FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021072231801

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Webull Financial LLC (Respondent)
Member Firm
CRD No. 289063

Pursuant to FINRA Rule 9216, Respondent Webull Financial LLC submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Webull Financial LLC became a FINRA member in January 2018 and began offering trading to customers in May 2018. The firm offers self-directed trading to retail investors through its mobile application and website. Headquartered in New York, New York, the firm has three branch offices and approximately 100 registered representatives.[1]

OVERVIEW

From January 2019 to December 2022, Webull Financial failed to reasonably supervise and retain social media communications that promoted the firm posted by individuals with followings on social media (commonly known as "influencers"). Some of those communications included statements that were not fair and balanced or were promissory or exaggerated. Therefore, the firm violated FINRA Rules 2210, 2220, 3110, 4511, and 2010, Exchange Act §17(a), and Exchange Act Rule 17a-4.

From June 2020 to December 2022, Webull Financial failed to timely deliver Form CRS to certain customers, make and preserve related records, and establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with its Form CRS obligations. Therefore, the firm violated Exchange Act §17(a), Exchange Act Rules

[1] For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

17a-3, 17a-4, and 17a-14, and FINRA Rules 3110, 4511, and 2010.

For these and other violations, Webull Financial is censured and fined $1.6 million.

FACTS AND VIOLATIVE CONDUCT

This matter originated from several FINRA examinations.

A. Webull Financial failed to reasonably supervise or retain social media communications promoting the firm.

1. Certain influencer communications promoting Webull Financial were not fair and balanced and included exaggerated and promissory statements.

FINRA Rule 2210 addresses FINRA member communications with the public and includes content standards that apply to all member communications, including retail communications. FINRA Rule 2210(a)(5) defines retail communication as any written (including electronic) communication that is distributed or made available to more than 25 retail investors within any 30 calendar-day period.

FINRA Rule 2210(d)(1)(A) requires that all member communications be based on principles of fair dealing and good faith, be fair and balanced, and provide a sound basis for evaluating the facts regarding any particular security, industry, or service. In addition, no member may omit any material fact or qualification if the omission, considering the context of the material presented, would cause the communication to be misleading. FINRA Rule 2210(d)(1)(B) states that no member may make any false, exaggerated, unwarranted, promissory, or misleading statement or claim in any communication or publish, circulate, or distribute any communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

FINRA Rule 2220(d)(2)(A) states that no member shall use any options communication that "contains promises of specific results, [or] exaggerated or unwarranted claims," "fails to reflect the risks attendant to options transactions and the complexities of certain options investment strategies" or "fails to include a warning to the effect that options are not suitable for all investors or contains suggestions to the contrary."

Violations of FINRA Rules 2210 and 2220 are also violations of FINRA Rule 2010, which requires member firms to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

In Regulatory Notices 10-06 and 17-18, FINRA stated that third parties' social media posts would constitute communications subject to FINRA Rule 2210 if a member firm either (1) paid for or was involved in the preparation of the content prior to posting (which FINRA referred to as "entanglement") or (2) explicitly or implicitly endorsed or approved the content (which FINRA referred to as "adoption"). Regulatory Notice 17-18 also stated that firms should clearly identify as advertisements any communications that

take the form of comments or posts by paid influencers and should include the firm's name, as well as any other information required for compliance with FINRA Rule 2210.

From January 2019 through December 2022, an affiliated marketing company of Webull Financial paid more than 400 individuals who promoted the firm on social media platforms, including through static video content[2] and in online interactive electronic forums. The firm paid these influencers a flat fee for each new customer that opened an account with a unique link provided by Webull Financial through its marketing affiliate, and the firm did not limit the amount of compensation influencers could receive. During this period, customers opened more than 400,000 new accounts using the unique referral links.

Influencers' social media posts promoting Webull Financial were retail communications of the firm and therefore subject to FINRA Rules 2210 and 2220. The links provided to influencers directed people to a page on the firm's website where prospective customers could open and fund a Webull Financial brokerage account. Webull Financial also provided these influencers with a welcome email that included links to "helpful promotional resources" for influencers to use, and some influencers incorporated such materials into communications posted on their social media platforms.

