



## **Webull Financial LLC Disclosure – Risks and Information Related to Fractional Share Trading**

Webull Financial LLC (“Webull”) is pleased to offer fractional share trading, allowing you to invest in portions of whole shares of stocks and exchange-traded funds (ETFs). While fractional 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.

### **1. What is Fractional Share Trading?**

Fractional share trading enables you to buy and sell less than a full share of a stock or ETF. Instead of purchasing whole shares, you can invest a specific dollar amount (a "notional amount order"), and we will purchase the corresponding fraction of a share on your behalf. 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. We also accept orders specifying fractional share quantities directly.
- If a share of a company is trading at \$1,000, you could invest \$1,500 and own 1.5 shares.

### **2. Risks and Considerations of Fractional Share Trading**

- **Liquidity:** Fractional shares are not traded on national stock exchanges. The market for fractional shares is maintained by Webull in conjunction with our liquidity provider, Citadel Securities. We commit to buying your fractional shares at the prevailing National Best Bid and Offer (NBBO) price for a whole share of the security, adjusted for the appropriate fraction. However, there may be circumstances where it may take longer to execute your fractional share order. In extreme circumstances, such as but

not limited to, market disruptions or widespread system outages, we cannot guarantee the ability to execute such orders in a timely manner or, in extreme cases, at all.

- **Pricing:** We execute fractional share trades based on the prevailing NBBO for whole shares, adjusted proportionally for the fractional quantity. While we strive to provide fair and competitive pricing, the price you receive for a fractional share may differ slightly from the price of a whole share traded on an exchange.
- **Order Execution:** Fractional share orders are aggregated and executed by Webull and our liquidity providers. There is the potential that the executed price could vary slightly from the market price at the time your order was placed. Order execution could be delayed in instances of market volatility.
- **Voting Rights:** Fractional shares typically do not carry voting rights. Since you own a fraction of a share, you are not entitled to vote a full share's worth of votes at shareholder meetings. We will not aggregate client fractional shares for purposes of proxy voting.
- **Transferability:** Fractional shares are generally not transferable to other broker-dealers. If you decide to transfer your account to another firm, your fractional share positions will need to be liquidated and the proceeds transferred.
- **Dividends:** You may receive dividends in proportion to your fractional ownership. For example, if you own 0.5 shares and the dividend is \$1 per share, you will receive \$0.50. In some cases, depending on the amount, the dividend amount may be too small to automatically reinvest.
- **Corporate Actions:** Fractional shares will generally be treated in the same proportion to full shares for corporate actions such as stock splits, reverse stock splits, mergers, or spin-offs. Cash-in-lieu may be provided for resulting fractional shares that are not able to be traded.
- **Margin:** Fractional shares may or may not be eligible for margin, depending on the policies of Webull and the specific security. Please refer to your account agreement for details on margin eligibility.
- **Tax Implications:** The tax treatment of fractional shares is generally the same as whole shares. However, we recommend consulting with a tax advisor for specific guidance related to your individual circumstances.
- **Program Changes and Suspension:** Webull and Citadel Securities reserve the right to modify or terminate the fractional share trading program, including supported symbols, order characteristics, and order handling procedures, at any time and for any reason. This includes the right to suspend order acceptance if we are unable or unwilling to interact with fractional share or notional amount orders.

Webull may, in its sole discretion, and without prior notice to you, make changes to the fractional share trading program. Webull may change, add or remove liquidity providers, including Citadel Securities, at its sole discretion. Any changes to the terms of the program will become effective immediately when they are posted to the Webull website or mobile application. Webull will generally make reasonable efforts to provide prior notice to affected clients of any changes to the program but is not obligated to do so. It is your sole responsibility to monitor the terms of the program and review any changes.

- **Eligibility:** Webull partners with Citadel Securities to provide liquidity and facilitate the execution of fractional share trades. Citadel Securities acts as a principal in these transactions, meaning they buy and sell shares from their own inventory. While Citadel Securities provides a list of eligible securities, Webull may maintain a more restrictive list. This means that not all securities available for fractional trading through Citadel Securities may be available through our platform. Determination of the availability of securities for fractional trading based on various factors, including but not limited to, liquidity, volatility, and client demand.