



## DISCLOSURE ANNUAL DISCLOSURE STATEMENT

### **ANTI-MONEY LAUNDERING**

Federal law requires all financial institutions to gather, verify, and record information that identifies each person opening an account. Apex Clearing Corporation's ("Apex") supports government mandates in combating terrorism funding and money laundering via the Customer Identification Program ("CIP"). Below is a summary of the information and identifying documents that are required, and may be requested, to open accounts.

#### **What types of information will I need to provide?**

When you open an account, Apex and your introducing firm are required to collect the following information:

- Name
- Date of birth
- Address
- Identification Number:
  - US Citizen: Taxpayer Identification Number (TIN), such as a Social Security Number (SSN) or Employer Identification Number (EIN)
  - Non-US Citizen: TIN (if available), passport number and country of issuance, alien identification card number, or other government-issued identification showing nationality, residence, and a photograph of you.
- For joint accounts, each account owner must provide this information
- Additional identifying documentation, such as your driver's license or other identification documents, may also be required to verify your identity.
- Corporations, partnerships, trusts, or other legal entities may need to provide additional information, such as their principal place of business, local office, employer identification number, certified articles of incorporation, government-issued business license, partnership agreement, or trust agreement. In accordance with the Financial Crimes Enforcement Network (FinCEN) Customer Due Diligence (CDD) Rule (31 CFR 1010.230), Apex and your introducing firm are also required to identify and verify the identity of beneficial owners (generally, individuals who own 25% or more of the legal entity) and one individual with significant responsibility to control, manage, or direct the entity (a "control person").
- Furthermore, the United States Department of the Treasury, the United States Securities and Exchange Commission ("SEC"), and the Financial Industry Regulatory Authority ("FINRA") may require you to provide additional details, including net worth, annual income, occupation, employment information, investment experience and objectives, and risk tolerance.

## **What happens if I don't provide the information requested or my identity can't be verified?**

If you do not provide the requested information, or if we cannot verify your identity, we may be unable to open an account or process transactions for you. If an account has already been opened, it may be restricted or closed. Accounts may also be subject to screening and restrictions to comply with U.S. economic and trade sanctions administered by the Office of Foreign Assets Control (OFAC).

## **PRIVACY AND DATA PROTECTION**

Apex Clearing Corporation has made some important changes to how we handle, disclose or otherwise process your personal information. These changes are covered by new and updated privacy notices which can be found on our website at [www.apexfintechsolutions.com/privacy](http://www.apexfintechsolutions.com/privacy). The new privacy notice that is applicable to you will go into effect on February 28,2026.

### **What has changed?**

Our US Consumer Privacy Notice applies to you if you reside within the United States and its territories. If you reside outside of this geographic area, our Global Consumer Privacy Notice applies to you. You can find a summary of changes for each of these below and we have provided you with a copy of our new US Consumer Privacy Notice with this disclosure statement.

#### US Consumer Privacy Notice

- We have moved to using the model privacy notice form under federal financial privacy laws that many other financial institutions in the United States use. We believe this brings clarity and that the format is more familiar to our customers.
- We have updated and changed the reasons we can share your personal information, depending on the state you reside in.
- We provide you with the ability to limit some types of our sharing of your information through the US Consumer Privacy Choices section of our website.

#### Global Consumer Privacy Notice

- We have added information regarding how we may use your personal information to market or advertise certain products or services directly to you where we have a lawful basis to do so.
- We have made minor updates to improve general clarity and accuracy of the notice along with other updates to comply with changes in applicable privacy laws.
- You can find this notice in full on our website along with Portuguese and Spanish translations.

Both our US Consumer Privacy Notice and Global Consumer Privacy Notices have also been updated to include the processing activities of Apex Fintech Brokerage Services LLC.

### **More Information**

For more information, including how to submit a privacy rights request or inquiry, please visit our Privacy Center at [www.apexfintechsolutions.com/privacy](http://www.apexfintechsolutions.com/privacy).

