



INFORMATION BROCHURE FOR CUSTOMERS

This brochure has been prepared to explain some of the basic procedures for customers of Apex Clearing Corporation to perform certain custody, brokerage, execution, and clearing functions. In this brochure, “we” and “us” refer to Apex Clearing Corporation.

Should you have any questions concerning any aspect of this brochure, your account or securities in general, contact us immediately.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: The USA Patriot Act requires brokerage firms to maintain comprehensive anti-money laundering programs. We use automated systems and staff to monitor compliance with these rules. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, record, and verify information that identifies each person who opens an account. **What this means for you:** when you open an account, we will ask for your name address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. Persons designated by the United States Office of Foreign Asset Control (OFAC) as Specially Designated Nationals, residents of restricted countries or employees of foreign governments or their agents may not open accounts at Apex.

OPENING, APPROVING AND MONITORING CUSTOMER ACCOUNTS: Before an account can be opened, you must furnish Apex with certain information including your name and address, social security number or tax identification number (see section on Backup Withholding), citizenship, age, occupation, bank reference or other brokerage reference, and a general idea of your financial situation. We reserve the right to withhold acceptance of or to reject, for any reason, any account or any transaction for any account and to terminate any account that we have previously accepted.

MAINTENANCE OF BOOKS AND RECORDS: We are responsible for maintaining stock records and other records on a basis consistent with generally accepted practices in the securities industry and will maintain copies of such records in accordance with FINRA and SEC clearing broker-dealer guidelines for record retention.

RECEIPT, DELIVERY, AND SAFEGUARDING OF FUNDS AND SECURITIES: We will receive and deliver all funds and securities in connection with transactions for your account. We are responsible for the safeguarding of all funds and securities delivered to and accepted by us, subject to our count and verification. We are not responsible for funds or securities delivered by until such funds or securities are physically delivered to us in good form and are accepted by us or deposited in bank accounts maintained in our name.

Whenever we have been instructed to act as custodian of the securities in any of your accounts or to hold such securities in safekeeping, we may hold the securities in your name or may cause such securities to be registered in our name or our nominee name or in the names of nominees of any depository we use. We will perform the services required in connection with acting as a custodian for securities in your

accounts, such as; (i) collection and payment of dividends, (ii) transmittal and handling of tenders and exchanges pursuant to tender offers and exchange offers, (iii) transmittal of all proxy materials and other shareholder communications; and (iv) handling of exercises and expirations of rights and warrants or redemptions. Upon instruction from you, we will make such transfers of securities or accounts as may be requested. You will be responsible for determining if any securities held in your accounts are restricted securities or control stock as defined by the rules of the SEC and that orders executed for such securities are in compliance with applicable laws, rules and regulations.

CONFIRMATIONS AND STATEMENTS: We will prepare and transmit to you monthly and/or quarterly statements of account. Account value and totals are based only on priced securities. We may be unable to price all securities in your account. For municipal securities and some other securities, prices are approximate (not actual market bids), are provided only as a general guide and do not necessarily reflect actual market prices. We are be responsible for preparing and transmitting confirmations.

You will receive a written confirmation of every transaction after your order is executed. This confirmation contains information concerning your transaction, such as the quantity and name of the security, net cost or proceeds, commission, and any taxes and fees, and whether the trade is a principal or agency transaction. It is important that you familiarize yourself with the symbols on your confirmation. Should you have any questions concerning any of the symbols, do not hesitate to contact us. The confirmation contains the complete terms of the trade, and the terms are final unless a written objection is made within two days after receipt of the confirmation. The confirmation terms cannot be changed orally. Should the confirmation be delayed for any reason, you are still obligated to meet your commitment to pay or deliver the security by the settlement date of the transaction. You may elect to have your statements and confirmations delivered to you electronically. If you choose this option, you may revoke your consent to deliver documents electronically at any time.

While we make every effort to transmit reports of transactions accurately, errors do occasionally occur, especially during periods of heavy volume. If you find an error on a transaction confirmation, you should notify us immediately so that corrective action can be taken. We cannot be held responsible for the price as reported to you if your order was executed at another price. Furthermore, we cannot be held responsible for reports of transactions that have not, in fact, occurred. As soon as an error is discovered, we will correct the information reported to you as expeditiously as possible. It is important that you retain your confirmation for tax reporting purposes. Your sale confirmation should be retained along with the corresponding purchase confirmation, as evidence of the gain or loss on that particular transaction that you reported for tax purposes. Finally, your confirmation should be retained for all bearer securities in the event that they are needed as proof of ownership at some later date.

