APEX Clearing™

DISCLOSURE
REBALANCER AND BASKET ORDER TOOLS

Overview

Apex Clearing Corporation's ("Apex") Rebalancer and Basket Order Application Programming Interfaces ("APIs") are designed to facilitate basket trading and portfolio rebalancing across multiple securities and multiple accounts. These APIs allow introducing firms and investment advisers to submit groups of related trading instructions—such as portfolio rebalances or basket orders—so that those instructions can be processed, validated, executed, and allocated in a coordinated manner.

The APIs are intended to support portfolio-level investment strategies, including rebalancing, transitions between investment models, or large-scale investment programs, rather than single, standalone retail trades.

Rebalancer and Basket Order Tools

Apex's APIs support different tools and workflows, including:

- **Rebalancer tools**, which generate proposed portfolio rebalances for one or more accounts based on specified targets or strategies, which a user may accept or reject; and

- **Basket order tools**, which allow the submission of predefined buy and sell instructions across multiple securities and accounts.

Order Processing and Risk Checks

Before any orders are executed, the API applies account-level validations and risk checks, which may include checks related to buying power, position availability, and other applicable controls. These checks are performed on an account-by-account basis.

If an order or portion of an order for a particular account does not pass required validations, the affected orders that are part of the basket/rebalance for that account will be rejected. Orders for other accounts included in the same basket/rebalance will continue to be processed.

Aggregation, Execution, and Allocation

After required validations are completed, the API aggregates orders by security and side (buy or sell) and creates representative market-facing orders. These aggregated orders are routed for execution.

Once execution occurs, Apex allocates the resulting executions back to the individual customer accounts that participated in the basket or rebalance, based on the applicable allocation methodology.

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Timing Considerations and System Capacity

The APIs process orders that may involve large numbers of securities and accounts that require multiple internal steps, including buying power and short sale validation (as applicable) for each account, aggregation of orders, execution, and allocation.

As a result, processing times may vary depending on basket size, number of accounts involved, market conditions, and system usage levels ranging from a few seconds to several minutes. During periods of heavy traffic, or when submitting very large baskets or baskets involving numerous accounts, the APIs may require additional time to complete processing and route your order to the market.

"Not Held" Order Handling

Orders submitted through the Basket Order and Rebalancer platforms are treated as **"not held"** orders.

A "not held" order means that Apex is granted discretion as to the time and/or price of execution, consistent with applicable law and Apex's duty of best execution. This discretion allows Apex to manage the execution of aggregated, multi-account orders in a manner designed to facilitate orderly processing and execution, rather than requiring immediate execution at the moment instructions are received.

Important Considerations

Because the Rebalancer and Basket tools are designed to facilitate coordinated, portfolio-level transactions:

- Execution timing may differ from that of traditional single order sent on behalf of a single account.

- The basket/rebalancer tools are not designed for time-sensitive or price-reactive trading strategies that depend on immediate execution at contemporaneous market prices.

- Individual orders that are part of a basket/rebalance will be aggregated by symbol into larger orders across all accounts involved in that basket/rebalance trade.

- Not all accounts included in a basket/rebalance may ultimately receive fills if applicable validations are not satisfied for one or more accounts.

Basket Order and Rebalancer users should consider whether these platforms are appropriate for their or their customers' trading objectives and operational needs.

By using the Basket Order and Rebalancer APIs, you acknowledge that you have read, understand, and accept the foregoing disclosures and the characteristics and limitations of the basket/rebalancer tools described above.