



**DIVIDEND REINVESTMENT PLAN (DRIP) DISCLOSURE**  
**APEX CLEARING CORPORATION**

*Effective Date: June 29, 2026*

**I. INTRODUCTION**

This Dividend Reinvestment Plan ("DRIP" or the "Plan") disclosure document outlines the terms and conditions under which Apex Clearing Corporation ("Apex," "we," "us," or "our") offers dividend reinvestment services. This disclosure is provided to inform you of the significant features, benefits, risks, and limitations of our DRIP program. Please read this document carefully before enrolling in DRIP.

Apex Clearing Corporation, a broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC), offers this DRIP program as a service to eligible customers through their introducing broker-dealers.

Our DRIP program is broker-operated and differs from issuer-operated direct investment plans. This distinction affects various aspects of the program, including execution methodology, pricing, and available features, as detailed throughout this disclosure.

**II. PROGRAM OVERVIEW**

**A. Program Description**

The Dividend Reinvestment Plan allows eligible customers to automatically reinvest cash dividends received from eligible securities into additional shares of the same security. Rather than receiving cash dividends directly, enrolled participants will have their dividends used to purchase additional shares or fractional shares of the dividend-paying security.

**B. Eligibility Requirements**

**1. Eligible Accounts**

The following account types are eligible to participate in the DRIP program:

- Individual accounts
- Joint accounts
- Trust accounts
- Traditional IRAs and Roth IRAs
- Corporate accounts
- Partnership accounts
- Custodial accounts (UGMA/UTMA)

**2. Eligible Securities**

Dividend reinvestment is available for:

- Common stocks listed on U.S. exchanges (NYSE, NASDAQ, AMEX)
- Preferred stocks that pay regular cash dividends
- Exchange-Traded Funds (ETFs) that pay regular cash dividends

- Closed-end funds that pay regular cash dividends

### **3. Ineligible Securities**

The following securities are not eligible for the DRIP program:

- Mutual funds (which have their own reinvestment procedures)
- Foreign securities not listed on U.S. exchanges
- Limited partnerships
- Bulletin Board and Pink Sheet securities
- Securities where the account holder is subject to backup withholding
- Securities subject to certain corporate actions as determined by Apex
- Securities involved in a tender offer or exchange offer
- Option contracts
- Bonds and fixed-income securities

## **III. ENROLLMENT PROCEDURES**

### **A. Enrollment Process**

Enrollment in the DRIP program may be initiated through your introducing broker-dealer. You may choose to:

1. Enroll all eligible securities in your account
2. Enroll only specific securities in your account
3. Exclude specific securities while enrolling all others

Enrollment instructions will be processed within 2 business days of receipt, provided the instructions are in good order.

### **B. Timing and Effectiveness**

For your enrollment to be effective for a particular dividend:

1. Your enrollment instructions must be received at least 2 business days prior to the ex-dividend date of the security.
2. You must hold the security position in your account prior to the ex-dividend date.
3. Your account must meet all eligibility requirements as of the record date.

### **C. Modification and Termination of Enrollment**

You may modify your DRIP preferences or terminate participation in the program at any time through your introducing broker-dealer. Changes will become effective as follows:

1. Requests received at least 2 business days prior to the ex-dividend date will be effective for the upcoming dividend.
2. Requests received less than 2 business days prior to the ex-dividend date will be effective for subsequent dividends.

## **IV. REINVESTMENT PROCEDURES**

### **A. Dividend Collection and Reinvestment Timing**

1. Cash dividends are credited to your account on the payment date established by the issuer.
2. Reinvestment transactions are executed on the payment date or the next business day if the payment date falls on a weekend or holiday.
3. If the reinvestment cannot be completed on the payment date due to market conditions or operational considerations, it will be completed as soon as reasonably practicable thereafter.

## **B. Share Purchase Methodology**

### **1. Market Trades**

Apex will purchase shares for dividend reinvestment through:

- Open market transactions
- Principal transactions (where Apex may act as principal)
- A combination of open market and principal transactions

### **2. Price Determination**

The price for reinvested shares will be determined as follows:

- For market orders: The actual execution price of the transaction
- For principal transactions: The National Best Bid and Offer (NBBO) at the time of execution
- For instances where multiple orders are combined: The volume-weighted average price (VWAP) of all executed transactions

### **3. Fractional Shares**

Dividend reinvestments may result in the purchase of fractional shares:

- Fractional shares are calculated to three decimal places
- Fractional shares are entitled to proportionate dividends
- Fractional shares may or may not have proportionate voting rights
- Upon liquidation, fractional shares are valued based on the applicable share price at the time of sale
- Fractional shares cannot be transferred in-kind to other broker-dealers
- Apex maintains ownership records of all fractional shares in compliance with SEC Rule 15c3-3 (Customer Protection Rule)

## **C. Transaction Confirmation and Reporting**

1. Dividend reinvestment transactions will be reflected on your account statements.
2. Trade confirmations for dividend reinvestment transactions will be provided in accordance with applicable regulations, subject to the exemption under SEC Rule 10b-10 for recurring dividend reinvestment transactions.
3. Cost basis information for reinvested shares will be maintained in compliance with IRS regulations.
4. Year-end tax reporting will include dividend income information, regardless of whether dividends were reinvested.

