# Introduction

Webull Securities (UK) Ltd (“the Company”, “Webull”, “the firm”, “we”, “our” or “us”) is registered in England and Wales (Company number 13437270) and is authorised and regulated by the Financial Conduct Authority (Register number 961286).

Webull provides clients with a trading platform through which they can analyse investment opportunities and make investments.

With any investment, there is risk. The purpose of the disclosures in this document is to provide clients and prospective clients with information about the general risks of the products we offer and how we manage specific risks when investing through Webull, to enable them to make an informed decision about using the platform.

This document does not deal with risks relating to your personal circumstances and is not intended to provide explicit guidance on whether the products we offer are appropriate for you. It cannot outline each and every risk. If you are not sure whether Webull’s service are right for you, you should seek professional advice.

# I. Risk Disclosure

Through Webull’s trading platform, you have the opportunity to invest in the following products:

- Shares, including fractional shares (“equities”)

Any investment you make in equities is not guaranteed. You may not be able to sell an investment for as much as you paid, and could lose your entire investment.

## 1. 1. Risk Warnings Related to Shares (Equities)

### 1.1 General Risk Warnings

Shares represent a part of ownership in a company and a right to share in any profit the company makes. Generally speaking, if the company does well the share price rises as the demand for the shares increases. Shares in a poorly performing company would be expected to fall in value.

If a company becomes insolvent, ordinary shareholders would be the last to be repaid. There is a possibility that in an extreme case, a holding could be worth nothing. However, ordinary shareholders also have the right to receive any dividends a company may choose to pay or make profit selling shares if the price rises.

The price of shares is driven by market sentiment. A share in high demand will generally be more expensive. If more people want to sell a share (to supply it to the market), the price is likely to fall. You may be forced to sell at time when the prevailing price is lower than you paid and consequently, you would get back less than you put in.

Shares may provide income in the form of dividends or other cash. Dividends are paid out of company profits but are not guaranteed. A company may not make enough to pay its shareholders a dividend, or may decide not to pay for other reasons. Payment of a dividend is at the discretion of the company. Just because a company has paid out a dividend in the past, it does not mean that it will in the future. The amount of income from shares therefore may fall.

Selling a share requires finding a buyer. In some cases, there may be little demand for a share and it may not be possible to dispose of a share quickly, if at all. Webull maintains relationships with institutions and exchanges to provide you with access to multiple pools of buyer and sellers, but this does not guarantee you can find a buyer for an illiquid equity.

Foreign markets will involve different risks from UK markets, and in some cases, the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign-denominated contracts will also be affected by fluctuations in foreign exchange rates.

## 1.2. Dealing/Administrative Costs

Costs and charges levied by us, tax authorities or third parties will reduce potential profit. Before trading, you should familiarise yourself with all commissions and other charges for which you will be liable, and be comfortable that the effect of the charges is in proportion to the potential profit.

## 1.3. Market Gaps

The price for which a share changes hands does not necessarily move in regular steps. Particularly overnight, but also during market hours, consecutive trades may be at notably different prices. This may cause unexpected losses.

## 1.4. Effect of Liquidity

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We offer clients opportunities to invest in a wide range of companies of different sizes. Generally speaking, larger companies by market capitalisation are more liquid (there are more buyers and sellers in the market) and so have a greater opportunity to buy or sell at the prevailing price. The liquidity of a share can change quickly and, particularly in the case of smaller companies, the ability to trade may be restricted by the market.

## 1.5. Past Performance

The performance of an investment in the past should not be used to predict its future performance.

## 1.6. Dealing in Securities which may be Subject to Stabilisation

Occasionally, equities offered on our platform may be subject to stabilisation. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public and can affect not only the price of the new issue but also the price of other securities relating to it.

## 1.7. Foreign Investments

Webull's trading platform offers investments listed outside the UK. Trading overseas equities means investing where information may be harder to come by, or subject to different regulations, than in the UK. It may also involve trading at different times of day and in a different currency.

Changes in a currency's value can affect the value of a stock, resulting in a gain or loss even if the price of the equity has not moved. The cost of converting between currencies should also be considered.