Certain influencers created social media posts referencing the firm that included statements that were not fair and balanced or were promissory or exaggerated. For example, one influencer stated in a video posted on a social media platform, "once this actual stock skyrockets to quadruple the price you are going to see this company actually making lots of money and not losing money." Other posts promoted the use of margin but did not include a discussion of the risks associated with the use of margin. Some influencers also posted communications claiming that investing with the firm was free, without disclosing that certain fees may apply, and without providing a prominent link to the firm's fee schedule.[3]

Certain influencers also posted communications promoting the firm concerning options trading that were promissory, unwarranted, or failed to disclose the risks associated with such trading. For example, in a video posted on a social media platform concerning options trading, an influencer stated, "If you make a day trade today on [Company A] options, [Company A] calls and you put 100 into [a Company A] options contract and you sell for 110 and you make 10…great job…you're on your way to being a profitable day trader you're on your way to being a millionaire." Influencers also discussed trading in specific options but failed to include a warning that options are speculative and investing in options is not suitable for all investors. Finally, several influencers' social media communications failed to clearly identify the communications as paid advertisements.

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[2] Static content refers to content that is typically posted for the longer term and lacks the immediacy of a real time conversation. *See* https://www.finra.org/rules-guidance/key-topics/social-media.

[3] In Regulatory Notice 13-23, FINRA reminded firms that claiming or implying that accounts are "free" or "no fee" would generally be inconsistent with FINRA Rule 2210.

Therefore, Webull Financial violated FINRA Rules 2210(d)(1), 2220(d)(2)(A), and 2010.

2. Webull Financial failed to review and approve all influencers' posts about the firm and failed to preserve records of those posts.

FINRA Rule 2210(b)(1)(A) requires that an appropriately qualified registered principal of a member firm approve each retail communication before the earlier of its use or filing with FINRA's Advertising Regulation Department.[4] Similarly, FINRA Rule 2220(b)(1) requires that all retail communications issued by a member concerning options shall be approved in advance by a registered options principal. FINRA Rule 2220(c) requires all retail communications concerning options used prior to delivery of the applicable current options disclosure document or prospectus be submitted for approval to FINRA's Advertising Regulation Department at least ten calendar days prior to use.

In addition, the Securities Exchange Act of 1934, its accompanying rules, and FINRA rules require firms to preserve certain records related to retail communications. Exchange Act §17(a) requires every registered broker-dealer to "keep for prescribed periods such records . . . as the Commission, by rule, prescribes." Exchange Act Rule 17a-4(b)(4) requires every registered broker-dealer to preserve for at least three years "all communications which are subject to rules of a self-regulatory organization of which the member, broker or dealer is a member regarding communications with the public." FINRA Rule 2210(b)(4)(A) requires that member firms maintain all retail communications for the period prescribed under the Exchange Act and maintain a record of, among other things: (1) the dates of first and last use of such communication; and (2) the name of any registered principal who approved the communication and the date that approval was given. FINRA Rule 2220(b)(4) requires that member firms maintain copies of all options communications and maintain a record of, among other things, the names of the persons who approved the options communications. FINRA Rule 4511 requires member firms to "preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules."

A violation of the Exchange Act, Exchange Act Rules, and FINRA Rule 4511 is also a violation of FINRA Rule 2010.

From January 2019 through December 2022, Webull Financial did not have a registered principal review and approve all influencers' static posts or options communications prior to posting on social media platforms. The firm also did not review all influencers' retail communications posted in online interactive electronic forums in the same manner as required for supervising and reviewing correspondence pursuant to FINRA Rule 3110(b) and FINRA Rule 3110 Supplemental Material .06 through .09 (FINRA Rules 3110.06–09). Further, the firm did not submit influencers' retail communications concerning options used prior to delivery of the options disclosure document or prospectus to

[4] Rule 2210(b)(1)(D)(ii) excepts from this requirement retail communications posted in an online interactive electronic forum provided that the member supervises and reviews such communications in the same manner as required for supervising and reviewing correspondence pursuant to FINRA Rule 3110(b) and FINRA Rule 3110 Supplemental Material .06 through .09.

