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## **Overview: Selecting Stocks and Dollar Purchase Amount; Fractional Shares**

Stock Slices allows you to select a stock or group of stocks and purchase it or each of them through our website or mobile app at the same time in a dollar amount rather than a number or numbers of shares. Whether you select just one stock or more than one, these Terms may refer to the stock or group of stocks as “the stocks” or Stock Slices. You will select between one and a specified maximum number of stocks from the list of eligible stocks. You then select a dollar purchase amount (sometimes called a notional amount) between a specified minimum and maximum. Your purchase amount will be divided equally among the stocks you select. As a result, you may end up owning a fraction of a single share (“*Fractional Share(s)*”) or a number of whole shares and a fraction of a share of one or more of the stocks you purchase. Fractional Shares present unique risks and have certain limitations, some of which are described in these Terms. Certain orders to buy or sell Fractional Shares may not be eligible for price improvement, which occurs when an order is executed at a price more favorable than the displayed national best bid or offer. Fractional Shares may have different rights from a full share of the same stock. Your Stock Slices purchase will be executed in separate trade orders, one for each stock. You pay no commissions on these trades<sup>1</sup>. Following your purchase, you will directly own the individual stocks, and the grouping of the stocks together for purchase through Stock Slices will no longer exist for any other purpose.

## Eligible Stocks

You will choose the stocks for your purchase from a list of stocks displayed in Stock Slices. The stocks displayed meet criteria that Schwab has determined make the stocks viable for purchase in notional dollar amounts and Fractional Shares (“*Eligible Stocks*”). We reserve the right to change these “*Eligibility Criteria*” at our discretion and without notice. The current Eligibility Criteria will be available for review in Stock Slices. Schwab will periodically update the Eligible Stocks to add and delete stocks that meet and no longer meet, respectively, the Eligibility Criteria. Removal of Eligible Stocks only affects new purchases, not stocks you already hold in your account.

The list of Eligible Stocks may be accompanied by a screening tool that allows you to filter the list to display only those Eligible Stocks within certain industry and sub-industry classifications, based on one or more third-party classification systems, as described in Stock Slices. Schwab does not control or monitor the third-party classification systems, and the industry classifications or any other grouping of Eligible Stocks displayed may not reflect the most current classifications.

None of the Eligible Stocks, the Eligibility Criteria, or any industry classifications or any other grouping is intended as investment advice or a recommendation to purchase any stock.

## Trade Orders

Orders to purchase the stocks you select through Stock Slices will be treated as separate, individual orders for each stock, as opposed to a single order. You will receive a separate trade confirmation for each stock purchased. Trades that are part of a purchase through Stock Slices are commission-free. If your account is approved for margin trading, you will be permitted to purchase stocks through Stock Slices on margin. As with any other margin trade, purchasing a stock on margin through Stock Slices will create a new margin balance or increase the margin balance in your account.

Because the dollar amount you select for your Stock Slices purchase will be divided equally among the stocks you select, you may purchase Fractional Shares of one or more stocks. If the total Stock Slices purchase amount you select does not divide evenly by the number of stocks you select, the purchase amount of one of your stocks may be one to a few cents more than you intended. For example, if you invest \$100 in 3 stocks, to get the full \$100 invested, Schwab would round the amount of one of the stocks to be purchased up to \$33.34 and keep the other two at \$33.33 ( $\$33.34 + 33.33 + 33.33 = \$100$ ). Schwab systems truncate the fraction of a share you can hold to four decimal places, and that truncation may result in the final purchase amount of a stock being one to several cents less than what you intended to invest (for example, a total of \$99.98 instead of \$100).

All Stock Slices orders will be market “not held” orders, and will be executed at market. A “not held order” means that you grant Schwab time and price discretion to transact your order(s) on a best-efforts basis. There may be a delay between the time when your order(s) are executed and when

they appear in your account. You will not be permitted to enter limit or other conditional orders for Stock Slices purchases.

## Availability

Stocks may not be available for purchase through Stock Slices at or near market open and at or near market close. These time periods are called the “*Closed Trading Windows*.” Stock Slices purchase orders you attempt to place during the Closed Trading Windows may be rejected by Schwab. Also, if trading in any stock in a Stock Slices order has been halted (a trading halt), all orders for that Stock Slices purchase will be rejected.