## 1.8. Market Spread

There are normally two different prices for shares – a price at which investors can sell (the bid) and a price they can pay (the offer). The difference between the two is referred to as the spread, and can vary. In the case of smaller shares, the percentage spread can be significant and will have an adverse effect on potential profitability, especially in the short term.

## 1.9. Smaller Companies

There may be less information available for smaller companies. A feature of smaller companies is that the share price may be more volatile.

## 1.10. Settlement

With respect to Shares, the common market practice is for settlement to take place by the counterparties simultaneously, matching shares traded with cash being given. On rare occasions, the seller of a stock may not deliver the shares to be sold, or the buyer not deliver sufficient funds to pay. This default on regulatory obligations may delay settlement.

## 2. Risk Warnings Related to Fractional Shares

Fractional Share trading gives you the ability to purchase an equity position with a quantity of less than one whole share. Instead of having to buy a security in full share increments, this allows you to purchase a piece of a stock for an amount that you feel comfortable with. Webull offers fractional shares for most stocks.

Fractions of shares are not traded on exchanges and cannot generally be bought or sold outside the Webull platform. With limited exceptions, they cannot be transferred to another broker.

In the event of a stock split, you may receive fractional shares of a security depending on the terms and conditions of the split. For example, if you held 10 shares of a security that experienced a 1:7 reverse stock split then the quantity of your position would be adjusted into 1.42857 shares. If you hold an equity position with fractional shares included and the underlying security pays out a cash dividend you would be eligible to receive a dividend payment for the fractional shares held. However, for shareholder rights only whole shares would be eligible for proxy voting and the fractional piece of the position will not have any voting ability.

Fractional share trading is only available during regular trading hours which is 9:30-16:00 ET. Webull does not support extended hours trading for fractional shares.

Currently we only support market orders for fractional share trading.

## 3. Risk Warnings Related to Share Lending

### 3.1. General Warnings

When you lend your shares , we may on-lend the shares to a reputable third-party (Borrower). Any fees paid by the borrower of the shares will be paid to Webull, and you will not have any entitlement to them.

When you lend your shares to us, we shall at all times act as your counterparty and are obliged to redeliver shares to you.

In the case of a Corporate Action being declared while your shares have been lent, the economic effect of this corporate action will be replicated on your account. If shares a lent over a dividend date, you will be entitled to a payment from the equivalent to the dividend payment from us. This may have different tax implications.

With respect to voting rights - these may be exercised only by the Borrower, although the Borrower will be required to account for the benefit of Corporate Actions such as rights or bonus issues. This means that You may not be able to exercise all voting rights related to any shares lent. You will receive any other rights and distributions made on loaned shares.

### 3.2. Counterparty credit risk

In lending transactions, we are your counterparty. Should we become insolvent, we may be unable to return the shares lent. In addition, due to the chain of borrowing, you may be exposed to counterparty credit risk whereby the borrower may become insolvent. To mitigate the risk to you, we obtain collateral from the borrower, which must be of a higher value than the shares borrowed. The collateral will be held in a segregated account for you.

## 4. General Risk Warnings

### 4.1. Execution Only - You trade entirely at your own risk

Nothing on our website or otherwise communicated to you by us should be construed as advice. All trades made using our platform will be initiated by you on an 'execution only' basis.

We have not assessed your personal circumstances and cannot offer an opinion as to whether certain investments are suitable for you. Similarly, we do not monitor your account holdings and cannot offer any opinion as to their suitability or whether they are appropriate for you.

Any factual information we may provide in relation to our products, their potential risks, or the financial markets in general should be considered generic and is not tailored to your personal circumstances

### 4.2. Market Risk

The value of products offered through our platform may rise and fall. You may not be able to sell an asset for as much as you bought it.

### 4.3. Volatility Risk

The value of shares can be affected by the performance of the company, that of similar companies, a related index, the performance of the economy as a whole, the changing supply and demand for the share and multiple external factors. At times, these factors may cause the price of shares to swing sharply. Consecutive prices may be far from each other and it may therefore not be possible to trade at or near to the last traded price.

### 4.4. Currency Risk

Holding or trading in a currency different to the base currency of your account may result in a profit or loss even if the underlying asset does not move in price.

There is a charge to convert between currencies. This may affect the overall profitability of a trade.