For the consumer privacy notices visit: [www.apexfintechsolutions.com/privacy/consumer-privacy-notices](http://www.apexfintechsolutions.com/privacy/consumer-privacy-notices)

## **MARGIN DISCLOSURE STATEMENT**

Apex is furnishing this document to provide you with basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading in a margin account, you should carefully review the margin agreement provided by your broker. Consult your broker and/or registered investment advisor regarding any questions or concerns you may have with your margin accounts. You will be charged interest on any margin debit balance; margin interest rates are variable, interest accrues daily and may compound, and interest charges will increase your losses and reduce returns.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities held in your account will be used as the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and as a result, the firm can take action, such as issue a margin call and/or sell securities in your account, in order to maintain the required equity in the account. Margin requirements include initial margin (set by Regulation T of the Federal Reserve Board and by your firm) and ongoing maintenance margin (set by exchanges and your firm's "house" requirements). You must satisfy margin calls promptly to avoid liquidation.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- **You can lose more funds than you deposit in the margin account**

A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in your account. If you do not meet margin calls when due, the firm may liquidate positions and you will be responsible for any resulting deficit.

- **The firm can force the sale of securities in your account**

If the equity in your account falls below the maintenance margin requirements under the law, or the firm's higher "house" requirements, the firm can sell the securities in your account to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale. Liquidations may occur without prior notice and at prices available in the market, which may be unfavorable.

- **The firm can sell your securities without contacting you**

Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interest, including immediately selling the securities without notice to the customer.

- **You are not entitled to choose which security in your margin account is liquidated or sold to meet a margin call**

Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests. Sales may include securities you intended to hold for the long term.

- **The firm can increase its "house" maintenance margin requirement at any time and is not**

**required to provide you with advance written notice**

These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account. House requirements may vary by security and market conditions and can be raised in periods of volatility.

- **You are not entitled to an extension of time on a margin call**

While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension. Any extension is at the firm's sole discretion and may be revoked.

- **Short selling involves additional risks and may result in losses beyond your initial investment**

Short sales are margin transactions. If the price of a security you have sold short rises, your potential loss is unlimited. You are responsible for paying any dividends on borrowed shares, and your short position may be subject to buy-ins or recalls without prior notice.

- **The IRS requires Broker Dealers to treat dividend payments on loaned securities positions as "substitute payments" in lieu of a dividends**

When securities in your account are lent, "substitute payments" you receive in lieu of dividends are generally taxed as ordinary income and are not eligible for the reduced tax rate applicable to qualified dividends. You should consult a tax advisor regarding your specific situation.

- **Industry regulations may limit, in whole or in part, your ability to exercise voting rights of securities that have been lent or pledged to others**

Because securities held in a margin account may be lent or pledged, your ability to exercise voting rights may be limited or eliminated for those shares. You may receive proxy materials indicating voting rights for fewer shares than are in your account, or you may not receive any proxy materials. If you wish to vote, contact your introducing firm well before the proxy record date to request that shares be held or recalled; such requests are not guaranteed and may reduce your margin availability.

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#### **DAY-TRADING RISK DISCLOSURE STATEMENT**

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You should consider the following points before engaging in a day-trading strategy. For purpose of this notice, a "day trading strategy" means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

- **Day trading can be extremely risky**

Day trading is not appropriate for someone with limited resources, limited investment or trading experience, or low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. You should not fund day-trading activities with student loans, second mortgages, emergency funds, funds set aside for education or home ownership, or funds required to meet your living expenses.

- **Be cautious of claims of large profits from day trading**

You should be wary of advertisements or other statements that emphasize the potential for large profits as a result of day trading. Day trading can lead to large and immediate financial losses.

