

## LOW-PRICED SECURITIES RISK DISCLOSURE

This statement contains important information on low-priced securities and its associated risk. Please, note that this disclosure is not relate to penny stock and/or OTC stocks, only have in common the generalities with the low-priced listed Securities.

### LOW-PRICED SECURITIES

The term “low-priced Securities” refers to those securities that are sometimes referred to as “microcap stocks”. The term “microcap stocks” generally refers to securities issued by companies with a low market capitalization (less than \$250-300 million).

### MARKET OF LOW-PRICED SECURITIES

Both penny stocks and a low-priced security (micro-cap stock) may represent the shares of a company with low market capitalizations. The difference remains that a penny stock trades at both a low price and low market capitalization, and trades over-the-counter (OTC) instead of being listed on a stock exchange. Meanwhile, a low-priced security is based on a company's market capitalizations and not its stock price. Indeed, many low-priced securities **do trade** on stock exchanges.

### RISK

Investing in low-priced securities involves considerable risk and often exhibit high price volatility.

Reliable information regarding issuers of low-priced securities, their prospects, or the risks associated with investing in such securities may not be available. Not providing current and adequate publicly available financial information in Securities and Exchange Commission (SEC) filings or voluntary disclosures on an inter-dealer quotation system makes that it may be difficult to properly value an investment in a low-priced security.

When trade low-priced securities be aware of the risk of low liquidity, higher volatility, lack of public information and scams. **Customers are therefore strongly encouraged to do their own due diligence with respect to any low-priced securities they invest in and not rely on any outside promotional materials.**

Certain low-priced securities are not DTC-eligible or have had their eligibility revoked. Fenix Securitieså LLC, does not accept direct client trades for non-DTC eligible stocks as it may incur in greater risk.

### CONSIDERATIONS

Due to lower volumes, low-priced equity securities can experience large price swings during a given trading day, which translates into greater price risk. Trading low-priced securities is subject to significant risks, increased regulatory requirements and may include additional fees. **Investing in low priced securities is considered speculative.**

**Please, refer to the following links for further information:**

- <https://www.finra.org/rules-guidance/notices/21-03>
- <https://www.sec.gov/reportspubs/investor-publications/investorpubsmicrocapstockhtm.html>