

M1's Important Trading Information

M1 Finance LLC ("M1") is a broker-dealer that offers individual investors a unique platform that helps keep clients invested based on the allocations they choose for securities in their investment Pie(s). An **investment Pie** is a collection of slices where any slice is a stock, ETF, or another Pie. At M1, a customer's portfolio is a collection of one or more pies.

M1 is tailored to investors looking to automate their long-term strategy. Other investment platforms offer different trading and pricing features, and M1's platform might not be suitable for everyone.

Core elements of M1's investment platform include:

Trade Windows

A **trade window** is a daily timespan during which M1 initiates trades for clients' accounts. Generally, accounts trade during the morning trade window. [M1 Plus members](#) can choose to trade in the morning or afternoon window, and they get access to both trade windows if any single Brokerage Account value exceeds \$25,000. M1 may also run the afternoon trade window for accounts when additional account operations are required, or as part of operating any of its products or services.

Morning trade window begins at 9:30 am ET and ends when all orders have been completed. Afternoon trade window begins at 3:00 pm ET and ends when all orders have been completed. Your actual execution time may vary – see "Not Held" Orders below for more information.

Trading in this manner might not be in line with all investors' strategies.

Learn more about how do [trade windows work](#) and how [M1 trades](#).

"Not Held" orders

Clients provide M1 instructions on what securities to buy or sell by creating or adjusting their investment Pie(s). When clients subsequently make changes to the allocation of a slice in a Pie, makes a deposit or withdrawal request, or manually request to buy or sell a security, the corresponding trades will execute on the next trade window available to them.

M1 clients should note that all trading orders are handled as "**not held**".

- A "not held" order provides the broker-dealer with price and time discretion in handling the order, whereas a broker-dealer must attempt to execute a "held" order immediately.
- M1 exercises time and price discretion with regard to execution. The exercise of time and price discretion has a direct impact on trading and the fill prices the customer can

expect to receive.

- “Not held” orders are subject to [FINRA Rule 5310](#) (Best Execution and Interpositioning).

All orders at M1 are executed as market orders on a “not held” basis during trading windows. Customers who want greater control over trading and execution price may need to consider alternative investment platforms.

Learn more how [M1 executes orders](#) and [duty of best execution](#).

Same day, same security, different price

M1 customers may receive different fill prices for the same security executed on the same day. Our order handling methodology differs between buy and sell orders.

- Prior to the start of each trade window, all customers’ buy orders for a specific security are aggregated and one buy order per security is routed for execution. This typically results in all customers receiving the same purchase price for the same security. However, if a shortfall occurs, we may place a second buy order during the trade window or open an additional trade window to purchase additional shares. A shortfall would occur if not enough shares were purchased to fill all customer orders. This may result in different fill prices for a small subset of our customers. Since M1 has a purchase buffer in place to mitigate the likelihood of a shortfall, these occurrences are rare.
- Sell orders are handled slightly differently than buy orders by aggregating orders dealing in dollars separately from orders dealing in shares and routing them as separate orders.

Learn more about [order fulfillment](#) and [trade execution](#).

Auto-Invest

When an account is opened, M1’s Auto-Invest feature is turned on by default. This feature automatically invests your funds, over your specified cash balance amount, into your investment Pie(s). To determine what to purchase, M1 uses a client’s investment allocation targets as instructions and funds whatever slice(s) will move the portfolio closer to those targets.

An initial deposit and subsequent deposits will be automatically invested if Auto-invest is on. You can turn the feature off or set a minimum cash threshold amount when visiting your Invest account screen.

For withdrawal requests, if a cash balance is available in the brokerage account requesting the transfer, M1 will first utilize the available cash balance. If the cash balance is not sufficient, M1 will sell the slice(s) that are overweight to accommodate the withdrawal amount.

Learn [how to change your Auto-invest settings](#), [how to set a minimum cash balance](#) in your account, and more about [how your money is invested](#).

Fractional Shares

A fractional share is when you own less than one full share of a stock or other security. Fractional shares are a way to invest when you do not have enough money to purchase a full share of a particular stock. For example, if XYZ stock trades at \$1000 per share, but you only have \$100 to invest, fractional share investing would allow you to purchase a fraction of the XYZ stock ($\$100/\1000), or 0.1 share.

Benefits of fractional shares:

- Accessibility: invest in securities on M1 platform with as little as \$1
- Flexibility in diversifying a portfolio: create a diversified portfolio with less capital
- Improved portfolio allocation: portfolio can be closely allocated to desired targets
- Dividends: receive dividends from securities equal to your partial ownership

Limitations of fractional shares:

- Nontransferable: fractional shares cannot be transferred in or out of M1. If you decide to transfer your account to a different brokerage firm, your fractional shares will be sold and transferred as cash.

Learn more about [minimum order size](#) and [how to cast a proxy vote](#).