- **Day trading requires knowledge of securities markets**  
Successful day trading requires in-depth knowledge of market structure, trading venues, order types, and execution quality. You may be competing with professional traders and automated systems. You should have appropriate experience before engaging in day trading.
- **Day trading requires knowledge of a firm's operations**  
You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, it may be difficult or impossible to liquidate a position quickly at a reasonable price, including during trading halts and extreme volatility. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures, connectivity issues, or delays.
- **Day trading will generate substantial commissions, even if the per trade cost is low**  
Frequent trading results in significant transaction costs (commissions, fees, and taxes). Even low per-trade costs can compound into substantial monthly or annual expenses that reduce or eliminate profits. You must earn returns sufficient to cover these costs before realizing any net gain.
- **Day trading on margin or short selling may result in losses beyond your initial investment**  
Day trading often involves margin. If the value of securities purchased on margin declines, you may be required to deposit additional funds to avoid forced liquidation. Short selling can result in unlimited losses if a security's price rises. Short positions may be subject to buy-ins or recalls without prior notice, and you are responsible for any dividends or other distributions on borrowed shares.
- **Pattern Day Trader (PDT) designation and current requirements**  
Under FINRA Rule 4210, an account that executes four or more day trades within five business days and where those day trades constitute more than six percent of total trades for that period may be designated a "Pattern Day Trader." PDT accounts must maintain a minimum equity of \$25,000 and are subject to additional margin requirements and restrictions. If the required equity is not maintained, the firm may restrict or liquidate positions.

**Important:** FINRA's Board of Governors has approved moving forward with proposed changes to day-trader requirements; however, any changes are not effective until approved by the U.S. Securities and Exchange Commission (SEC) and announced by FINRA with an effective date. Until SEC approval and a FINRA effective date are issued, the existing \$25,000 PDT requirements remain in force.

- **Potential Registration Requirements**  
Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.
- **Additional Considerations**

Not all order types or market protections are available at all times or on all venues. Extended-hours trading typically has lower liquidity and wider spreads, which can increase execution risk. Consider using limit orders to help manage price risk. Options, futures, and other derivatives involve additional risks; review the applicable risk disclosures (including the OCC's Options Disclosure Document) before trading such products.

## **BUSINESS CONTINUITY PLAN**

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Apex maintains a Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP") designed to ensure that critical business functions can continue during significant disruptions. The plans address events that may affect only our primary facilities, our business district, or an entire region.

Key components of our plans include geographically separate data centers, redundant systems, backup facilities, alternative processing arrangements with critical vendors and counterparties, and multiple communication methods for clients, introducing firms, and employees.

Our recovery time objective (RTO) for critical processes, such as order processing and routing, transaction settlement and custody, and access to funds and securities, is within 24 hours of a disruption. Actual recovery times may be shorter or longer depending on the nature and scope of the event, market-wide closures, or infrastructure outages. Data is replicated to alternate sites; however, some transactions or updates may be delayed or temporarily unavailable during a disruption.

### **What you should do:**

In the event of a significant disruption, first contact your introducing broker-dealer or registered investment advisor through their usual channels. If those are unavailable, please visit [www.apexclearing.com](http://www.apexclearing.com) (or [www.apexfintechsolutions.com](http://www.apexfintechsolutions.com)) for status updates and instructions. During a disruption, you may experience delays in reaching customer service, but our plan is designed to restore your ability to access account information, enter orders, and request funds as quickly as conditions permit.

### **Plan governance and testing:**

Our BCP/DRP are reviewed and tested at least annually, after material business changes, and following significant events. Findings from testing are used to update procedures, systems, and vendor arrangements.

### **Limitations and changes:**

No continuity plan can eliminate all risk or guarantee uninterrupted service. The plans may be modified at any time. A current summary of our BCP is available on our website at [www.apexclearing.com](http://www.apexclearing.com).

## **DISCLOSURE OF PAYMENT FOR ORDER FLOW AND ORDER ROUTING INFORMATION**

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Apex is committed to transparency regarding order routing and execution. Pursuant to SEC Rule 606(a), Apex makes publicly available quarterly reports on the routing of non-directed customer orders in NMS stocks (submitted on a held basis) and non-directed customer orders in NMS

options. These reports identify the venues to which we route orders, include venue-level statistics (e.g., top venues and any venue receiving 5% or more of non-directed orders), and disclose net aggregate payments for order flow, profit-sharing payments, transaction fees, and rebates by order type. Reports are posted within one month after quarter-end, remain available for at least three years, and use the SEC's required XML schema and PDF renderer. Apex publishes these reports via its website (see the Disclosures/Rule 606 section at [www.apexclearing.com](http://www.apexclearing.com)), which may link to a third-party provider (e.g., S3 Matching Technologies) that hosts the data.