Stock Slices orders are not eligible for Extended Hours Trading Sessions. If you enter Stock Slices order(s) while the market is closed, the order(s) will be executed the next trading day after the Closed Trading Window following the market open. There may be a significant difference in the quoted price for a stock between the time you enter your order(s) and the time the order(s) is executed. You agree that Schwab is not responsible for any potential market fluctuations, or alleged trading losses, during this time period. Stock Slices orders you place while the market is closed will be aggregated with other Stock Slices orders for the same stock and the aggregated orders will each receive the same order execution price.

## Stock Ownership

Stocks purchased together through Stock Slices are not a single or unitary investment or security, a fund, an investment company, or the like. You will directly hold the individual stock or stocks purchased through Stock Slices. Your account and your account statements will reflect separate, individual positions in the stocks you purchase through Stock Slices. Schwab will not provide any reporting of the stocks as a group. You will not be able to sell the stocks as a group in the same way that you purchased them through Stock Slices. The stocks, including any Fractional Shares, will be eligible for margin if your account has a margin feature. You will receive dividends on Fractional Shares unless the prorated amount of the dividend is less than one half of one cent (\$0.005). Eligible Stocks are eligible for automatic reinvestment of cash dividends received, at your election.

The eligibility of Fractional Shares to participate in corporate actions may be different than whole shares. For mandatory reorganizations, such as mergers and acquisitions, stock splits, or spin-offs, typically Schwab will distribute your interest in proportion to your ownership interest, inclusive of any Fractional Shares. However, only whole shares, and not Fractional Shares, are eligible to participate in voluntary corporate actions, including tender offers and certain rights offerings. Similarly, if you hold less than one full share of a stock, you will not be able to exercise voting rights on matters that shareholders of the company issuing the stock are eligible to vote.

## Selling and Transferring Stocks

Once the stocks you purchase through Stock Slices are in your account, you are able to sell any one of

those stocks, subject to the terms of the Schwab Agreements, at your discretion and without having to sell the other stocks that were purchased through Stock Slices at the same time. Orders to sell stocks that were purchased through Stock Slices will be in shares, not notional dollar amounts. Trade orders to sell stocks purchased through Stock Slices will be treated as separate, individual orders. You will receive a separate trade confirmation for each sale.

If you hold Fractional Shares, you can sell your entire position (all whole shares and the Fractional Share), the entire Fractional Share (but not less than the entire Fractional Share), any number of whole shares, or a number of whole shares plus the entire Fractional Share. For example, if you own 2.4 shares of a stock, you may place an order to sell the entire 2.4 share position, the entire 0.4 Fractional Share, one or two whole shares (1.0 share or 2.0 shares), or 1.4 shares. If you own only a Fractional Share (less than one whole share of a stock), then you may only place an order to sell your entire position. Schwab does not guarantee that there will be a market for Fractional Shares of any particular stock. As, and to the extent provided in the Schwab Agreements, including any applicable Pricing Guide, selling stocks purchased through Stock Slices will not incur commissions.

Stock certificates cannot be issued for Fractional Shares. Fractional Shares are not transferrable to another brokerage firm. If, for example, you own 10.5 shares of a stock and instruct Schwab to transfer your account to another firm, 10 shares will be transferred, and the 0.5 share will be sold at prevailing market prices, and the cash proceeds will be credited to your account and transferred to the other firm. Since your Fractional Shares cannot be transferred, your overall SIPC coverage may be affected.

## **Feedback and Aggregated/Statistical Data**

All suggestions, comments or other feedback on Stock Slices that you may provide to us, through whatever means and whether solicited or unsolicited, will be considered Schwab intellectual property and owned by Schwab. You assign all of your rights, including intellectual property rights in the feedback to Schwab. You agree to take all steps necessary to effect the foregoing ownership. Schwab, its vendors, licensors and agents may collect anonymous, statistical data about your use of and interactions with Stock Slices, including information gained through the use of tags and other means. You agree that we may use this data for purposes of improving Stock Slices, the user experience, and Schwab's other business purposes.

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<sup>1</sup> The standard online \$0 commission does not apply to restricted stock transactions. Service charges apply for trades placed through a broker or by automated phone. Stock Slices orders may not be accepted if placed other than through schwab.com or Schwab Mobile. Other fees and charges, such as exchange process fees, may apply. See your account agreement(s) and applicable Pricing Guide(s).