



Risk Disclosure for Event Contract Trading

Webull Futures LLC ("Webull," "we," "us," or "our"), a Futures Commission Merchant registered with the Commodity Futures Trading Commission ("CFTC") and member of the National Futures Association ("NFA"), facilitates customer trading in event contracts ("Event Contracts") listed on CFTC-regulated designated contract markets and cleared through CFTC-registered derivatives clearing organizations, as applicable. Event Contracts reference the outcome of a defined question regarding a particular topic, event, or trend and are subject to the terms of the applicable contract and exchange.

This document discloses certain structural and applicable risks involved in investing in Event Contracts. However, due to the highly subject-matter specific nature of Event Contracts, it is not possible to disclose here all risks applicable to an investment in any Event Contract. Event Contract trading is highly speculative and may not be suitable for all investors. Please carefully consider all risks associated with an investment in an Event Contract, including without limitation the risks set forth below, and consult with a financial professional and any other advisors that you deem appropriate before investing in any Event Contract.

This document should be read together with Webull's [Event Contract Additional Risk Disclosure](#), which supplements this document with additional risk factors that may be especially significant under certain heightened-risk conditions, such as periods of extreme volatility or trading around high-profile scheduled events. This document and the Additional Risk Disclosure are intended to be read together, and neither is a substitute for the other.

For further information, please review the applicable DCM and DCO rules, agreements, and risk disclosures identified under Exchange and Clearing Organization Risk below.

Relevant Risks

Market Risk: Investing in Event Contracts requires you to take a position on the outcome of a defined yes-or-no question regarding a particular topic, global event, or trend. The subject matter of Event Contracts varies widely, and may include, without limitation, certain political developments, weather and climate events, and actions by government agencies. Event Contract outcomes depend on, and may be affected by, a range of known and unknown factors. Accurately identifying and accounting for all relevant factors bearing on the outcome of an Event Contract is extremely difficult, and failing to do so may result in losses to you.

Event Contracts have contract-specific payout amounts and settlement terms. A contract may pay its stated settlement amount if the relevant outcome occurs and nothing if it does not. For example, a contract with a \$1 settlement amount purchased for \$0.80 may pay \$1 if the selected outcome occurs or \$0 if it does not, before fees. Pricing is influenced by known and unknown factors, including market sentiment and information about the underlying question. Contract prices and outcomes can be highly volatile and unpredictable, which may prevent you from executing trades or closing positions at your desired price and may result in losses.

Liquidity Risk: Event Contracts available through Webull may have varying levels of liquidity depending on the applicable contract and trading venue. It may be difficult to enter or exit positions at desired prices. Lack of liquidity could lead to adverse price movements or difficulty in closing positions.

Leverage and Margin: Event Contract trading on margin may be permitted in certain cases at the sole discretion of the applicable exchange and Webull. Trading on margin involves borrowing funds to trade larger positions than your initial investment. While this can amplify potential profits, it also significantly increases the



potential for losses. If you trade Event Contracts on margin you may lose more than your initial investment, and you are responsible for repaying any deficits in your account.

Event Outcome Uncertainty: The applicable exchange establishes rules governing the outcome determination and settlement of Event Contracts. It may be difficult or impossible for the exchange to verify an outcome in accordance with its published rules, or you may disagree with its determination. In either case, you may experience losses.

Regulatory and Taxation Risks: The legal, regulatory, and tax treatment of Event Contracts and the applicable exchanges and clearing organizations may evolve or change over time. Changes in applicable laws, regulations, regulatory interpretations, tax laws, tax guidance, or regulatory status or treatment may adversely affect your ability to enter into, maintain, transfer, or close Event Contract positions.

Such changes may also affect the value of your open positions, the tax consequences of trading or holding Event Contracts, or other matters, and may result in losses, enhanced reporting obligations, account restrictions, position liquidations, or other requirements under applicable law. You are solely responsible for understanding and complying with the laws, regulations, and tax obligations applicable to your Event Contract trading. You should consult legal, accounting, tax, or other professional advisors as you consider appropriate before trading Event Contracts.

Financial Related Products: Financial Related Products available through Webull are CFTC-regulated derivatives subject to the applicable contract terms. These products are not securities options regulated by FINRA. This is a risky product that can cause you to lose 100% of your investment in a very short period of time. This product is traded in a separate Webull Event Contract account, not your Webull cash or margin brokerage account. As such it cannot be offset by, or used to offset, any options position in a Webull Financial brokerage account. Funds from your brokerage account will be transferred to the Events Contract account before they are used for trading.