In addition to your confirmations, you will periodically receive a statement showing the securities and cash held for your account and any activity that has taken place since the preceding statement. Your statement also reflects any dividends or interest payments that we have



credited on the securities in your account. If you have a margin account with us in which there is a debit balance, the interest charged to that account also appears on your statement. We are required by law to report dividends and interest credited to you to the Internal Revenue Service. Therefore, you should retain these statements for tax purposes. You will receive a Form 1099 from us confirming the income and sales proceeds reported to the Internal Revenue Service.

ACCEPTANCE OF ORDERS AND EXECUTION OF TRANSACTIONS: We may refuse to accept any orders if we in good faith determine that we should. We may refuse to clear any transaction if we in good faith determine that we should.

BACKUP WITHHOLDING: Since January 1, 2018, we must generally withhold 24% of taxable interest, dividends and proceeds from the sale of securities if you fail to furnish us with the correct taxpayer identification number. This is referred to as backup withholding. For most individual taxpayers, the taxpayer's identification number is their social security number. To prevent backup withholding on these payments, be sure that you have completed and returned to us a **New Account Application/Customer Account Agreement**, which includes the W- 9 Form, to notify us of the correct taxpayer identification number and to properly certify that you are not subject to backup withholding under Section 3406(a)(1)(c) of the Internal Revenue Code of 1986, as amended (the "Code").

If you are not a US person and are exempt from this withholding, you must complete and return to us an appropriate W-8.

CASH ACCOUNT: The most common type of account is a cash account which we call Type 1. In this type of account, there is no extension of credit made in connection with any purchase, you pay in full for any security that you purchase. Regulation T and certain SEC rules make it necessary to settle the purchase or sale of securities within one business day after the transaction (the settlement date). When a security is purchased for your account, we must pay the selling broker on the settlement date, and when a security is sold for your account, we must deliver the security on the settlement date. You are responsible for compliance with Regulation T. When you buy a security, we must receive prompt payment by Automated Clearing House ("ACH") transfer, personal check, or wire payable to Apex Clearing Corporation if sufficient funds to buy the security are not present in your account. We will deliver confirmation of the transaction to you reasonably soon after your order is executed. Since purchases must be paid for within one business day, you should not await the arrival of the confirmation before payment. In the event that payment for securities is not received promptly, Regulation T requires that your securities be liquidated. You will be responsible for any resulting deficiency or loss.

When you sell a security, it is essential that you deliver the security to us promptly because the proceeds of a sale cannot be paid to you until the settlement date, and then only if we have received your security in good deliverable form. We will, in turn, be able to deliver a fully negotiable security to the purchaser's broker. If we do not receive the securities that you sold by the settlement date, we are required to purchase the securities in the open market within a reasonable amount of time. Again, you will be responsible for any resulting deficiency or

loss. The proceeds of a sale will either be retained in your account or if you request, sales proceeds may be sent to you.

In the event that you are delivering certificates in connection with a sale or for safekeeping, your certificates are in good deliverable form if you either:

1. Sign your name on the back of the certificate exactly as it appears on the front (both parties must sign if registered jointly); or
2. Sign a stock power form.

Do not endorse the certificate itself when you use a stock power. The advantage of a stock power is that it may be mailed or delivered separately from the certificate, giving additional protection in the event the certificate is lost in transit.

Unless you give instructions to the contrary, we will hold your securities in your account in street name.

INTEREST ON CASH BALANCES: From time to time you may have a cash balance in your account. We may, at our discretion, pay interest on free credit balances carried in your account. The rate that is paid on free credit balances is based upon free credit rates provided by us.

BULK SEGREGATION AND CALLABLE SECURITIES: Securities are maintained in our custody for your benefit under a method known as bulk segregation. Under this method, securities are not specifically assigned to each security account but are held in bulk for all customer positions. You enjoy all rights and privileges of beneficial ownership under the bulk segregation system, and you may request possession of your securities at any time. It should also be noted that we are a member of various clearing facilities such as NSCC/DTCC, and portions of the securities held in safekeeping by us are on deposit in bulk segregation form with such depositories.

