Pink Sheet and Over the Counter (OTC) Trading Risk Disclosure

SogoTrade accepts orders for certain Over the Counter (OTC) Bulletin Board, Pink Sheet and other Non-listed securities (hereinafter referred to collectively as 'OTC stocks'). Investing in OTC stocks can be very risky. These securities typically represent low-priced shares of new or small companies and foreign equity issues that do not qualify for trading on the Listed exchanges (NYSE and NASDAQ). Instead, dealers, who are not required to make a market in the security or hold shares in their inventory, trade the securities on a manual basis, over the telephone, in the 'over the counter' market. As the securities may not be traded through automated or electronically linked execution systems, accurate quotation information and immediate executions may not be available and it is not uncommon to the manual execution process to take several minutes. With fewer market makers and less liquidity, the prices displayed are not absolute; they should only be viewed as indications. Market makers in OTC stocks are not held to Times & Sales data (not held to the price displayed) and trades are executed on a 'best efforts basis'. Due to the volatile nature of OTC stocks, SogoTrade's policy is not to accept market, stop or stop limit orders for these securities; only limit orders may be placed.

As a discount brokerage firm, SogoTrade does not solicit or recommend transactions in OTC stocks. Because accounts with SogoTrade are self-directed, please perform your own 'due diligence' before investing in any security. In all OTC stock transactions, SogoTrade is acting as an agent. The commission charged is solely determined by the method in which the order is placed. An order placed via our electronic platforms will be charged an online rate plus a surcharge (if the stock is priced less than $1 per share). An order placed over the phone via a broker will be charged the broker-assisted commission rate plus a surcharge (if the stock is priced less than $1 per share). Please consult our Commission, Rates & Fees section for the latest commission surcharge calculation.

SogoTrade typically will only permit opening transactions in OTC stocks identified as **OTCQX**, **OTCQB**, **Pink Current Information** and **Pink Limited Information** on www.otcmarkets.com. If the OTC stock is delinquent in its regulatory filings and identified as **OTC No Information, OTC, Other OTC** or **Grey Market**, SogoTrade will typically only accept orders to close existing positions. In some cases, an OTC stock may be 'Chilled' for settlement or delivery (additional clearing charges may run as high as $250.00 or higher), in which case the market maker will block online order entry. If this occurs, please contact our Trade Desk and an order to close an existing position can be phoned in to the market maker on your behalf. Note: it may take a few weeks for the additional clearing charges to post to your account.

Due to the volatile nature of OTC stocks, some restrictions apply to trading these securities at SogoTrade:

- OTC stocks can only be traded during regular market hours. Extended Hours orders for OTC stocks will not be accepted.
- Only limit orders will be accepted. Market, stop and stop limit orders typically will be rejected.
- Online order entry is limited to 100,000 shares. Orders for more than 100,000 shares, phoned in for stock priced less than $1, will be subject to the broker-assisted commission rate plus the surcharge.
- OTC stocks are considered non-marginable, regardless of their price. They cannot be used as collateral to support a margin loan.
- Rules regarding OTC stock trading are subject to change without prior notice.

Please be aware of these potential risks associated with OTC stocks:

- Availability of quotes and company information can be limited. A free real-time bid and offer and additional company information is available at www.otcmarkets.com.
- Delays in order communication – heavy market volume can lead to a delay in processing OTC stock orders due to the manual nature of the market
- Fraud – given the OTC stock reporting requirements are less stringent than for securities listed on the NYSE or NASDAQ, OTC stocks are frequent targets of market manipulation. Dealers may dominate the market and set prices that are not based on competitive forces. Individuals or groups may create fraudulent markets and control the sudden sharp increase in price, as well as the sudden sharp collapse in price, of an OTC stock.
- Volatile price fluctuations - fewer market participants can lead to less liquidity and more volatile price fluctuations
- Risk of loss - you may lose all or part of your investment in OTC stocks.
- Monthly fees - low trading volume and limited investor interest can ultimately lead to the loss of a transfer agent. If an OTC stock does not have a transfer agent for six or more years, it is classified as 'non-transferable' by DTCC and subject to a monthly surcharge of $20.00. Therefore, if you hold an OTC stock in your account, it is important to monitor your account activity and monthly statements regularly for such fees and make arrangements to remove the stock from your account to avoid future fees.
- Unable to sell to claim a loss - OTC stocks with little or no value cannot be sold in the open market. In that case, if you want to remove the stock from your account in order to claim a loss or just clean up your Positions, we offer a **Worthless Securities Letter** under Help > Forms > Other Forms. Note: a $10 processing fee per security removed as worthless will be charged.