



## DISCLOSURE FRACTIONAL SHARES

Apex Clearing Corporation (“Apex”) offers its brokerage clients the ability to purchase certain U.S. stocks in fractional shares rather than whole-share quantities. This Disclosure outlines the unique features, limitations, and risks associated with trading in and holding fractional shares.

### **Securities Eligible for Fractional Share Trading**

Fractional Share trading is available only for certain equities and ETFs. Apex analyzes the equities and ETF based on market cap, volume, liquidity, and volatility to determine which to offer as fractional shares. The list of equities and ETF available to trade in fractional shares can be found on Apex’s website.

### **Order Types for Fractional Shares**

Apex will only accept market and limit orders for fractional share trades.

### **Fractional Share Decimal Places and Rounding**

Apex records the quantity of fractional shares traded or otherwise held in a brokerage account to five decimal places.

### **Liquidity and Transferability of Fractional Shares**

In connection with any fractional share component of any purchase or sale transaction, Apex (or an Apex affiliate) will generally act as a counterparty and will execute that portion of the trade as Principal. While clients maintain complete day-to-day control of any fractional shares in their account, fractional shares are not transferable to another broker. If a client wants to transfer holdings in an account to another brokerage firm, the fractional shareholdings will not be transferred and will be liquidated before transfer, which may have tax consequences.

### **Agency and Principal Aspect of Fractional Trades**

Apex typically executes fractional share orders in an Agency capacity. In limited circumstances involving complex or illiquid transactions, Apex may execute fractional share orders in a Principal capacity.

- **Buy Orders (Principal)**  
When executing Buy orders in a Principal capacity, Apex rounds up to the next whole share, executes the trade for its own account, allocates the fractional amount to the client's order and retains the remaining fraction in its own account.
- **Sell Orders (Principal)**  
When executing Sell orders in a Principal capacity, Apex rounds up to the next whole share, allocates the proportionate sale proceeds to the client's account, and retains the remaining proceeds in its own account.

**Dividends for Fractional Shares**

Clients will receive payments of dividends, or in some cases in connection with stock dividends, either shares or commensurate value, and will otherwise participate normally in any stock splits, mergers, or other mandatory corporate actions

**Voting Rights for Fractional Shares**

Clients will not have voting rights for any fractional shares held in their account, will not be able to make voluntary elections on any corporate action including, without limitation, any tender offers, or rights offerings with respect to such fractional shares, and Apex cannot provide clients any other shareholder documentation for any holdings of less than one share.