Execution Risk: To make investments through the Webull website or mobile application (collectively, the "Webull Platform") in Event Contracts available through Webull, you must rely on the timely functioning of various technological systems and services, some of which are operated by or provided to Webull or the applicable exchange or clearing organization by third parties that neither Webull nor the applicable exchange or clearing organization has authority to control or direct. The technological systems and services on which the operation of the Webull Platform and the applicable exchange and clearing organization rely, or which are integral to the trading of Event Contracts or making payments thereon, may experience service interruptions or other operational failures, which may result in the execution of Event Contract orders or payments thereon failing or being delayed.

Loss of Investment: As with any form of investment, there is no guarantee of profit, and it is possible to lose your entire initial investment or more. You should only invest funds that you can afford to lose.

Professional Advice: You should seek whatever independent financial, legal, accounting, tax, or other advice you deem necessary before investing in an Event Contract. Ensure that you understand your risk tolerance, investment goals, and the potential consequences of each investment in an Event Contract.

By executing an Event Contract trade through the Webull Platform, you acknowledge that you have received and read this document, and that you understand the inherent risks associated with Event Contract trading. You further confirm that you have the financial resources to absorb any potential losses, and that you have obtained any independent financial, accounting, tax, and legal advice you deem necessary prior to investing in any Event Contract.

Legal Risk: Webull offers trading in Event Contracts, including sports-related Event Contracts, through the applicable CFTC-regulated exchange and clearing organization. If courts determine that certain states have authority to restrict these contracts, open positions for customers in those states may become untradeable.



Customers may be unable to close positions, or positions could be liquidated prematurely. Webull maintains risk mitigation measures and contingency plans to address developments in ongoing state litigation that could affect customer positions and funds.

No Guarantees: Webull and the applicable exchange and clearing organization do not guarantee any specific outcomes or profits from participating in Event Contracts. The possibility of losing your entire investment exists, and you should trade only with funds you can afford to lose.

Risk Management: We strongly recommend that you understand and consider implementing risk management strategies before engaging in Event Contract trading. Diversifying your positions, setting stop-loss orders, and carefully managing your exposure to individual contracts can help mitigate potential losses.

Conclusion

By engaging in Event Contracts through the Webull Platform, you acknowledge that you have read, understood, and accepted the risks outlined in this disclosure. You are responsible for your trading decisions, and we encourage you to seek professional advice if necessary to ensure that Event Contract trading aligns with your financial goals and risk tolerance.

Exchange and Clearing Organization Risk

Webull Futures LLC may facilitate customer trading in Event Contracts through KalshiEX LLC ("KalshiEX") and North American Derivatives Exchange, Inc. ("Nadex") d/b/a Crypto.com | Derivatives North America ("CDNA"), each of which is registered with the Commodity Futures Trading Commission ("CFTC") as a designated contract market ("DCM"). Applicable transactions may be cleared through Kalshi Klear LLC ("Kalshi Klear"), CDNA, or another applicable derivatives clearing organization ("DCO") registered with the CFTC.

Pursuant to CFTC Rule 22.16, Webull Futures LLC provides customers with information regarding the governing provisions applicable to the use of Cleared Swaps Customer Collateral and the transfer, neutralization of risks, or liquidation of Cleared Swaps in the event of a default relating to a Cleared Swaps Customer Account. In the event of Webull Futures LLC's insolvency, customers' rights generally would be determined under the commodity broker liquidation provisions of the U.S. Bankruptcy Code and CFTC Part 190. Where an applicable DCO or insolvency proceeding is located outside the United States, applicable foreign insolvency laws may affect the treatment or timing of the recovery of customer funds or securities.

Customers should review the applicable rules, agreements, and risk disclosures of the DCM and DCO through which their Event Contract transactions are executed and cleared, including, as applicable:

[KalshiEX LLC: Kalshi Member Agreement](#)

[Kalshi Klear LLC: Kalshi Klear Self-Clearing Member Agreement](#)

[CDNA: Trading Member Terms of Business](#)

These materials may be amended from time to time. Customers should review the then-current materials applicable to their transactions.

Disclaimer

This Risk Disclosure is provided for informational purposes only and does not constitute financial, investment, or legal advice. Please carefully review all relevant documentation, including the Event Contract Additional Risk Disclosure, and seek independent financial, legal, or tax advice as needed.