

SMALL TALK SEPT 18, 2018

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AFTER HOURS TRADING

- ▶ Objectives:
- ▶ Define After Hours Trading
- ▶ Identify Advantages & Disadvantages

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DISCLAIMER

- ▶ **REMEMBER** = Information discussed here is for general information purposes only: **NO** recommendation or personalized advice intended. Each investor needs to complete their own research and evaluation!

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DEFINITION OF AFTER HOURS TRADING

- ▶ (Also referred to as extended-hours trading)
- ▶ Trading that occurs outside the normal trading hours
- ▶ Normal trading hours are from 9:30 AM to 4:00 PM Eastern Time

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AFTER HOURS TRADING

- The exact hours may vary between markets & trading venues
- Investors should contact brokerage firms to determine if & when after-hours trading sessions are available

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AFTER HOURS TRADING

- After-hours trading takes place within a computerized trading system informally known as "electronic markets": ATs (alternative trading systems) & ECNs (electronic communications networks) both operated by broker-dealers, or exchanges & other markets with electronic trading platforms

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AFTER HOURS TRADING

- Rules for after hours trading vary & may differ significantly from the rules that apply during the regular trading day

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AFTER HOURS TRADING DIFFERENCES

- Type of orders accepted
- Securities available for trading
- Presence or absence of market makers
- Rules designed to protect investors from poor price
- Investors should contact their brokerage firm to determine the specific rules that apply

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AFTER HOURS TRADING ADVANTAGES

- ▶ Convenience: some traders are not able to place orders during normal trading hours.
- ▶ Ability to react to news events
- ▶ Ability to act more quickly to technical signals (this is for the technically-oriented traders)

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AFTER HOURS TRADING DISADVANTAGES

- ▶ Non-consolidated quotes: see prices from only one venue & these may not display the other electronic trading systems price for the same security
- ▶ Uncertain prices: prices of some securities traded in the after-market may not reflect the prices of those securities at the open or close of the regular session

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AFTER HOURS TRADING DISADVANTAGES

- ▶ Lower liquidity
- ▶ Wider spreads

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AFTER HOURS TRADING DISADVANTAGES

- ▶ Higher volatility
- ▶ Lack of calculation of index values

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AFTER HOURS TRADING

- Investment goals
- Trading style
- Advantages/Disadvantages

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AFTER HOURS TRADING

- References
 - SEC Web Site: Investors Bulletin: After-Hours Trading
 - After Hours Trading: Fall 2017 Onward, Charles Schwab
 - Should After-Hours trading Be Part of Your Market Strategy? Charles Schwab, Jun 29, 2016
 - "A Long-Term Investor Looks at After-Hours Trading, Crane, Amy Buttell B BITS, June 2000.
 - After-Hours Trading, Investopedia

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AFTER HOURS TRADING

- THANK YOU TO THE ROCKY MOUNTAIN BOARD FOR THEIR ASSISTANCE IN THIS PRESENTATION!
- Hold questions until after the Company presentation.