Under SEC Rule 606(b), customers may request a report showing, for the prior six months, the venues to which their orders were routed, whether those orders were directed or non-directed, and the times of any resulting transactions. For not-held orders in NMS stocks, Rule 606(b)(3) requires a customer-specific handling report by calendar month to be provided within seven business days of the request. Apex will facilitate these reports through your introducing broker-dealer or registered investment advisor. Apex (or your introducing firm) will provide an annual written notice of the availability of these customer-specific routing reports.

**Payment for Order Flow (SEC Rule 607 and SEC Rule 10b-10).** Apex may receive compensation (or pay fees) when routing certain equity and options orders to specific venues, including exchanges, market makers, and alternative trading systems. This compensation, commonly referred to as "payment for order flow", can take the form of per-share or per-contract cash payments or rebates; Apex may also pay access or routing fees to certain venues. Apex provides an annual customer disclosure describing our payment for order flow practices pursuant to Rule 607 and, on trade confirmations pursuant to Rule 10b-10, indicates whether payment for order flow was received and that the source and nature of such compensation will be furnished upon written request. Apex may, in some instances, execute orders as principal; where applicable, this will be disclosed on your trade confirmation. These arrangements may present potential conflicts of interest; however, Apex and your introducing firm remain obligated to seek best execution, evaluating factors such as price, speed, likelihood of execution, and overall transaction costs. Additional details regarding the source and nature of any payment for order flow arrangements are available upon written request.

## **SEC RULE 10b-10**

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SEC Rule 10b-10 generally requires broker-dealers to send a written trade confirmation at or before completion of each securities transaction. Confirmations disclose required information such as the capacity in which the firm acted (agent or principal), the price, commissions or mark-ups/mark-downs, and, where applicable, whether payment for order flow was received and that the source and nature of such compensation will be furnished upon written request. The time of execution will be provided upon request.

**Exceptions and alternative notifications.** The SEC has provided exceptions and no-action relief permitting summary reporting on periodic account statements, instead of immediate separate confirmations, for certain automatic or systematic transactions when there are no other trades in your account on that day. You will not receive an immediate trade confirmation for the following:

- Automatic investments or reinvestments in eligible money market funds (including sweep transactions and dividend reinvestments).
- Transactions made under a Dividend Reinvestment Program (DRIP) for stocks or ETFs.
- Systematic or periodic purchases or redemptions of investment company (mutual fund) shares.

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A comprehensive summary of these transactions will be reported on your monthly or quarterly account statement, and details may be available via your introducing firm's online platform. You may request specific transaction information (including execution time) from your introducing broker-dealer or registered investment advisor at any time.

## **SIPC INFORMATION**

Apex is a member of the Securities Investor Protection Corporation ("SIPC"), which protects the securities customers of its members up to \$500,000, including a maximum of \$250,000 for claims of cash. Customers may obtain information about SIPC, including the SIPC brochure, at [sipc.org](http://sipc.org) or by calling 1-202-371-8300.

Apex also maintains additional insurance to supplement SIPC protection, widely referred to as "excess SIPC", with an aggregate firmwide limit of \$150 million, subject to sub-limits for any one customer of \$37.5 million for securities and \$900,000 for cash. This additional insurance policy becomes available to securities customers if SIPC limits are exhausted.

Please note that both SIPC and excess SIPC coverage protect against the loss of securities and cash due to the insolvency of a brokerage firm, not against trading losses or fluctuations/depreciation in the market value of customer securities

## **INVESTOR EDUCATION AND PROTECTION**

FINRA Rule 2267 requires Apex to provide information about FINRA's BrokerCheck program. An investor brochure that includes information describing the BrokerCheck program may be obtained from FINRA. The FINRA BrokerCheck hotline number is (800) 289-9999. The FINRA web site address is [www.FINRA.org](http://www.FINRA.org).

