

# Fractional Share Trading

## ***Definitions***

Fractional Share” means a fractional interest in a security that is less than one whole share in your Account. “Whole Share” means one full share of a security. “Fractional Order” means an order you place through the Service that is expressed as a dollar amount, a share quantity, or another notional input permitted by the Service and that is intended to result in a Fractional Share purchase or sale. “Eligible Securities” means the U.S.-listed common stocks and exchange-traded funds that Fennel makes available, from time to time and at our discretion, for fractional share trading through the Service. “Account(s)” means cash Accounts made available through the Service for fractional share trading, including taxable brokerage Accounts and, where enabled in the Service, Traditional IRA and Roth IRA Accounts. “Liquidity Provider” means a broker-dealer, market maker, or other financial institution that provides liquidity in securities, including fractional shares, by standing ready to buy or sell such securities for its own account or on an agency basis. In the context of fractional share trading, a Liquidity Provider may execute orders in whole or fractional quantities, including by filling orders from its own inventory, and may act in a principal capacity. Liquidity Providers may utilize proprietary pricing models, algorithms, and execution systems to facilitate such transactions.

## ***Eligibility, Availability, and Trading Window***

Not all securities available through the Service are Eligible Securities for fractional share trading. Eligibility may be restricted based on factors such as market capitalization, trading volume, liquidity, volatility, corporate action activity, operational constraints, or risk management considerations, and the universe of Eligible Securities may change without notice. Fractional share trading may also be restricted for particular Accounts based on Account status, funding status, regulatory restrictions, trading restrictions, or other factors that Fennel considers necessary or appropriate.

Fractional Orders are accepted only during the regular trading session for U.S. equity markets, generally from 9:30 a.m. to 4:00 p.m. Eastern Time on days when the relevant markets are open, and are subject to market-wide trading halts, security-specific halts, shortened trading sessions, and other market conditions or operational events.

Fractional share trading may be unavailable or delayed during periods of high volatility, unusually heavy trading volume, market disruptions, systems outages, scheduled maintenance, or other circumstances affecting order entry, routing, execution, clearing, or settlement.

## ***Order Entry***

Fractional Orders may be entered as dollar-based orders (notional) and as fractional share quantities. Regardless of the input method, you authorize Fennel to process the Fractional Order using the operational and execution methods described herein.

Fennel may reject, cancel, or limit any Fractional Order, in whole or in part, at any time and without prior notice when we determine such action is necessary or appropriate to comply with applicable law or market rules, to manage risk, to address system or data issues, to prevent erroneous orders, to respond to extraordinary market conditions, to address suspected fraud or unauthorized activity, or for other operational reasons.

Fennel may establish minimum order size requirements for fractional share transactions. In general, opening or closing notional orders below a specified dollar threshold (which may be \$5.00 or another amount determined by Fennel) may not be accepted, except in limited circumstances such as orders to fully liquidate a position or where the price of the security is below the applicable minimum threshold. These minimums may be modified from time to time based on operational, regulatory, or liquidity considerations.

## ***Execution, Pricing, and Best Execution***

Fractional share orders may be executed through one or more Liquidity Providers acting in a principal or riskless principal capacity. In such cases, the Liquidity Provider may fill the fractional portion of an order from its own inventory rather than routing the order to an exchange or matching it with another market participant.

To facilitate fractional trading, the Liquidity Provider maintains an inventory of Whole Shares and may allocate portions of those shares to satisfy customer orders. The Liquidity Provider may utilize proprietary technology and algorithmic systems to provide liquidity, generate pricing, and automate execution across a broad range of securities.

By submitting a fractional share order, You acknowledge and consent to this execution methodology, including execution on a principal basis and the use of internal inventory by the Liquidity Provider.

Fractional share orders executed through Liquidity Providers are generally priced with reference to the National Best Bid and Offer (“NBBO”). Such market makers are subject to applicable best execution obligations, including FINRA Rule 5310, which requires the exercise of reasonable diligence to obtain favorable execution prices under prevailing market conditions. To manage execution quality and mitigate market impact, orders may be subject to price collars or other risk controls that restrict execution to specified price

bands. Execution quality is periodically reviewed by the Liquidity Provider against available market centers to support compliance with best execution obligations.

### ***Decimalization, Rounding, Residual Amounts, and Funds Availability***

Fractional share positions and transactions may be calculated and maintained to a precision of up to six (6) decimal places. In certain circumstances, including order execution, allocation, transfers, or corporate actions, amounts may be rounded to the nearest applicable decimal place. Rounding may result in small residual amounts, which may be retained by or allocated at the discretion of the Liquidity Provider, in accordance with applicable policies and procedures. Such residual amounts are typically de minimis and may not be credited to your Account. By transacting in fractional shares, You acknowledge and accept the application of decimalization, rounding, and the treatment of any resulting residual amounts.

You authorize Fennel and its service providers to apply rounding conventions and to make de minimis adjustments that are operationally necessary to maintain your Account on the applicable decimal and currency basis.

Fractional share transactions are subject to the same settlement-related policies, good-faith trading restrictions, and funds-availability controls that apply to Whole Share transactions.

