Fractional Share Trading Disclosure

Firstrade Securities Inc. (“Firstrade”), together with Apex Clearing Corporation (“Apex”), offers fractional share trading, which allows you to invest in portions of whole shares of certain U.S. stocks and exchange-traded funds (“ETFs”) rather than whole-share quantities. While fractional share trading provides opportunities for portfolio diversification and investment in higher-priced securities with smaller amounts of capital, it is important to understand the unique characteristics and risks associated with this type of investing before you place a fractional share order.

1. What is Fractional Share Trading?

Fractional share trading allows you to buy and sell less than one full share of an eligible stock or ETF. You may place an order specifying a dollar amount (a “notional amount order”), and Apex will purchase or sell the corresponding fraction of a share on your behalf, or you may place an order specifying a fractional share quantity directly. For example, if a share of a company is trading at $1,000, you could invest $100 and own 0.10 (or 10%) of a share, or invest $1,500 and own 1.5 shares.

Firstrade will accept market and limit orders, in dollar values or share values, for fractional share trades. Fractional orders may be placed at any time but will be executed only during regular market hours (9:30 a.m. – 4:00 p.m. Eastern) and are subject to all applicable market rules and conditions, including but not limited to restrictions, suspensions of trading, and delays.

2. Eligible Securities

Fractional share trading is available only for certain equities and ETFs. Apex analyzes equities and ETFs based on market cap, volume, liquidity, and volatility to determine which securities to offer as fractional shares. Firstrade and Apex reserve the right to limit the securities available for fractional share trading at any time.

3. Risks and Considerations of Fractional Share Trading

Recordkeeping and Rounding: Apex records the quantity of fractional shares traded or held in your account to five decimal places. The value of fractional shares, and any dividends paid on fractional shares, are rounded to the nearest cent. This may affect, among other things, your ability to be credited for dividends and stock splits.

Minimum Purchase Amount: Apex will not accept fractional share purchases of less than $5.00. Proceeds from the sale of any whole or fractional shares, less any regulatory trading fees, will be rounded to the nearest $0.01.

Execution Risk: Execution of fractional share orders may take longer than execution of whole share orders. In extreme circumstances, including but not limited to market disruptions or widespread system outages, Firstrade and Apex cannot guarantee the ability to execute fractional share orders in a timely manner or, in extreme cases, at all.

Order Execution and Pricing: Firstrade routes all fractional share orders to Apex, its clearing firm, for execution. Apex acts as Firstrade's execution vendor for fractional share transactions and executes such orders as described in this Disclosure. For a variety of reasons, including those described herein, the actual amount of an executed order to buy or sell a dollar value of a security may be higher or lower than the amount requested. Orders containing fractional shares ("Fractional Orders") will be executed by Apex at the price Apex receives in the market. The fractional share component of any Fractional Order will be executed by Apex as a whole share order in the market, with the fractional share then allocated to your account.

Agency and Principal Capacity: Apex typically executes fractional share orders in an agency capacity. In limited circumstances involving complex or illiquid transactions, Apex (or an Apex affiliate) may act as a counterparty and execute that portion of the trade in a principal capacity.

Buy Orders (Principal Capacity): In the limited circumstances where Apex executes a Buy order for fractional shares in a principal capacity, Apex rounds up the order to the next whole share, executes the trade for its own account, allocates the fractional amount to your order, and retains the remaining fraction in its own account.

Sell Orders (Principal Capacity): In the limited circumstances where Apex executes a Sell order for fractional shares in a principal capacity, Apex rounds up the order to the next whole share, allocates the proportionate sale proceeds to your account, and retains the remaining proceeds in its own account.

Accordingly, in those limited circumstances, you may see your Buy and Sell orders marked as Principal trades.

Liquidity and Transferability: You maintain day-to-day control over any fractional shares in your account; however, fractional shares cannot be transferred to another brokerage firm. If you transfer your account to another firm, any fractional shareholdings will not be transferred and will instead be liquidated before the transfer, which may have tax consequences. Liquidation will occur at the prevailing market price at the time of liquidation, will not be subject to a commission, and the timing of the liquidation is at Firstrade's and Apex's discretion and may not coincide with the timing of the account transfer.

Dividends and Corporate Actions: You will receive payments of dividends, or in some cases shares or commensurate value in connection with stock dividends. Other mandatory corporate actions, including stock splits, mergers, and reverse splits, will be processed as determined by the issuer and Apex; in a reverse split, the fractional component is generally rounded up or rounded down with cash paid in lieu, depending on the issuer's terms and conditions for the split. You will not be able to make voluntary elections on any corporate action, including tender offers or rights offerings, with respect to fractional shares.

Voting Rights: Apex will aggregate proxy votes for fractional shares of Firstrade customers; however, the issuer or its designated vote tabulator may not fully count such votes. Apex cannot provide any other shareholder documentation for holdings of less than one share.

Margin: Fractional shares may or may not be eligible for margin, depending on the policies of Firstrade and Apex and the characteristics of the specific security. Refer to your Account Agreement for details on margin eligibility.

Tax Implications: The tax treatment of fractional shares is generally the same as that of whole shares. You should consult with a tax advisor for guidance specific to your individual circumstances, including with respect to any liquidation of fractional shares described herein.

Program Changes and Suspension: Firstrade and Apex reserve the right to modify, suspend, or terminate the fractional share trading program, including supported securities, order types, and order handling procedures, at any time and for any reason, including if Firstrade or Apex is unable or unwilling to accept or process fractional share orders. Changes will become effective when posted to the Firstrade website or otherwise communicated to you. While Firstrade will generally attempt to provide reasonable advance notice of material changes, it is not obligated to do so, and it is your responsibility to monitor this Disclosure for updates.

General Limitations: Any and all fractional shares within your account (i) are not transferable in-kind, including via the Automated Customer Account Transfer Service (ACATS), (ii) exist only as book-entry positions at Apex, and (iii) may only be liquidated, with proceeds withdrawn or transferred out.

Additional Resources: For additional information about fractional share trading, see Apex Clearing Corporation's Fractional Shares Disclosure, available on Apex's website, and Firstrade's Help Center article on fractional shares trading, available at help.en-us.firstrade.com.

All investments involve risk, including the possible loss of principal. Fractional share trading does not eliminate this risk. Dividends are not guaranteed and are declared and paid at the discretion of the issuing company's board of directors. Diversification does not ensure a profit or protect against loss. You should consider your investment objectives and risk tolerance carefully before placing a fractional share order.

This Disclosure supplements, and forms a part of, your Customer Account Agreement with Firstrade. Unless otherwise defined, capitalized terms used herein have the meanings given to them in the Customer Account Agreement. By placing a fractional share order, you acknowledge that you have read and understood this Disclosure and agree to be bound by its terms. In the event of a conflict between this Disclosure and the Customer Account Agreement, this Disclosure will control with respect to fractional share trading.