



**PHILLIP CAPITAL INC.**  
141 West Jackson Blvd. Suite 1531A  
Chicago, IL 60604

## **DISCLOSURE FRACTIONAL SHARE TRADING PROGRAM**

Phillip Capital Inc. (“PCI”) offers a fractional share trading program. This program allows brokerage clients to purchase certain stocks, ETFs, and ADRs in fractional shares as well as whole shares. This disclosure outlines the features, limitations, and risks associated with trading in and holding fractional shares at PCI.

### **Securities Eligible for Fractional Share Trading**

Fractional share trading is available for some, but not all National Market System (“NMS”) securities. NMS securities may include stocks, ETFs, and ADRs. To determine eligibility for the fractional share program (“Eligible Securities”) PCI considers factors such as market capitalization, previously reported volume, trading liquidity, and price volatility. Eligibility for the Fractional Share trading program should not be considered as investment advice or as a recommendation to buy, sell or hold a security. Eligible Securities are not subject to research by PCI. The list of Eligible Securities for the fractional shares program will be furnished upon request. Eligible Securities can change at any time.

### **Order Types and Order Quantities for Fractional Shares**

PCI only accepts market orders and limit orders that expire at the end of the trading day (“day limit order”) for fractional shares, subject to certain limitations.

Fractional share orders can be entered out to 2 decimals (\$100.00) and your order will be converted into shares out to 3 decimal places (.001) and rounded down to the nearest decimal place. PCI will not accept fractional share orders of less than \$1.00 or for less than .001 shares.

PCI only accepts orders in U.S. dollars (“USD”).

### **Fractional Share Order Handling**

PCI accepts whole share orders with fractional share components. For example, a customer could enter an order to buy 2.5 shares of an Eligible Security. Any fractional share orders and fractional share components of an otherwise whole order in an Eligible Security are handled on a “Not Held” basis. Not Held fractional share orders and fractional share components allow PCI time and price discretion to secure the best execution price for your order.

### **Fractional Share Decimal Places and Rounding**

Fractional share positions in customer account statement are limited to 3 decimal places (.001).

### **Trading Session**

Eligible securities are available for trading during normal market hours (9:30 a.m. to 4:00 p.m. ET) and are excluded from trading in the pre-market and post-market trading sessions. Fractional share orders are eligible for real-time execution during market hours.



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### **Orders Placed Prior to Market Opening**

All orders placed for fractional shares prior to market opening in Eligible Securities will queue until the official opening price is disseminated to the marketplace for each individual security. Upon dissemination, fractional share orders are electronically converted into fractional shares and executed in the marketplace.

### **Execution and Principal Capacity**

To the extent that PCI fills any portion of a fractional share order out of inventory rather than by purchasing or selling shares in the marketplace, PCI will endeavor to price that portion of the fractional share order at a price between the National Best Bid and Offer (NBBO) at the time of execution.

In general, orders for whole shares are routed and executed on an agency basis and fractional shares orders, including the fractional share component of a whole share order are executed on a principal or riskless principal basis.

### **Dividends for Fractional Shares**

Clients will receive payments of cash dividends equal to or greater than \$0.01 in value. Clients may receive stock dividends in either shares equal to or greater than .001 shares or commensurate cash value equal to or greater than \$0.01. Clients will otherwise participate normally in any stock splits, mergers, or other mandatory corporate actions.

### **Liquidity and Transferability of Fractional Shares**

Fractional shares are unmarketable and illiquid outside of PCI and are not transferable to another broker/dealer. If a client wants to transfer holdings in an account to another brokerage firm, the fractional shareholdings will need to be liquidated before the transfer, which may ultimately have tax consequences. PCI does not guarantee that there will be a market for fractional shares of any security.

### **Tax, Legal and Accounting Treatment**

Clients own all fractional share interests allocated to their account. Clients should consult their own tax, legal and accounting advisors before engaging in any securities transaction, including fractional share transactions. PCI does not provide tax, legal or accounting advice.

### **Voting Rights for Fractional Shares**

Clients will not have voting rights for any fractional shares held in their account. Clients 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. PCI cannot provide shareholder documentation for any holdings of less than one share.

### **Fractional Share Risks**

Owning fractional shares is subject to the same risks of owning whole shares, including but not limited to market risk and specific risk associated with each individual security.