FINRA's Advertising Regulation Department prior to use. The firm also did not maintain a copy of influencers' posts promoting the firm or records of the dates of use.

Therefore, Webull Financial violated Exchange Act §17(a), Exchange Act Rule 17a-4, and FINRA Rules 2210(b), 2220(b), 2220(c), 4511, and 2010.

3. Webull failed to establish, maintain, and enforce a reasonably designed supervisory system, including written supervisory procedures, for influencers' retail communications.

FINRA Rule 3110(a) requires each member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires each member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. A violation of FINRA Rule 3110 also is a violation of FINRA Rule 2010.

From January 2019 through December 2022, Webull Financial did not establish, maintain, and enforce a system, including written supervisory procedures (WSPs), reasonably designed to supervise retail communications posted by influencers on the firm's behalf for compliance with FINRA Rules 2210(d)(1) and 2220(d)(2). The firm's WSPs did not require, and the firm did not have a system for, a principal to review and approve influencers' static posts or options communications prior to use. Moreover, the firm did not have a system reasonably designed to supervise and review influencers' communications posted in online interactive electronic forums in the same manner as required for supervising and reviewing correspondence pursuant to FINRA Rule 3110(b) and FINRA Rules 3110.06–09.

During the same period, the firm did not establish and maintain a supervisory system reasonably designed to preserve records related to its influencer communications, including copies of the communications, dates of use, or the name of any registered principal who approved the communication and the date of approval (where applicable), as required by Exchange Act Section 17(a), Exchange Act Rule 17a-4, and FINRA Rules 2210(b)(4), 2220(b)(4), and 4511.

After the relevant period, the firm revised its WSPs to enhance its supervision with respect to influencers' communications.

By failing to establish, maintain and enforce a system, including WSPs, reasonably designed to supervise its obligations with respect to influencers' retail communications, Webull Financial violated FINRA Rules 3110 and 2010.

B. Webull Financial failed to deliver its Form CRS, failed to make and preserve required related records, and failed to establish and maintain a supervisory system reasonably designed to achieve compliance with its Form CRS obligations.

On June 5, 2019, the Securities and Exchange Commission (SEC) adopted Form CRS and rules creating new requirements—which include requirements to prepare and deliver the Form CRS—for SEC-registered broker-dealers offering services to a retail investor. The compliance date for Form CRS was June 30, 2020.

Form CRS provides customers with information about the types of services the firm offers; the fees, costs, conflicts of interest, and required standard of conduct associated with those services; whether the firm and its investment professionals have reportable legal or disciplinary history; and how to get more information about the firm.

Form CRS also includes required "conversation starters" to help begin a discussion with a broker-dealer about the relationship, including their services, fees, costs, conflicts, and disciplinary information.

Section 17(a)(1) of the Exchange Act requires registered broker-dealers to make and keep for prescribed periods such records, furnish such copies thereof, and make and disseminate such reports as the Commission deems "necessary or appropriate in the public interest, for the protection of investors or otherwise in furtherance of the purposes of" the Exchange Act. Exchange Act Rule 17a-14—titled "Form CRS, for preparation, filing and delivery of Form CRS"—requires broker-dealers offering services to a retail investor to prepare a Form CRS in accordance with the instructions in Form CRS, and to comply with requirements related to filing, amending, delivering, and posting the Form CRS to the firm's public website.

Exchange Act Rule 17a-3(a)(24) requires brokerage firms to make and keep records showing the date that it provided Form CRS to each retail investor. Exchange Act Rule 17a-4(e)(10) requires brokerage firms to maintain and preserve those records for at least six years.