## **V. FEES AND EXPENSES**

### **A. Service Fees**

1. Apex does not charge a direct fee for participation in the DRIP program.
2. Your introducing broker-dealer may charge fees related to DRIP participation. Please consult your introducing broker-dealer's fee schedule.

### **B. Transaction Costs**

1. No commission charges will be assessed on DRIP reinvestment transactions.
2. For principal transactions, Apex may realize a profit or loss on the price difference between its acquisition cost and the price at which shares are allocated to customer accounts. This potential compensation is disclosed in accordance with Exchange Act Rule 10b-10 requirements.
3. Any regulatory fees or transaction costs imposed by exchanges or regulatory bodies may be passed through to the customer.

### **C. Principal Transaction Disclosures**

1. When Apex acts as principal in DRIP transactions:
2. Apex may profit from the difference between the price paid to acquire securities and the price at which securities are allocated to customer accounts.
3. The maximum markup or markdown for principal transactions will not exceed \$0.05 per share.
4. All principal transactions are executed at prices equal to or better than the NBBO at the time of execution.
5. Principal transactions are utilized only when they provide equal or better execution quality compared to market transactions.
6. These principal transaction practices comply with all requirements under Exchange Act Rule 10b-10 and associated SEC No-Action Letters.

## **VI. TAX CONSIDERATIONS**

### **A. Tax Treatment of Dividends**

1. Dividends are considered taxable income in the year they are received, regardless of whether they are received in cash or reinvested.
2. Reinvested dividends are reported to the IRS in the same manner as cash dividends.
3. A Form 1099-DIV will be issued for all taxable dividend distributions.

### **B. Cost Basis Considerations**

1. The cost basis of shares acquired through dividend reinvestment is the amount of the dividend used for the purchase.
2. Reinvested dividends are considered covered securities for cost basis reporting purposes under IRS regulations.
3. Holding periods for reinvested shares begin on the day following the dividend payment date.

4. Cost basis information is maintained in compliance with Internal Revenue Code Section 6045(g) and IRS Regulation 1.6045-1.

### **C. Tax Advice Disclaimer**

Apex does not provide tax, legal, or accounting advice. This material has been prepared for informational purposes only and is not intended to provide, and should not be relied on for tax, legal, or accounting advice. Please consult your own tax, legal, and accounting advisors before engaging in any transaction.

## **VII. RISKS AND CONSIDERATIONS**

### **A. Market Risk**

1. The value of securities purchased through dividend reinvestment may fluctuate based on market conditions.
2. There is no guarantee that reinvested dividends will result in profitable investments.
3. Dividend reinvestment during periods of market volatility may result in purchasing shares at undesirable prices.

### **B. Timing Risk**

1. The timing of reinvestment transactions may be affected by market conditions, trading volumes, or operational factors.
2. The price at which dividends are reinvested may differ from the market price at the time the dividend is paid.
3. Dividends reinvested on the payment date may occur at a different price than would have been obtained if the cash was received and manually reinvested by the customer.

### **C. Liquidity Considerations**

1. Fractional shares can only be liquidated through your account at Apex and cannot be transferred in-kind to another broker-dealer.
2. In the event of an account transfer, fractional shares will be liquidated, potentially resulting in taxable events.

### **D. Corporate Action Impacts**

1. Corporate actions such as stock splits, mergers, or spin-offs may affect dividend reinvestment procedures.
2. Apex reserves the right to suspend dividend reinvestment for securities involved in certain corporate actions.
3. Corporate actions are processed in accordance with FINRA Uniform Practice Code (Rule 11000 Series).

### **E. Difference from Issuer-Operated Plans**

1. Our broker-operated DRIP differs from issuer-operated direct investment plans in several important ways:

2. Issuer-operated plans often permit optional cash purchases, while our DRIP is limited to reinvestment of dividends.
3. Issuer plans may offer discounts on share purchases, which are not available through our DRIP.
4. Execution timing and price determination methodology differ between broker and issuer plans.
5. Administrative fees and services vary between broker-operated and issuer-operated plans.
6. Issuer plans typically involve direct registration of shares, while our DRIP maintains shares in street name.

