Low Priced Security Disclosure

The term “penny stock” generally refers to low-priced (below $5), speculative securities of very small companies. While penny stocks generally are quoted over the counter, such as on the OTC Bulletin Board or in the Pink Sheets, they may also trade on securities exchanges, including foreign securities exchanges. In addition, penny stocks include the securities of certain private companies with no active trading market.

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

Risks Associated with Penny Stocks

You can lose all or much of your investment trading penny stocks. Investing in low-priced securities is speculative and involves considerable risk. Low-priced securities often exhibit high price volatility and erratic market movements. Often, when investors buy or sell these securities, they significantly affect the quoted price. In some cases, the liquidation of a position in a low-priced security may not be possible within a reasonable period of time and is subject to additional fees.

Lack of liquidity. A stock’s liquidity generally refers to how rapidly a stock can be bought or sold without substantially impacting its price. Stocks with low liquidity may be difficult to sell, increasing the possibility that you may sustain a more substantial loss if you cannot sell the shares when you want to. Historically, penny stocks have been less liquid than the stocks of larger companies. Before investing in a penny stock, you should carefully consider that you may have difficulty later selling the stock or that the sale will have a noticeable impact on the stock’s selling price.

High volatility. Volatility refers to changes in price that securities undergo when they are being traded. Generally, the higher the volatility of a security, the greater its price swings. Due to their lower liquidity, penny stocks are subject to greater volatility and price swings. A customer order to purchase or sell a penny stock may not execute or may execute at a substantially different price than the prices quoted in the market at the time the order was placed. In addition, the market price of any penny stock shares you obtain can vary significantly over time.

Lack of Publicly Available Information. It may be difficult to properly value an investment in a low-priced security. 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 Securities and Exchange Commission (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.

No Minimum Listing Standards. Companies that offer shares of their stock on exchanges can be subject to stringent listing standards that require the company to have a minimum amount of net assets and shareholders. Most penny stock companies do not list their shares on exchanges and are not subject to these minimum standards.

Penny Stocks Can Be Subject to Scams. Pennys stocks 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 penny stocks generally or certain penny stocks. These promotional materials are often used to manipulate or “pump up” the price of penny stocks before selling a large volume of shares. Customers are therefore strongly encouraged to do their own due diligence with respect to any penny stock company they invest in and to not rely on any outside promotional reports or newsletters.

Planner Securities, LLC
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