A violation of Exchange Act §17(a)(1) and Exchange Act Rules 17a-3, 17a-4, and 17a-14 is also a violation of FINRA Rule 2010.

From June 30, 2020 to December 2022, Webull Financial failed to deliver its Form CRS to approximately 5.9 million retail customers. Webull Financial timely filed its Form CRS by the initial compliance date of June 30, 2020 and published the Form CRS on its website. However, the firm failed to develop and implement a system to ensure delivery of a copy of the Form CRS to customers opening accounts until approximately October 2022, when the firm launched a new document management system. Moreover, even after the firm established a system for delivery of the Form CRS to new brokerage customers, a system error caused the firm to fail to deliver Form CRS to those customers until December 2022. Further, prior to December 2022, Webull Financial also failed to make and preserve accurate records showing the date it delivered Form CRS to each

retail investor who opened an account. The firm was unaware of these prior delivery and recordkeeping errors until FINRA brought them to the firm's attention.

In addition, from June 30, 2020 through December 2022, Webull Financial failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Form CRS. Prior to January 2023, the firm's WSPs did not include any procedures for supervising how the firm should file, deliver, and update its Form CRS. In January 2023, Webull Financial updated its WSPs to provide guidance and acknowledge its Form CRS obligations, such as preparing, filing, delivering and timely updating Form CRS, and to require a designated supervisory principal to "sample to confirm delivery."

Therefore, Webull Financial violated Exchange Act §17(a)(1) and Exchange Act Rules 17a-3, 17a-4, and 17a-14 and violated FINRA Rules 3110, 4511, and 2010.

C. Webull failed to provide a consolidated display that complied with the Vendor Display Rule and failed to reasonably supervise for compliance with the Vendor Display Rule.

Rule 603(c) of Regulation NMS of the Exchange Act (Vendor Display Rule) generally requires broker-dealers to provide a consolidated display of market data for National Market System (NMS) stocks for which they provide quotation information for customers. The information included in the consolidated display can impact retail investors like Webull Financial's customers. As noted by the SEC in adopting Regulation NMS, "[p]articularly for retail investors, the [national best bid and national best offer, or NBBO] continues to retain a great deal of value in assessing the current market for small trades and the quality of execution of such trades."

Rule 600(b)(14) of Regulation NMS provides that the consolidated display includes "(i) the prices, sizes, and market identifications of the national best bid and national best offer for a security; and (ii) [c]onsolidated last sale information for a security." Rule 600(b)(15) of Regulation NMS provides that "consolidated last sale information" includes "the price, volume, and market identification of the most recent transaction report for a security that is disseminated pursuant to an effective national market system plan."

FINRA Regulatory Notice 15-52 states that "relying solely on a market data product that is limited to a particular market or markets to provide quotation information to customers will not suffice for a firm in meeting its obligations under the Vendor Display Rule."

A violation of the Vendor Display Rule also constitutes a violation of FINRA Rule 2010.

From March 2020 to July 2024, Webull Financial did not provide a consolidated display that was readily accessible and clearly identifiable to clients, in violation of the Vendor Display Rule. In particular, the firm's default display, which was utilized by the majority of its customers through its desktop, mobile, tablet and web platforms, included market data that was limited to only one market.

During the same period, Webull Financial failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with the Vendor Display Rule. In or about September 2020, the firm revised its WSPs to require the firm to verify that it was providing a consolidated display with information from all market centers that traded a stock. However, the firm did not conduct those reviews until July 2024.

Therefore, Webull Financial violated Rule 603(c) of Regulation NMS and FINRA Rules 3110 and 2010.

D. Webull Financial failed to establish, document, and maintain financial risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders.

Section 15(c)(3) of the Securities Exchange Act of 1934 prohibits broker-dealers from contravening the rules and regulations prescribed by the Securities and Exchange Commission to "provide safeguards with respect to the financial responsibility and related practices of brokers and dealers." The SEC adopted Exchange Act Rule 15c3-5 to reduce the risks associated with market access faced by broker-dealers, the securities markets, and the financial system as a whole, and thereby enhance market integrity and investor protection by requiring effective financial and regulatory risk management controls reasonably designed to limit financial exposure and ensure compliance with applicable regulatory requirements to be implemented on a market-wide basis.