## **VIII. ADDITIONAL PROVISIONS**

### **A. Account Termination or Transfer**

1. DRIP participation will automatically terminate when an account is closed.
2. Upon full transfer of an account to another institution:
  - Whole shares will be transferred in-kind if supported by the receiving institution
  - Fractional shares will be liquidated, and cash proceeds will be transferred
  - Any pending dividend reinvestments may be processed as cash dividends

### **B. Apex's Right to Modify or Terminate**

Apex reserves the right to:

1. Modify the terms of the DRIP program with 30 days' advance notice;
2. Suspend or terminate the DRIP program at any time; and
3. Suspend or terminate individual account participation for regulatory or compliance reasons

Material changes to the DRIP program will be communicated via:

- Electronic notice to affected customers
- Updates to this disclosure document
- Notice through introducing broker-dealers

### **C. Error Correction Procedures**

1. If an error occurs in connection with the DRIP program, Apex will determine appropriate corrective measures consistent with regulatory requirements.
2. Apex will seek to correct errors in a manner that puts the customer in the same position they would have been in had the error not occurred.
3. Customers should promptly report any perceived errors to their introducing broker-dealer.
4. Error correction procedures comply with securities laws prohibiting fraud and misrepresentation under Securities Exchange Act Section 10(b) and Rule 10b-5

### **D. Record Retention Policy**

1. Apex maintains all DRIP-related records in accordance with SEC Rule 17a-4 requirements.

2. Records of DRIP enrollment, transactions, and terminations are maintained for a minimum of six years.
3. Electronic records of DRIP transactions are preserved in a non-rewriteable, non-erasable format.
4. Customers may request copies of their DRIP transaction history for the past six years.

## **IX. REGULATORY DISCLOSURES**

### **A. SIPC Protection**

The Securities Investor Protection Corporation (SIPC) protects customers if their brokerage firm fails. SIPC protects the securities and cash in your brokerage account up to \$500,000. The \$500,000 protection includes up to \$250,000 protection for cash in your account. SIPC coverage applies to securities held in your account, including those acquired through the DRIP program. SIPC does not protect against market losses. For details, please see [www.sipc.org](http://www.sipc.org). This disclosure is provided in accordance with the Securities Investor Protection Act, Section 15(a)(9) and FINRA Rule 2266.

### **B. Relationship with Introducing Broker-Dealers**

Apex provides clearing and custody services, including the DRIP program, to customers of introducing broker-dealers. Your introducing broker-dealer is responsible for:

1. Communicating with you about your account
2. Processing your instructions regarding DRIP enrollment
3. Addressing questions about the DRIP program

### **C. Business Continuity Planning**

Apex maintains a business continuity plan that addresses how we will respond to events that significantly disrupt our business, including how the DRIP program would operate during such disruptions.

### **D. Anti-Fraud Compliance**

This DRIP program operates in compliance with Securities Exchange Act Section 10(b) and Rule 10b-5, which prohibit fraudulent and deceptive practices in connection with the purchase or sale of securities. Apex implements supervisory procedures to ensure all DRIP transactions are conducted in accordance with these anti-fraud provisions.

### **E. Privacy Policy and Information Security**

1. Information collected in connection with the DRIP program is handled in accordance with Apex's Privacy Policy and Regulation S-P requirements.
2. Apex does not share DRIP enrollment information with third parties except as permitted by law and as disclosed in our Privacy Policy.
3. Apex implements administrative, technical, and physical safeguards to protect customer information.

## **X. CONTACT INFORMATION**

For questions regarding the DRIP program or to provide instructions regarding enrollment or termination, please contact your introducing broker-dealer.

For specific inquiries about Apex's DRIP policies that your introducing broker-dealer cannot address, please contact:

Apex Clearing Corporation  
Attn: Corporate Actions  
350 N. St. Paul Street  
Suite 1300  
Dallas, Texas 75201  
Telephone: (214) 765-1359  
FAX: (214) 865-7401  
Email: [Corporateactions@apexfintechsolutions.com](mailto:Corporateactions@apexfintechsolutions.com)

*By enrolling in the Dividend Reinvestment Plan, you acknowledge that you have read and understood this disclosure document and agree to the terms and conditions of the DRIP program as described herein. This document serves as your notice of the terms of our DRIP program in accordance with applicable securities laws and regulations, including but not limited to Exchange Act Rule 10b-10, FINRA Rules 2210, and 5310, SEC Regulation S-P, and related SEC No-Action Letters regarding dividend reinvestment programs.*