded companies file periodic reports with the Securities and Exchange Commission ("SEC") that provide information relating to the company's assets, liabilities, and performance over time. In contrast, information about low-priced securities can be extremely difficult to find, making them more likely to be the subject of an investment fraud scheme and making it less likely that quoted prices in the market will be based on full and complete information about the company.

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 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 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.

Risk of Scams:

Low-priced securities are frequent vehicles for scams and/or market manipulation due to their generally lower prices and less stringent listing requirements. You should be wary of advertisements, unsolicited emails, newsletters, blogs or other promotional reports that emphasize the potential for large profits in these securities. These promotional materials are often used to manipulate or “pump up” the price of low-priced securities before selling a large volume of shares a “dump”). Customers are therefore strongly encouraged to do their own due diligence with respect to any low-priced securities they invest in and not rely solely on any outside promotional materials.

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

Further Reading:

Before you consider investing in the stock of any small company, you may want to review the low-priced securities rules outlined in Exchange Act Section 15(h) and Exchange Act Rules 3a51-1 and 15g-1 through 15g-100 as well as the SEC brochure Microcap Stocks: A Guide for Investors (<https://www.sec.gov/reportspubs/investor-publications/investorpubsmicrocapstockhtm.html>).

eToro may choose to limit the ability to invest in stocks and ETFs priced below certain dollar thresholds (such as \$1).