Exchange Act Rule 15c3-5(b) requires a broker or dealer with market access or that provides a customer or any other person with access to an exchange or alternative trading system through use of its market participant identifier or otherwise to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity. Exchange Act Rule 15c3-5(c)(1)(ii) requires a broker-dealer with market access to establish, document, and maintain financial risk management controls and supervisory procedures that are reasonably designed to prevent the entry of erroneous orders by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders. The SEC explained in the Adopting Release with respect to preventing erroneous and duplicative orders that it "believes broker-dealers should take into account the type of customer as well as the customer's trading patterns and order entry history in determining how to set such parameters." The SEC provided as an example of a reasonable control, "a system-driven, pre-trade control designed to reject orders that are not reasonably related to the quoted price of the security." Such control "would prevent erroneously entered orders from reaching the securities markets, which should lead to fewer broken trades and thereby enhance the integrity of trading on the securities markets."

Violations of Exchange Act §15(c)(3) and Exchange Act Rule 15c3-5 are also violations of FINRA Rule 2010.

Since September 2021, Webull Financial has been a broker-dealer with direct market access and was required to comply with Exchange Act Rule 15c3-5. From September 2021 through April 2024, Webull Financial failed to establish, document, and maintain financial risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders. Specifically, the firm maintained single order quantity and price controls that were too high to prevent the entry of erroneous orders in certain securities. For example, the firm set a price control of 20% for securities priced above $1.00, which was substantially higher than industry-wide execution guidelines under FINRA and applicable equity exchange rules. In addition, the firm used uniform average daily volume and price controls that did not take into consideration the characteristics, including price and liquidity, of individual securities. Further, the firm maintained no documentation of its rationale for setting its order quantity and price controls.

As a result, Webull Financial violated §15(c)(3) of the Exchange Act, Exchange Act Rules 15c3-5(b) and 15c3-5(c)(1)(ii), and FINRA Rules 3110 and 2010.

E. Webull Financial failed to review and approve certain retail communications posted by its registered representatives, or preserve records of those communications.

From May 2019 to September 2023, Webull Financial did not review, approve, or retain its registered representatives' retail communications posted in an online interactive electronic forum maintained by an affiliate of the firm, which was accessible through the firm's mobile application and website. During that period, at least 70 registered representatives posted messages concerning securities trading on the forum. Certain posts contained links to the firm's website where users could trade those securities through Webull Financial brokerage accounts.

Webull also failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to supervise registered representatives' retail communications on interactive electronic forums as required by FINRA Rule 3110(b) and FINRA Rules 3110.06–09. From May 2019 through January 2023, the firm's WSPs did not address registered representatives' use of interactive electronic forums or internet message boards. In January 2023, the firm revised its WSPs to prohibit registered representatives from posting on internet message boards or blogs concerning securities or investments.

Therefore, Webull Financial violated Exchange Act §17(a), Exchange Act Rule 17a-4, and FINRA Rules 2210(b), 4511, 3110 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure; and
- a $1,600,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an

Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

A. To have a complaint issued specifying the allegations against it;

B. To be notified of the complaint and have the opportunity to answer the allegations in writing;

C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and

D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of

the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;

B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;

2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;

3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and

4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

4/28/2025
Date

Webull Financial LLC
Respondent

Print Name: Anthony Denier

Title: CEO

Reviewed by:

Cheryl Haas
Counsel for Respondent
McGuireWoods LLP
1075 Peachtree St. NE
35th Floor
Atlanta, GA 30309-3900

Accepted by FINRA:

Signed on behalf of the
Director of ODA, by delegated authority

May 8, 2025
Date

Leah Milbauer
Leah Milbauer
Principal Counsel
FINRA
Department of Enforcement
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