

## **Fractional Shares Trading Disclosure**

CCM, via its Carrying Broker, allows its Customers to purchase certain stocks and ETFs in fractional shares rather than whole share quantities. This disclosure outlines the unique features, limitations, and risks associated with trading in and holding fractional shares.

### **Risks**

Engaging in fractional share trading poses unique risks and limitations, including those set forth in this Fractional Shares Trading Disclosure. CCM Customers agree that CCM shall not be held liable for risks such as those disclosed herein, including risks in connection with the execution, handling, purchasing, and selling of fractional shares for the Customer's CCM Account.

Fractional Share orders for certain securities may not be available during Extended Hours Trading.

Not all securities are eligible for fractional share trading and CCM or the Carrying Broker reserve the right to limit the securities available for fractional share trading at any time without notice to CCM Customers.

### **Capacity**

In connection with any fractional share component of any purchase or sale transaction, the Carrying Broker (or its affiliate) will generally act as a counterparty and will execute that portion of the trade as principal or riskless principal. The CCM Customer will always be the beneficial owner of any fractional shares in their account and all fractional shares owned by a Customer are segregated in the Carrying Broker's books and records in the same manner and to the same extent as whole shares owned by such Customer.

The Carrying Broker will not accept purchases of less than \$5.00. You will receive proceeds from the sale of any whole or fractional shares, less any regulatory trading fees, rounded to the nearest \$0.01.

Fractional Orders may only be placed during market hours (9:30 a.m. – 4:00 p.m. Eastern) and are subject to all applicable market rules and conditions, including but not limited to restrictions, suspensions of trading, and delays.

For a variety of reasons, including those set forth herein, the actual amount of an order executed by the Carrying Broker to buy or sell a dollar value of a security may be higher or lower than the amount requested.

Orders containing fractional shares ("Fractional Orders") will be executed by the Carrying Broker at the price it receives in the market.

Buy Orders: When the Carrying Broker executes buy orders for fractional shares it rounds up the order to the next higher round number of shares then marks order as a principal trade and executes the order for its own account. The Carrying Broker then divides the shares into the fractional amount associated with the Customer's order and puts the remaining fraction into its own account.

Sell Orders: The Carrying Broker executes a sell order for fractional shares, it rounds up the order to the next higher round number of shares then marks the order as a short sale. The Carrying Broker then divides the proceeds of that order into the requisite amount for the Customer's order and puts the remaining amount into its-own account.

Accordingly, when the Carrying Broker executes fractional share orders, the Customer may see its buy orders marked as principal trades and its sell orders marked as short sales.

### **Order Types**

The Carrying Broker will only accept one time and limit orders in dollar values for fractional share trades.

### **Transferability**

While CCM Customers maintain complete day-to-day control of any fractional shares in their account, fractional shares are not transferable to another brokerage firm. If a Customer wants to transfer their holdings in an account to another brokerage firm, the fractional share holdings cannot be transferred and will need to be liquidated before transfer, which may have tax consequences.

### **Voting Rights**

CCM Customers will not have voting rights for any of the fractional shares held in their Account, will not be able to make voluntary elections on any corporate action including, without limitation, any tender offers or rights offerings with respect to such fractional Shares, and the Carrying Broker, via CCM cannot provide CCM Customers any other shareholder documentation for any holdings of less than one share.

### **Dividend Rights**

Clients will receive payments of dividends, or in some cases in connection with stock dividends, either dividend shares or value commensurate to the dividend shares, and will otherwise participate normally in any stock splits, mergers or other mandatory corporate actions.

### **Five-Decimal Place Recording**

The Carrying Broker records the quantity of fractional shares traded or otherwise held in a brokerage account down to five decimal places.