Webull

# Webull Order Handling and Payment for Order Flow Disclosure

These Order Handling and Payment for Order Flow Disclosures (these "Disclosures") provide important information about how Webull Financial LLC ("Webull", or "we") handles order routing and execution on behalf of brokerage clients. By utilizing Webull's brokerage services, you ("you") acknowledge that you have reviewed and fully understand these Disclosures and agree to be bound by their terms.

## 1. Order Routing, Execution, and Pricing

Webull provides brokerage clients with order routing and execution services. Fees and commissions paid by clients depend on the client's country of legal residence and the product being traded. For U.S.-listed equities and options, clients residing in the United States are charged zero commission, while Clients residing outside the U.S. are charged a commission. All clients are charged a fixed rate contract fee for certain U.S. index options. See https://www.webull.com/pricing for information regarding applicable contract fees. Client orders are routed to market centers, including but not limited to other broker-dealers and national securities exchanges for handling. Webull receives payment for order flow for trades Webull routes to market centers for execution. Payment for order flow received by Webull may result in reduced price improvement for executions received by brokerage clients.

Webull may also route orders to another broker, an Alternative Trading System (ATS), a third-party smart router, or an exchange for execution (each an "Alternate Method"), in which case Webull may receive rebates, payment for order flow, or other remuneration for trades executed at or through that Alternate Method.

**IMPORTANT: Additional information regarding order handling and pricing is available on Webull's website at:** https://www.webull.com/execution. and https://www.webull.com/pricing.

## 2. Special Handling and Pricing for Orders from Foreign Clients

Clients residing in foreign countries may experience differences in order handling and commission structures compared to clients residing in the United States. These variances can arise from regulatory mandates, tax considerations, and other factors impacting the cost of executing trades. For example, Webull charges commissions on trades executed on behalf of clients residing in Brazil or Mexico. Visit the applicable Webull website for your jurisdiction for information regarding commission applicable to you.

## 3. Order Types

Clients can submit various order types depending on the type of security. For a list of currently available order types, please visit our website.

## 4. Order Instructions and Designations

In addition to specifying an Order Type, Clients can also stipulate certain conditions associated with an order. Below is a non-exhaustive list of special instructions and qualifications commonly stipulated by Clients.

### a. Time-in-Force

For US equities, Clients may select how long an order remains active before being executed or expiring.

- Day orders (not inclusive of extended-hours) remain active only during the standard trading session from 9:30 AM to 4:00 PM ET on weekdays (excluding holidays). Day orders automatically expire at the end of the trading session on the day that they are entered if they are not executed at any point during that day.
    - For U.S. listed options, the same details are applicable, however some securities will remain active from 9:30 AM to 4:15 PM ET on trading days.
- Day + extended-hours orders remain active during all equity trading sessions from 4:00 AM to 8:00 PM ET on weekdays (excluding holidays). Day + extended hours orders automatically expire at the end of the extended hours trading session on the day that they are entered if they are not executed at any point during that day and are only available for limit orders (a limit order is an order to buy or sell an asset only at or better than a specified price). This does not apply to US listed options.
- For U.S. Equities and Options, good-until-cancelled (GTC) orders remain active over a period of up to 60 calendar days, including weekends and holidays. GTC orders are active only during standard trading sessions from 9:30 AM to 4:00 PM ET (or 4:15 PM for certain U.S. listed options, as noted above) on weekdays (excluding holidays). GTC orders automatically expire at the end of the final trading session of the specified period if they are not executed at any point during the specified period.
- For U.S. equities, good-until-cancelled (GTC) + extended-hours orders remain active over a period of up to 60 calendar days, including weekends and holidays. GTC + extended-hours orders are active during all equity trading sessions, from 4:00 AM until 8:00 PM ET on weekdays (excluding holidays), and are only available for limit orders. GTC + extended-hours orders automatically expire at the end of the final extended hours trading session of the specified period if they are not executed at any point during the specified period. This does not apply to US listed options.

### b. Directed or Non-Directed Designation

Client orders are submitted on a non-directed basis. Non-directed orders do not include instructions to execute the order on a specific exchange or through a specific liquidity provider. In contrast, directed orders do include instructions regarding order routing.