Certain bonds and stocks ("Callable Securities") under Apex's control are callable by the issuer for redemption on or after a certain date. According to the terms of the issue, the issuer may at times call only a portion of a certain issue. In the event of a partial early redemption of callable securities, we will choose the securities to be redeemed on a fair and impartial basis. Specifically, allocation will be made using a random selection method. Therefore, it is possible that a customer owning such an issue may have all, part or none of the customer's holdings redeemed. You have the right to withdraw fully paid securities from us at any time prior to a partial call and also to withdraw excess margin securities provided that your account is not subject to a restriction under federal regulations and provided such withdrawal will not cause your account to be under margined. For your reference, details of our allocation procedure have been posted to our website at <http://www.apexclearing.com> and may also be obtained in hard copy upon request.

SAFEGUARDING YOUR SECURITIES: If you leave your securities on deposit with us, they will be held in a vault or deposited



with NSCC / DTCC or another approved bank or clearing agency. We maintain insurance coverage to protect your securities from any form of casualty loss.

SIPC COVERAGE: As a member of the Securities Investor Protection Corporation (SIPC), funds are available to meet customer claims up to a ceiling of \$500,000, including a maximum of \$250,000 for each cash claim. For additional information regarding SIPC coverage, including a brochure, please contact SIPC at (202) 371-8300 or visit www.sipc.org. Additionally, Apex has arranged for coverage above the SIPC limits. Additional insurance does not protect against a loss in the market value of securities.

BUSINESS CONTINUITY PLAN: As a broker-dealer, we have developed a Disaster Recovery (“D/R”) Plan to reasonably ensure business continuity. In connection with accomplishing business continuity, we have established a remotely independent D/R Site as a major component of our D/R Plan. This Site has the resources in place to operate and maintain business-critical processes in the event that our offices cannot be occupied due to, for example, a natural disaster or a terrorist attack whether or not such event affects only us or is regional in scope. The D/R Plan contemplates the restoration of certain critical processes within a twenty-four-hour period. Please note that the specifics of our D/R Plan are subject to modification. To obtain a copy of the most current D/R Plan visit our website link at: <https://apexfintechsolutions.com/legal/disclosures/apex-clearing-business-continuity-plan/>

INTEREST AND OTHER FEES: We reserve the right to charge interest: (1) on payments to you before the settlement date on securities sold; (2) on payments to you for securities sold where good delivery of securities has not been made; and (3) when payment has not been received from you on or before the settlement date of securities purchased. We also may charge an annual maintenance fee and other fees as established by us. All of the above fees are subject to change without notice.

AGENCY AND PRINCIPAL TRANSACTIONS: Many stocks and bonds are not traded in what is known as the over-the-counter market (“OTC”), not a securities exchange. When you trade a security in this market, we may act as agent or as principal. The confirmation you receive from us will designate whether we acted as principal or agent. When we act as principal, we are selling securities to you that we either own or expect to buy shortly or are buying securities from you for our own account, and only net costs or proceeds are shown on your confirmation. When we act in an agency capacity for you in purchasing or selling securities in the OTC market, we are dealing on your behalf with another broker-dealer or their customer.

PRIVACY POLICY: We understand that privacy is an important issue for customers of introducing brokerage firms. It is our policy to respect the privacy of all customer accounts that we maintain as the clearing broker-dealer and to protect the security and confidentiality of personal information relating to those customer accounts. Please note that this policy applies to former customers as well as current customers. For your reference, this policy has been posted to our
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website at www.apexclearing.com. For more information relating to our privacy policy, please contact Apex Clearing Corporation at 350 N. St. Paul, Suite 1300 Dallas, TX 75201 Attn: Compliance Department.

FINRA: FINRA has jurisdiction over virtually every U.S. registered brokerage firm and its employees. To request an informational brochure, inquire about your broker-dealer or file a complaint, visit their website at www.finra.org or call (301) 590-6500.

CONCLUSION: The discussion in this brochure is not exhaustive of all the facts of your account. If you have any questions, we urge you to consult with your broker-dealer, as well as your accountant, lawyer and other advisers concerning your account and securities trading in general.