

## **Special features of trading US stocks**

Well over 2,000 US stocks are traded on the Munich Stock Exchange and on gettex. These also include less liquid stocks of smaller and micro-cap companies.

In individual cases, the latter may, under certain conditions, be subject to restrictions on trading and settlement in the US as so-called “*low-priced securities*”. Typically, these may be stocks with a low nominal market price and very low market capitalization. If the applicable thresholds are consistently undershot, trading of the affected stocks on the official US stock exchanges (e.g., NYSE, NASDAQ) usually ends and only over-the-counter (OTC) trading takes place. In such cases, transactions can generally no longer be settled on stock exchanges in Germany, as the securities are no longer settled cross-border by the US central securities depository DTC.

Shares whose proper settlement by the specialist or market maker on the domestic stock exchange can no longer be guaranteed for this reason can no longer be traded there. In such cases, the stock exchanges in Germany suspend or discontinue trading in the affected shares. This is the only way to ensure that no stock exchange transactions are concluded that cannot be fulfilled.

In such cases, securities holdings can only be sold OTC directly in the US. This requires a bank or broker with direct access to this market. In individual cases, even this is not possible and the security can be held in custody but cannot be sold, either temporarily or permanently.

**Conclusion:** When investing in smaller US stocks, their specific risk/reward profile must be taken into account. For the reasons mentioned above, investors should closely monitor the performance of their securities holdings so that they can react in good time to any potential restrictions on settlement.