Webull routes non-directed orders to various market centers, which in turn route orders to satisfy best execution. In many cases, consolidators / wholesalers seek liquidity that exceeds the size displayed at the current market quote. Webull is not a liquidity provider and does not trade on a principal basis.

## 5. Designation of Orders as Held or Not Held

Orders are designated either as “held” or “not held”. “Held” orders require the broker-dealer receiving that order to attempt to execute it immediately. In contrast, “not held” orders provide the broker-dealer receiving the order with discretionary authority in respect to best execution price and timing requirements.

Except as noted below for oversized orders, all orders submitted to Webull by clients are designated as “held” orders.

### a. Special Handling of Oversized Orders

Clients placing orders that exceed certain quantity thresholds (“Oversized Orders”) will choose the execution type for their order. Specifically, for each Oversized Order, the client must select between Webull’s default held order procedure or its Oversized Order (i.e. not held) procedure.

Clients selecting the not held procedure will have their orders sent through an algorithmic solution on a not-held basis. By selecting the not held procedure, the client grants Webull permission to direct orders to a third party which will exercise time and price discretion in respect of execution of their order. Currently, Webull utilizes multiple third-party developed algorithms to obtain the best price and optimize execution quality. At its discretion, Webull may add or remove third-party providers or develop its own algorithm.

For more information regarding Webull’s execution of client orders, click here: https://www.webull.com/execution.

## 6. Market Integrity and Access

Webull is required by applicable law and the exchange rules to maintain controls in its systems that prevent executions at prices that might be deemed disruptive to an orderly market (or exchanges may have such controls in their systems). These controls may cause an otherwise marketable order not to be executed or cause execution to be delayed, even if the client’s instruction is to execute the order immediately at a specified price. Additionally, in accordance with applicable law, Webull may reject orders exceeding certain size thresholds based on various factors, including without limitation the normal order volume for such asset, the type of order, the marketability of the order, and other factors relating to the likelihood of the order resulting in market disruption.

## 7. Important Characteristics and Risks of Using Market Orders

A “market order” is an instruction to execute your order at any price available in the market. A market order is not guaranteed a specific execution price and may execute at an undesirable price depending on market conditions at the time the order is entered. You can mitigate the risk of a market order being executed at an undesirable price by using a “limit order”, which is an instruction to execute your order at a price equal to or more favorable than the limit price you specified.

## 8. Important Characteristics and Risks of Using Stop Orders

A “stop order” (also referred to as a Stop (Market) Order) is an instruction to buy or sell at the market price once the trigger, or "stop", price you specify is reached. Please note that a stop order is not guaranteed a specific execution price and may be executed at a price substantially higher or lower than its stop price, especially in volatile and/or illiquid markets. Stop orders may be triggered by temporary fluctuations in price, which may cause the stop order to be executed at an undesirable price. Sell stop orders may make price declines worse during times of extreme volatility. If triggered during a sharp price decline, a sell stop order also is likely to result in execution well below the stop price. Placing a limit price on a stop order may help mitigate some of these risks. A stop order with a limit price, a “stop (limit) order”, becomes a limit order when the instrument reaches the stop price. By using a stop (limit) order instead of a regular stop order, you will receive more certainty regarding the execution price of your order, but there is the possibility that your order will not be executed at all if your limit price is not available in the market when the order is triggered.

**9. Potential Effects of High Volumes and Market Volatility**

High volumes of trading and price volatility may lead to wider market quotes, reduce liquidity and extreme market trading conditions. It is important that you understand the potential risks associated with these conditions, including without limitation the following.

a. Delay and Price Issues: Increased trading volumes may cause delays in execution (or associated reporting) and/or executions at prices significantly different than the market price quoted or displayed at the time of order entry.

b. Changes to Order Handling and Restrictions on Order Acceptance: Volatile or extreme market conditions may necessitate changes to our order handling procedures, margin requirements, and/or restrictions on the types of orders we will accept. Pursuant to the terms of the Customer Agreement that you entered into with Webull upon opening your brokerage account, Webull is not required to receive or accept any specific order, particularly in circumstances where Webull believes that the associated compliance, legal, financial, credit or other risks are not acceptable. Webull may, in its sole discretion and without notice to you, determine that it is necessary to change order handling procedures or margin requirements, or restrict or prohibit trading, to limit Webull’s and/or your exposure to extraordinary market, financial or other risks. For example, Webull may determine that it is necessary to restrict certain transactions to closing-only status (meaning that clients may close existing positions but may not open new positions), make certain products non-shortable (meaning that clients may not open short positions in a particular product), or increase margin requirements.