### 4.5. Regulatory and Taxation Changes Risk

Changes in taxation and other rules of exchanges, clearing houses or governments may have an adverse effect on the value of your portfolio. Similarly, your personal tax obligations may change as a result of your personal circumstances or a change in government policy.

### 4.6. Risk of Disruption or Interruption of Access to Webull's Trading Platform

Webull and Webull affiliates invest heavily in its trading platform to ensure stability and security. Nevertheless there may be occasions when access to all or part of the trading platform is restricted or when the functionality of the systems is degraded.

In maintaining an account with Webull, you accept that our systems may not always be available, and that consequently you may not always be able to place or modify trading instructions, or access information about your account when you want to.

### 4.7. Segregated Accounts

In accordance with the FCA regulations, all our client money is held in segregated accounts over which, in the event that Webull becomes insolvent, creditors will have no claim. Client assets may be held by third parties. While these third parties hold assets in designated client accounts, where these are held outside the UK, regulations covering their protection may differ. On occasion, a limited amount of client money may also be held by third parties outside the UK, such as receipts from corporate actions or proceeds of sales pending repatriation of funds to the UK. Webull will minimise this amount by sweeping funds back to its UK segregated accounts daily.

# II. Conflicts of Interest

While our clients' best interests are at the heart of the business, it is inevitable that in the normal course of business, conflicts between our interests, those of our staff or customers may arise. To deal with these potential conflicts effectively, we have put in place processes to manage or mitigate them and where appropriate to disclose these. Conflicts of interest will be monitored continually.

## 1. What is a Conflict of Interest?

A Conflict of Interest may arise during the provision of our services, and could potentially be of unreasonable benefit to our interests.

It is unlikely to be possible to define a concrete list of circumstances that could give rise to a Conflict of Interest. Moreover, any concrete list may inhibit awareness of new conflicts. We have however identified areas in which conflicts could arise.

1.1. Commercial

Circumstances in which we or a related party could make a financial gain directly at a client's expense, such as by purchasing shares directly from a client.

1.2. Incentives

Where incentives may be offered to staff or to a client or group of clients to behave in a way which is to clients' detriment, such as encouraging trading or inducing a client to deposit more funds.

1.3. Favouritism

Favouring the interests of one client or group of clients by giving orders preferential treatment

1.4. Personal dealing

Placing trades on a personal dealing account that prejudices clients' interests

1.5. Inducements

Third parties may offer us inducements to provide a service or route an order in a particular way. Inducements may not always be monetary but could be in the form of a reduced charge or non-monetary benefit.

1.6. Provision of Information

We have a duty to keep our clients' information confidential, and used only for the purpose it was gathered. While personal information is legally protected, non-personally identifiable information may still be of value to third parties – particularly information around trading profiles.

## 2. Managing and Monitoring Conflicts

Conflicts of interest may be managed, mitigated or –if this is not possible- disclosed in advance.

Identifying potential conflicts of interest is ongoing, and is addressed by all committees. The responsibility to identify conflicts is not only a compliance affair, but embedded throughout the business. Staff are trained to escalate conflicts when identified, and management teams must implement policies and procedures designed to protect customers from detriment. These policies are reviewed at least annually and challenged by the Firm's senior management team.

Staff remuneration will not be tied directly to the activity of any one client or discrete group of clients. Rather, a competitive basic salary is paid which may be enhanced by a discretionary bonus dependent on Company performance.

Any gifts or hospitality received from third parties above a de minimis amount must be recorded and, where possible, approved by Senior management in advance.

All employees, whether customer facing or not, are subject to our Personal Account Dealing Policy, which dictates that all staff trading activities must be approved by and disclosed to Senior Management and the compliance department.

Any unauthorised disclosure of customer information is a disciplinary offense. Specifically, there is an absolute prohibition on clients' information being used for any other purpose.

### 2.1. Disclosure

Should a situation arise where a conflict cannot be managed and may be to a client's potential detriment, it should be disclosed to the client in writing before any action is taken. We may decline to act where acting would present an unmanageable conflict of interest.

### 2.2. Policy of Independence

We require employees to disregard any material interest or conflict of interest affecting their own interests when acting on clients' behalf.