## **MUTUAL FUNDS – CHARGES, BREAKPOINTS, AND FEES**

Before investing in mutual funds, it is important that you understand the sales charges, expenses, and management fees that you will be charged, as well as the breakpoint discounts to which you may be entitled. Understanding these charges and breakpoint discounts will assist you in identifying the best investment for your particular needs and may help you to reduce the cost of your investment. Information about charges, discounts, sales charges, expenses, management fees and breakpoint discounts vary from mutual fund to mutual fund. Therefore, you should discuss these matters with your firm and review each mutual fund's prospectus and statement of additional information to obtain the specific information regarding the charges and breakpoint discounts associated with a particular mutual fund.

In addition, most mutual funds offer different share classes. Although each share class represents a similar interest in a mutual fund's portfolio, the mutual fund will charge you different fees and expenses depending upon the share class selected. As a general rule, Class A shares carry a "front-end" sales charge or "load" that is deducted from your investment at the time you buy shares. This sales charge is a percentage of your total purchase. Further, many mutual funds offer volume discounts to the front-end sales charge assessed on Class A shares at certain pre-determined levels of investment, which are called "breakpoint discounts." Conversely, Class B and C shares usually do not carry any front-end sales

charges. Instead, investors that purchase Class B or C shares pay asset-based sales charges, which may be higher than the charges associated with Class A shares, and investors that purchase Class B and C shares may be required to pay a sales charges known as a contingent deferred sales charge when they sell their shares, depending upon the rules of the particular mutual fund. To learn more about mutual fund share classes, charges, breakpoints, and fees, you may want to consider reviewing the following FINRA investor information: <https://www.finra.org/investors/investing/investment-products/mutual-funds>

## **CARRYING AGREEMENTS**

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The firm with which you have opened your securities account has retained Apex to provide certain record keeping or operational services. These services, such as the execution and settlement of securities transactions, custody of securities and cash balances, and extension of credit on margin transactions, are provided under a Fully Disclosed Clearing Agreement between Apex and your broker-dealer. As a member of FINRA, Apex is required to disclose to you the details of its Fully Disclosed Clearing Agreement with your broker-dealer, which are summarized below.

### **Responsibilities of Your Introducing Broker-Dealer**

Your introducing broker-dealer has the responsibility to:

- Approve the opening of your account
- Obtain necessary documentation to help fight the funding of terrorism and money laundering activities
- Service and supervise your account through its own personnel in accordance with its own policies, procedures, applicable laws, and regulators
- Know you and your stated investment objectives
- Provide appropriate investment advice, recommendations, or management services based on your investment objectives
- Determine whether particular kinds of transactions such as margin, option, and short sale are appropriate for you
- Obtain the initial margin as required by Regulation T if a margin account is opened for you
- Accept and, in certain instances, execute securities orders
- Know the facts about any orders for the purpose or sales of securities in your account
- Comply with fair pricing and disclosure responsibilities (if your firm is a market maker in any securities or otherwise trades as principal with you)
- Correctly identify and promptly forward funds or securities intended for your account to Apex
- Supervise the activities of any individual who services your account, resolve any complaints regarding the handling of your account and manage the ongoing relationship that it has with you

Apex has no involvement and assumes no responsibility in all of the above matters relating to the servicing of your account.

### **Responsibilities of Apex**

In general, Apex is only responsible to perform the services within the scope of the Fully Disclosed Clearing

Agreement that your broker-dealer specifically requests Apex to perform. For example, Apex may fulfill the following responsibilities on behalf of your account at your broker-dealer's instruction:

- Create computer-based account records
- Process orders for the purchase, sale, or transfer of securities (Apex is not obligated to accept orders directly from you and will do so only at Apex's discretion in exceptional circumstances)
- Receive and deliver funds and securities
- Record such receipts and deliveries according to information provided either by your firm or directly, in writing, by you
- Hold securities and cash in custody (after it comes into Apex's physical possession or control)
- Collect and disburse dividends and interest
- Process reorganization and voting instructions with respect to securities held in custody
- Prepare and transmit confirmations of trades to you with the exception of the following transactions which will alternatively appear on account statements:
  - Systemic investments or withdrawals of investment company products
  - Transactions in money market funds that have no purchase or redemption fees
  - Dividend reinvestments
  - Prepare and transmit periodic account statements summarizing transactions
- Provide your firm with written reports of all transactions processed for your account to enable your firm to carry out its responsibilities under the Fully Disclosed Clearing Agreement
- Assist you and your firm with any discrepancies or errors that may occur in the processing of transactions.