**10. Orders Sent Near the Opening of Trading**

Please note that markets can be especially volatile near the opening and closing of a trading session, with prices and available liquidity often changing rapidly. Additionally, pricing information and other data from various markets may be subject to delays or periods of unavailability. Webull cannot guarantee that orders sent at or near the opening of trading necessarily will receive the best posted price. If you elect to place orders at or near the opening (or closing) of trading, you may want to consider the use of limit orders to mitigate some of the risks to you of potential market volatility.

**11. Specific Provisions Regarding Orders in US Equity Options**

a. Webull may route orders in US equity options to market centers, including other broker-dealers or national securities exchanges. For US equity options orders not routed to a market center, Webull employs a routing logic to try to achieve the best execution for client option orders. The routing logic is designed to achieve an execution price at or better than the

National Best Bid and Offer ("NBBO") by utilizing relationships with consolidators, who may provide price improvement through the various order routing, auction and price improvement mechanisms offered under U.S. option exchange rules. These relationships benefit Webull clients, who may receive price improvement for their options orders. Webull may receive payment in the form of marketing or other payments from the consolidators for these executions.

b. Maker-Taker Models: Several options exchanges impose "maker-taker" fees and rebates, in which exchange members are charged for orders that take liquidity (i.e., marketable orders that trade against a posted quote or limit order) and receive a rebate for orders that add liquidity to the exchange (i.e., non- marketable limit orders that are posted and then trade against incoming marketable orders), or vice versa. By using Webull, you are agreeing to allow Webull to retain any rebates it receives from an exchange in connection with your order being routed to one of these types of exchanges.

**12. No Internalization of Customer Order Flow**

Webull does not internalize client order flow through an affiliate nor does it cross client orders.

**13. Quarterly Order Routing Reports and Other Order Routing Information Available upon Request:**

Reference: *SEC Rule 606 and 607 (Disclosure of Payment for Order flow and Order Routing Information)*

Pursuant to SEC Rule 606, Webull is required to make publicly available a quarterly report with regard to its routing of non-directed orders. For the purpose of this Rule, Webull has entered into an agreement with Quantum5 Market Surveillance (a Division of S3 Matching Technologies) to disclose all required information pertaining to this rule. This information can be accessed on the internet at: http://public.s3.com/rule606/webull/. SEC Rule 606(b) requires a broker-dealer to disclose to its customers, upon request, "the identity of the venue to which the customer's orders were routed for execution in the six months prior to the request, whether the orders were directed orders or non-directed orders, and the time of the transactions, if any, that resulted from such orders."

Pursuant to SEC Rule 607, Webull is required to disclose at the time your account is opened, and annually thereafter, our payment for order flow practices. Webull routes your equity orders to broker-dealers or market centers (i.e., primary exchanges or electronic communication networks ("ECN")) for execution. These broker-dealers and market centers may include dealers who make markets in these securities. Webull may receive some compensation for routing equity orders to dealers. In exchange for routing your equity orders to certain market centers, Webull may receive monetary rebates per executed share for equity orders that add liquidity to such market center's book and/or rebates for aggregate exchange fees. The rebates are considered payment for order flow even though it may not necessarily offset Webull's aggregate payments for removing liquidity.

Order routing decisions are based on several factors including the size of the order, the opportunity for price improvement and the quality of order executions. Webull regularly reviews routing decisions, market centers and test trade executions to ensure that your orders meet our duty of best execution.

On a monthly basis, Webull updates our order routing allocation table, and informs specific market centers of their routing allocation for the coming month. The routing allocation table is based on each market center’s execution quality and average execution price improvement achievement from previous month’s result. Better execution quality and better average retail order execution price improvement will get larger order flow allocation.