

## Important Trading Information for M1 Investment Accounts

M1 Finance, LLC (“M1”) is a registered broker-dealer that offers individuals a unique investment platform built for self-directed investing. M1 is tailored to investors looking to automate their long-term strategy. Other investment platforms offer different trading strategies and pricing features, and M1’s platform might not be suitable for everyone.

Core elements of M1’s investment platform includes the below:

### **M1 Pies**

A single M1 Investment account (i.e., an Individual Brokerage Account) is a “portfolio” and can be made up of one or more Pies. M1 Pies are the building blocks of an investment account and overall portfolio. A Pie is a collection of slices that represent a stock, ETF, or even another Pie; representing an organized group of investments used to help M1 clients visualize their long-term financial goals.

Learn more about the [M1 Pie](#), how to create an [M1 portfolio](#), and how to [invest in a Pie](#).

### **Trade Windows**

A trade window is the window of time each day M1 executes orders placed by clients. M1 offers clients **two different trading windows**: a morning and an afternoon window. All M1 clients have access to a single trading window each morning or afternoon. However, to access both trading windows, a client must have \$25,000 or more in equity in the account they wish to trade in. This is currently in effect to ensure compliance with [FINRA Pattern Day Trader Rules](#).

The morning trade window begins at 9:30 am ET and ends when all orders have been completed. The afternoon trade window begins at 3:00 pm ET and ends when all orders have been completed. M1 may also run additional trade window for accounts when additional account operations are required, or as part of operating any of its products or services.

Actual execution times may vary and trading in this matter may not be suitable for all investors.

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

### **“Not-Held” Orders**

While clients provide M1 instructions on what securities to buy or sell, all trading orders at M1 are executed as “not-held” orders during trading windows. **A “not-held” order means M1 has discretion on both time and price to seek the best price available.** This

Updated May 2024

discretion has a direct impact on trading and fill prices a client can expect to receive. M1 is not held responsible for any potential losses or missed opportunities that may result from this. “Not-held” orders are subject to [FINRA Rule 5310](#) (Best Execution and Interpositioning).

Clients who wish to have greater control over trading and execution prices may need to consider alternative investment platforms.

Learn more on how [M1 executes orders](#), how to find [your trade price](#), and the [duty of best execution](#).

### **Execution of Client Orders**

M1 clients may receive different prices for the same security executed on the same day. Order handling methodology differs between buy and sell orders.

All clients’ buy orders for a specific security are aggregated together prior to the start of each trade window and then a single buy order is routed for execution per security. This typically results in each customer receiving the same purchase price for the same security during that trade window. However, on a rare occasion a shortfall may occur if not enough shares are purchased to fill all customer orders. In this case, M1 may place a second buy order during the next trade window or open an additional trade window to purchase additional shares to avoid a shortfall.

Sell orders are routed for execution differently than buy orders depending on whether a client is placing a dollar-based order or whether the client is requesting a full liquidation of an account or removes a pie or slice entirely. When a client requests liquidation in whole and fractional shares, M1 aggregates these sell orders differently and the orders are routed in a separate sell order to the market.

M1’s methodology may not be suitable for every investor, and we encourage you to consider all options available to you.

### **Auto-Invest**

All M1 Investment accounts are opened with M1’s Auto-Invest feature **turned on** by default. This feature automatically invests funds into your Pie based according to your investment targets, without any manual calculations. To determine what is purchased, M1 uses a client’s investment allocation targets (a percentage base) as client-directed instructions and funds slices that will move the portfolio closer to those targets.

All accounts are opened with a minimum cash balance of \$0 with a \$25 minimum threshold required to trade. This means any time the cash balance meets or exceeds \$25, M1 will automatically invest the entire cash balance if the Auto-Invest feature is turned on.

All initial deposits will be invested automatically, and all subsequent deposits will be invested automatically if Auto-Invest remains turned on. This feature can be turned off and the minimum cash balance can be updated to your preference.

For withdrawal requests, M1 will first utilize any available cash balances in the account. If the cash balance is not sufficient to fulfill the request, M1 will sell the slice(s) that are “overweight” to accommodate the withdrawal amount. An “overweight” slice is a slice of the Pie that’s current value is above its target value. This methodology is intended to bring the portfolio closer to the target allocations that clients have set.

Learn more about using [Auto-Invest](#) and [how your money is invested](#).