



## DISCLOSURE FRACTIONAL SHARES

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 in dollar values 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 a principle or riskless principle. 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**

- **Buy Orders**  
When Apex executes Buy orders for fractional shares it rounds up the order to the next higher round number of shares then marks order as a principal trade and executes the order for its own account. Apex then divides the shares into the fractional amount associated with the client's order and puts the remaining fraction into its own account.
- **Sell Orders**  
When Apex executes a Sell order for fractional shares, it rounds up the order to the next higher round number of shares then marks the order as a short sale. Apex then divides the proceeds of that order into the requisite amount for the client's order and puts the remaining amount into its own account.

Accordingly, when Apex executes fractional share orders, the client may see its Buy orders marked as Principal trades and its Sell orders marked as short sales.

**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.