MSX Securities LLC
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Market Volatility Disclosure

Market volatility refers to the frequency and magnitude of price movements, whether upward or downward. Larger and more frequent price swings indicate greater volatility. Volatile markets present risks that investors should understand before trading.

Delays

High volumes of trading at the market opening or intra-day may cause delays in execution and executions at prices significantly away from the market price quoted or displayed at the time the order was entered. Market makers may execute orders manually or reduce their size guarantees during periods of volatility, resulting in possible delays in order execution and losses. Using limit orders is highly recommended in order to avoid executions at prices significantly different from the prices quoted at the time of order entry. In a volatile market, attempts to cancel an existing order and replace it with a new one may result in an execution of a duplicate order. In such situations, customers are wholly responsible for both executions and any resulting losses.

Quotes

In a highly traded and volatile market, price discrepancies may exist between the quote and the price at which the trade is executed. In addition, the number of shares available at a certain price (known as the size of a quote) may change rapidly, affecting the likelihood of a quoted price being available to the customer.

Types of Orders

MSX Securities LLC is required to execute a market order fully and promptly without regard to a specific price. While a customer may receive a prompt execution of a market order, the execution may be at a price significantly different from the current quoted price of that security. Limit orders will be executed only at a specified price or better. While the customer receives price protection, there is the possibility that the order will not be executed.

When placing market orders for initial public offering (IPO) securities trading in the secondary market, particularly those that trade at a much higher price than their offering price, or in "hot stocks" (those that have recently traded for a period of time under what is known as "fast market conditions," in which the price of the security changes so

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quickly that quotes for a stock do not keep pace with the trading price of the stock), customers' risk of receiving an execution substantially away from the market price at the time they place the order may be significantly reduced if they also include a cap (or floor) with the order above (or below) which the order is not to be executed, by placing a limit order.

Access

Customers may suffer market losses during periods of volatility in the price and volume of a particular stock when system problems result in inability to place an order. Customers trading on-line may have difficulty accessing their accounts due to high internet traffic or because of systems capacity limitations. When on-line trading has been disabled or is not available because of system limitations, customers may have difficulty reaching MSX Securities LLC during periods of high volume. While every effort is made to ensure the availability of electronic systems, no guarantee of access can be made during periods of exceptionally heavy activity. In addition, system response and account access times may vary, or service may be interrupted due to other conditions, including system performance, Internet traffic levels and other factors.