**If your broker-dealer opened a margin account for you, Apex may:**

- Loan money to you for the purpose of purchasing or holding securities (subject to the terms of Apex's, margin agreement, margin policies and applicable margin regulations)
- Calculate the amount of maintenance margin required and advise you of those requirements (usually through your firm)
- Calculate any interest charged on your debit balance

Apex maintains the books and records required by law and business practice. The Fully Disclosed Clearing Agreement does not encompass transactions in investments other than marketable securities, which Apex normally processes on recognized exchanges and over-the-counter ("OTC") markets. In furnishing services under the Fully Disclosed Clearing Agreement, Apex may use and rely upon the services of clearing agencies, automatic data processing vendors, proxy processing, transfer agents, securities pricing services and other similar organizations. This document addresses the basic allocation of functions regarding the handling of your account. It is not meant as a definite enumeration of every possible circumstance, but only as a general disclosure.

Further, regardless of whether your account has been introduced by a broker-dealer or a registered investment advisor, Apex does not control, audit, or otherwise supervise the activities of the introducing firm or its employees, and is not responsible for their compliance with laws or regulations. Apex does not verify information provided by your introducing firm regarding your account or transactions processed for your account, nor does Apex undertake any responsibility for reviewing the appropriateness or suitability of transactions entered by your introducing firm on your behalf. Apex does not provide investment advice and does not act as a fiduciary to you. Any questions or

complaints regarding the handling of your account or the advice you have received should be directed to your introducing firm.

## **EXTENDED HOURS TRADING RISK DISCLOSURE**

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### **Risk of Lower Liquidity**

Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower levels of liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

### **Risk of Higher Volatility**

Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater levels of volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading to what you might receive during regular market hours.

### **Risk of Changing Prices**

The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading to what you might receive during regular market hours.

### **Risk of Unlinked Markets**

Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hour's system may not reflect the prices on other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price on one extended hours trading system than you might receive on another extended hours trading system.

### **Risk of News Announcements**

Normally, issuers release news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

### **Risk of Wider Spreads**

The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

### **Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (“IIV”)**

For certain Derivative Securities Products, an updated underlying index value, or IIV, may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

## LIENS AND LEVIES

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If, for any reason, your account(s) is/are subject to a lien or levy directed to Apex, Apex will abide by the directions of the federal, state, or other levying authority unless it receives:

- A court order staying or quashing the lien or levy
- Some other form of release from the levying authority

If Apex receives a lien or levy on your account, you may be assessed a reasonable processing fee. Questions concerning liens or levies may be directed to Apex via <https://apexfintechsolutions.com/contact-us/>.

## REGULATION E

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Regulation E of the Board of Governors of the Federal Reserve System requires disclosure regarding electronic transfers. Electronic transfers include:

- **Authorized Debits**  
A client provides their checking account information to a company (such as mortgage, utility) and the company electronically sends debits directly to the client's checking account, which debits the brokerage account.
- **Debit Card Transactions**  
Any merchant purchase, automatic teller machine (ATM) withdrawal or cash advance done with the debit card issued from the account.
- **Check Conversion**  
A client provides checks for deposit into their Apex accounts which Apex scans and converts them into either an image replacement document (IRD) or ACH file.

Questions concerning electronic transfers may be directed to your firm.