### ***Custody and Record Ownership***

Fractional share interests are typically facilitated through service providers, which may hold Whole Shares in its own name or through a nominee or depository and allocate fractional interests to Your Account on its books and records.

Fractional Shares are not issued in certificated form and generally cannot be directly registered in your name through the issuer's transfer agent as fractional positions. Requests for physical certificates or direct registration of fractional positions are not supported and will require the liquidation of the fractional position and transfer of Whole Shares only.

### ***Dividends, Distributions, and Corporate Actions***

If an issuer pays a cash dividend or other distribution on an Eligible Security, you will receive a proportional amount based on the Fractional Shares held in your Account as of the applicable record date, subject to rounding and standard operational processing. If an issuer declares a stock dividend, stock split, or similar corporate action, your Fractional Share position will be adjusted proportionally, and you may receive additional

fractional interests and/or cash in lieu of fractional amounts, depending on the terms of the corporate action. You acknowledge that corporate action processing for Fractional Shares may differ from that for Whole Shares and may involve rounding, cash in lieu, or other adjustments.

Voluntary corporate actions, including tender offers, exchange offers, rights offerings, consent solicitations, and similar events requiring an affirmative election, may not be available for Fractional Shares. In such cases, you may be unable to participate with respect to the fractional portion of your holdings. Where participation is supported in limited circumstances, it may be subject to eligibility requirements, including holding Whole Shares, and compliance with applicable deadlines and instructions. Fennel may decline or limit elections that are not operationally feasible for fractional positions.

### ***Voting Rights and Shareholder Materials***

Fractional Share ownership may not include the same voting rights as Whole Shares. You may not have the ability to vote or to submit voting instructions with respect to Fractional Shares. Notwithstanding the foregoing, generally, you will receive shareholder materials, including proxy statements and other communications, which reflect your beneficial interest in such securities.

### ***Transferability, Account Transfers, and Account Closure***

Fractional Shares are not transferable and may only be held within your Account at Fennel. If you request a transfer of your Account to another broker-dealer, only Whole Shares, to the extent eligible, may be transferred in-kind. Any Fractional Shares held in your Account will be liquidated, and the resulting cash proceeds will be included in the transfer, subject to operational constraints and applicable law. Liquidation of Fractional Shares in connection with a transfer or Account closure may have tax consequences, and you are solely responsible for any resulting tax liabilities.

If Fennel restricts or closes your Account, or if you request closure of your Account, Fennel may liquidate any Fractional Shares as part of the closure process in order to facilitate the transfer of cash proceeds, satisfy outstanding obligations, resolve residual positions, or complete operational requirements.

### ***Errors and System Events***

Fennel and its service providers may experience outages, delays, data inaccuracies, system failures, or other issues that affect the entry, routing, execution, pricing,

allocation, clearing, settlement, custody, reporting, or display of Fractional Orders and Fractional Shares. In the event of an error or suspected error, including but not limited to an incorrect execution, price, allocation, position display, dividend credit, or other operational discrepancy, you authorize Fennel to investigate and take corrective action consistent with applicable law, regulatory requirements, and market practice.

You are responsible for promptly reviewing confirmations, statements, and Account information and for notifying Fennel of any suspected unauthorized activity or discrepancies. Failure to provide timely notice may limit available remedies to the extent permitted by applicable law and the Account Agreement.

### ***Risks and Limitations of Fractional Share Trading***

Fractional share trading involves risks and limitations in addition to the risks of investing generally. These include the risk that Fractional Orders may be executed through Liquidity Providers, which may fill orders in whole or fractional quantities, including in a principal capacity, and that execution timing and pricing may differ from quoted market prices at the time of order entry. Certain order types, trading features, and functionalities available for Whole Shares may not be available for Fractional Orders. Fractional Shares are not transferable and will be liquidated in connection with an Account transfer or closure. Voting rights and participation in certain corporate actions may be limited or unavailable. In addition, rounding and decimal precision limitations may affect the quantity of Fractional Shares you can buy or sell and the amounts credited to your Account.

Investing in securities involves risk, including the possible loss of principal. Fractional share trading does not reduce or eliminate investment risk. You should consult tax, legal, or financial professionals regarding the consequences of trading and holding Fractional Shares, including any potential tax consequences associated with liquidation, corporate actions, or other transactions involving Fractional Shares.

### ***Changes to Fractional Share Trading***

Fennel may modify, suspend, restrict, or discontinue fractional share trading at any time, including by changing Eligible Securities, Accounts, order types, minimum or maximum order sizes, decimal precision, rounding conventions, trading windows, execution methods, or other features, as permitted by the Terms and the Account Agreements. Such changes may reflect updates to Fennel's systems, regulatory requirements, or the practices of Liquidity Providers and other service providers supporting fractional share trading. Your continued use of the Service after any such change constitutes your acceptance of the change to the extent permitted by applicable law.

Any dispute relating to fractional share trading, including disputes regarding execution, routing, pricing, allocation, transfers, corporate actions, or Account records, will be resolved in accordance with the dispute resolution and arbitration provisions set forth in the Terms and the Account Agreements, including any applicable predispute arbitration clause governing your Account.