

Velox Clearing Customer Agreement Related to Fractional Shares Trading

Velox Clearing, LLC (“Velox” or “VC”) fractional share trading functionality allows you to buy and sell fractional share quantities and dollar amounts of certain securities (“Fractional Trading”). Fractional Trading presents unique risks and has certain limitations that you should understand before placing your first trade.

In consideration of Velox allowing you to purchase and sell fractional interests of whole equity securities (“fractional shares”) from and to Velox acting as principal, You represent and agree with respect to all Accounts, whether margin or cash, to the terms in this addendum (“Addendum”) to the Velox Clearing, LLC Customer Agreement (“Agreement”) set forth below. Unless noted otherwise, defined terms have the same meaning here as in the Agreement. In the case of conflict between the terms of the Agreement and the Addendum, the terms of the Addendum will control for purposes of the subject matter herein. You acknowledge and understand that:

1. Trading Orders to buy or sell may be entered using either a fractional share quantity (e.g., 1.750 shares) or a dollar value (e.g., \$150.00). Velox will not accept dollar-based purchases or sales of less than \$1.00. Proceeds from the sale of any whole or fractional shares will be rounded to the nearest \$0.01. Dollar value orders will be converted into share quantities for execution. In all cases, when converting dollar-value orders into share quantities, the share quantities will be rounded down. For a variety of reasons, including but not limited to this conversion convention, the actual amount of an executed dollar-value trade may be different from the requested amount. The actual amount of an executed order to buy or sell a dollar value of a security may also be lower than the amount requested due to the deduction of certain commissions, fees (e.g., regulatory fees) or taxes. Commissions are calculated on a dollar-value basis at 0.01%, or \$0.01 per every \$100.00 in stock/ETF purchases, rounded up to the nearest cent. Contact your authorized agent/advisor for more information on the commissions and fees that apply to your account.
2. A vendor employed by Velox will aggregate any proxy votes for fractional shares of Velox’s customers with all votes reported to the issuer or issuer’s designated vote tabulator. You understand that while Velox’s vendor will report such proxy votes on fractional shares, the issuer or tabulator may not fully count such votes.
3. You hereby direct Velox, and Velox hereby agrees, not to vote or take any discretionary or voluntary action with respect to any fractional share position. Furthermore, you acknowledge that you cannot vote or take any discretionary or voluntary action with respect to any fractional share position. Accordingly, while VC may notify you of issuer meetings, VC will not solicit proxies in connection with fractional share positions, and you and/or your authorized agent/advisor cannot vote proxies for fractional share positions. Fractional shareholders will not be able to provide instruction in connection with voluntary corporate actions (e.g., tenders), except for optional dividends; and VC will not vote proxies for any fractional shares it holds as principal and will not affirmatively participate in any voluntary corporate actions.

4. Velox will execute all orders that include fractional shares (“Fractional Orders”) on a principal basis. Velox will act as your agent and will act in either a principal or a mixed capacity (i.e., both as agent and principal) when executing your order. The whole share component of any order will be executed by Velox as agent in its’ principal account and customers will receive a price at the then current National Best Bid or Offer (“NBBO”). When a fractional share interest is allocated to your account, Velox will maintain custody of the whole share in which you have the fractional interest. Any fractional share interest in the whole share not allocated to your account may be allocated to other customers or to Velox as principal. All orders with a fractional share component will be marked “Not Held,” which gives Velox the time and price discretion to execute the order without being held to the security’s current quote. In connection therewith, each time you submit an order to buy or sell a fractional share quantity or dollar amount of a particular security, you authorize Velox to “work the order.” If you do not wish your order to be handled on a Not Held basis, you should not engage in Fractional Trading.
5. To the extent that Velox must purchase or sell shares in the market to fulfill any part of your Fractional Order, the fractional component of that order will be fulfilled at the execution price Velox received for the corresponding whole shares. When trading as principal for its own account, Velox may make a profit or incur a loss on each trade. In the case of a purchase of the fractional component of any order, if Velox has sufficient principal inventory, that purchase will also be executed at the then current NBBO. In the case of a sale of the fractional component of any order, that sale will be executed at the then current National Best Bid or Offer (“NBBO”). Please note that this price may be higher or lower than the price at the time you place your order.
6. To the extent that Velox fulfills your Fractional Order for national exchange-listed securities (“NMS Securities”) entirely out of its inventory and without purchasing or selling shares in the market (“Inventory Fulfillment”), Velox will endeavor to price such shares or fractional shares at a price between the National Best Bid and Offer (“NBBO”) at the time of the order during market hours. However, certain NMS stocks may not be made available for Fractional Trading, and we reserve the right to modify the list of eligible NMS stocks at any time without notice to you. Any modification to the list of eligible NMS stocks available for Fractional Trading will not affect any fractional share interests previously acquired by you. Price Improvement for fractional shares is handled differently than round lot shares, and in many situations will be less advantageous to the purchaser.
7. Velox only accepts market orders, during market hours, for fractional shares trading at this time. You may attempt to cancel an order, but there is no ability to request that an order be “cancelled and replaced” (i.e., you cannot modify an order once it has been submitted). Fractional Trading supports market orders only for fractional share quantities of a security that are good for that day’s trading session only. Because of this, your ability to buy or sell a security using Fractional Trading may be more restricted than if you were to buy or sell traditional whole share quantities of the same security. In the event of a trading halt of a security, Fractional Trading of that security will also be halted, and your order will be held until trading resumes. If trading does not resume or your order is not executed by the close of that day’s Fractional Trading window, it will be cancelled.

8. Shareholder Rights for Fractional Share Interests: Fractional shares do not entitle the holder to vote or take any discretionary or voluntary action with respect to any fractional share position. Fractional shareholders will not be able to provide instruction in connection with voluntary corporate actions (e.g., tenders). In the case of a dividend, the dividend will be passed along to you in proportion to your ownership interest, inclusive of fractional share interests. Velox will only support payments that are equal to or greater than \$.01 in total. Amounts smaller than that, or non-divisible amounts will be maintained by Velox and titled as “Undistributable Interests”. Automatic reinvestments often involve purchase of fractional shares. Partial shares pay prorated dividends and can be sold if you sell your entire share position and will be liquidated automatically in transfers and certain other situations, but otherwise typically cannot be sold.

9. Fractional share positions may be illiquid. Velox does not guarantee that there will be a market for fractional share positions and makes no representations or warranties about its ability or willingness to continue to trade as principal in fractional share quantities. If your account is closed, your fractional shares may be liquidated, and the proceeds distributed to you as cash. Fractional share positions cannot be transferred or certificated. The Automated Customer Account Transfer System (ACATS) does not support fractional share positions. If you want to transfer your account or specific share positions to another broker, you must sell your fractional positions and transfer the cash proceeds.