## CALLABLE SECURITIES

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Once a security is deemed callable (callable security) by the issuer, DTC or the custodian will notify Apex of the call and Apex will implement a random lottery call process, based on account eligibility. Eligibility for the random lottery process is based on the securities call classification of 'favorable redemption call' or 'unfavorable redemption call'. The term favorable or unfavorable is based on a comparison between the call price and the market price. When the comparison between the call price and market price are beneficial to the account, the call is deemed favorable. Favorable redemption calls will exclude any account in which Apex, or its associated persons have an interest until all other customers' positions in such securities have been satisfied.

An unfavorable redemption call is when the comparison between the call price and market price are not as beneficial to the account and therefore deemed unfavorable. Apex will not exclude its positions or those of its associated persons (including those persons performing solely clerical and ministerial functions) from the pool of any securities deemed unfavorable and eligible to be called. A determination will be made as to which redemption call the security is subject to (favorable or unfavorable) prior to commencement of the lottery process.

Once the terms of the call have been determined and eligible accounts have been selected, the random lottery process will occur to select accounts for the partial call redemption. A random start and jump number is executed at the beginning of the lottery to ensure the process is impartial, fair and consistent with the call allocation. When the redemption call has ended for each security, Apex is notified of the called account by its vendor and will inform your Introducing Broker or Advisor, who may notify you of your account status, if applicable.

## **MSRB DISCLOSURE REQUIREMENT**

Rule G-10 of the MSRB requires annual notification of the following information:

- Apex Clearing Corporation is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board
- To stay informed on the new rules and changes to rules, obtain more information regarding protections that may be provided by the Municipal Securities Rulemaking Board rules, and how to file a complaint with an appropriate regulatory authority, visit: <http://www.msrb.org/>

## **COMPLAINTS**

The FINRA has jurisdiction over every brokerage firm and its employees. To inquire about your broker-dealer firm or file a complaint, visit their website at [www.finra.org](http://www.finra.org) or call (301) 590-6500.

## **FINANCIAL EXPLOITATION OF SPECIFIED ADULTS AND TRUSTED CONTACT PERSON**

Under FINRA Rule 4512, Apex is required to disclose to you (the customer) that Apex or an associated person of Apex is authorized to contact the trusted contact person you may have identified in your account opening documents and disclose information about your account to address possible financial exploitation, to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney, or as otherwise permitted by FINRA Rule 2165.

## **DIVIDEND REINVESTMENT PROGRAM**

You can automatically reinvest cash dividend payments back into the underlying stock or ETF with the dividend reinvestment program (DRIP). This is a free service for securities primarily trading above \$5 and not over-the-counter (OTC) traded. Because of the waiting period between record date and payable date, cash dividends will be reinvested during market hours on the trading day after the dividend pay date. Note, your dividend may not be reinvested for a variety of reasons, such as the security is no longer eligible for dividend reinvestment, the dividend was voided, reversed, or modified, or the market is closed and the dividend should be reinvested on the next trading day.

If you choose to enroll and participate in DRIP, SEC Rule 10b-10 requires that Apex provides you with written notification if certain transactions are not reported immediately to you through confirmation of the transaction before or at the time of the transaction. In accordance with SEC Rule 10b-10, pursuant

to the SEC's no-action relief provided in certain circumstances concerning the automatic reinvestment of cash dividends, Apex will not generate an individual transaction conformation for transactions involving DRIP if there are no other transactions in your brokerage account on the day the automatic reinvestment of the cash dividend occurs.

Instead, a comprehensive summary of DRIP transactions will be reported in your monthly or quarterly brokerage account statements. Additionally, you may access your DRIP transaction history via your introducing broker-dealer or registered investment advisor's online platform which provides near real-time access to details of DRIP transactions. You may also call or email your introducing broker-dealer or registered investment advisor's customer support team if you have any inquiries or need clarification about specific DRIP transactions.

By maintaining your account enrollment in DRIP account under these conditions, you consent to this alternative method of receiving confirmations of the DRIP transaction in your account. If you prefer to opt-out of DRIP, please contact your introducing broker-dealer or registered investment advisor's customer service team. You can also contact Apex investor help team via the submission of a ticket on Apex's Investor Help site at <https://investorhelp.apexfintechsolutions.com/hc/en-us>.