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Fractional Trading – Risks and Benefits

Risks

Trading and holding fractional shares involves several risks, some of which are detailed below. It is crucial to review and consider these risks before investing.

1. Limited Voting Rights
Holders of fractional shares often lack voting rights in corporate decisions, which are typically associated with whole shares. As a result, you will have no say in the governance of issuers of the instruments and you will only hold an interest in such instruments. BROKR cannot and does not provide any services in relation to voting rights in corporate decisions impacting fractional shares.

2. Complex Dividends
Owning fractional shares can complicate the receipt and tracking of dividend payments, as dividends are usually calculated based on whole shares. BROKR cannot guarantee the receipt and tracking of dividend payments in relation to fractional shares.

3. Corporate Action Limitations Impact Performance

When you hold fractional shares, you must be aware that BROKR's obligations regarding corporate actions are quite restricted. In particular, you may not be able to benefit from distributions made in forms other than cash. This can significantly affect your investments, as companies may choose to distribute valuable assets to their shareholders. BROKR cannot guarantee the receipt and tracking of any distributions other than cash in relation to fractional shares.

4. Uncertain and Non-uniform Tax Treatment

BROKR has not sought rulings from tax authorities regarding fractional shares and is not obligated to do so. Tax authorities may not have established practices for fractional shares or may treat fractional shares differently from the underlying instruments they relate to. You are solely responsible for evaluating the tax implications of holding fractional shares, and we do not provide any assistance with tax matters.

5. Order Execution Differences

The order execution process for fractional shares can vary, and you may not receive the same pricing as for whole shares. Price variations can occur, particularly during periods of high market volatility. BROKR is not responsible for the pricing you may receive for your fractional shares.

6. Transferability Limitations

Fractional shares are typically non-transferable. Clients wishing to terminate their relationship with BROKR must divest the fractions in their portfolio and either transfer out the equivalent cash amount or top up their fractional shares to reach the next full share for the transfer.

7. Regulatory Treatment

The regulatory treatment of Fractional shares is evolving. BROKR does not provide any guarantee in this respect and is not responsible for how regulatory authorities may choose to consider and categorize Fractional shares and for the impact such could have on holders of Fractional shares through BROKR.

Benefits

1. Lower Entry Costs for Investors

One of the primary advantages of fractional shares is the lower entry cost for investors. Investors can purchase a fraction of a share, eliminating the need to have the full share price available to invest in a specific stock or ETF. This makes it possible for individuals with limited resources to start investing and gradually build their portfolios over time. BROKR is only offering Execution-only services and it is not responsible for how and when you invest and on how and when you build your portfolio.

2. Increased Portfolio Diversification

Fractional shares enable investors to diversify their portfolios more easily. With the ability to buy small portions of multiple stocks or ETFs, investors can spread their investments across a broader range of assets, allowing them to potentially reduce the impact of a single stock's performance on their overall portfolio. BROKR is only offering Execution-only services and it is not responsible for how and when you invest, on how and when you build and diversify your portfolio and on how the investment choices you make impact your portfolio.

3. Flexibility in Purchasing Shares

Fractional shares provide increased flexibility for investors when buying shares. Instead of needing to buy whole shares, investors can allocate their funds precisely, investing the exact amount they want in an interest in a particular stock or ETF. BROKR is only offering Execution-only services and it is not responsible for how and when you invest, on how and when you build and diversify your portfolio and on how the investment choices you make impact your portfolio.