

THE SELECT COMMITTEE ON THE
STRATEGIC COMPETITION BETWEEN
THE UNITED STATES AND
THE CHINESE COMMUNIST PARTY

Free Trades, Hidden Ties

Exposing Webull's China Links



I. EXECUTIVE SUMMARY

Millions of American retail investors use Webull under the assumption that it operates as a standard, securely insulated U.S.-regulated brokerage. The company actively cultivates this narrative: it highlights that its primary retail interface is registered with the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (“FINRA”) and its accounts feature standard Securities Investor Protection Corporation (“SIPC”) consumer protections. In fact, its executive leadership has repeatedly asserted to Congress that Webull is “an American company.”¹

The evidentiary record developed by the House Select Committee on the Strategic Competition between the United States and the Chinese Communist Party (“Select Committee”) reveals a profound gap between this public marketing and the firm’s operational reality. In truth, Webull’s ownership architecture, technical workforce, technology infrastructure, cross-border data routing, corporate financing, and compliance frameworks are tied in structural ways to the People’s Republic of China (“PRC”). These national security concerns have escalated since October 2025, when Webull transitioned into carrying customer cash directly, transforming a front-end software risk into a structural exposure of billions of dollars in American capital.

- Finding 1: Webull’s data practices expose American investors to PRC legal and surveillance risk.
- Finding 2: Webull misrepresented where key employees worked and how they were supervised.
- Finding 3: Webull’s governance is dominated by PRC-linked control.
- Finding 4: Webull’s regulatory controls were weaker than its assurances suggested.
- Finding 5: Webull’s subsidiary accepted PRC government funding conditional on CCP loyalty while its affiliates expanded in China.
- Finding 6: Webull’s clearing and custody safeguards are concerning.

Congress supports robust competition for retail orders and welcomes the entry of new players into the brokerage market. But to protect the integrity of U.S. capital markets from national security risks and close regulatory blind spots associated with brokerages linked to foreign adversary nations, the Select Committee recommends that Congress enact and relevant federal agencies adopt the following structural reforms:

¹ Letter from Counsel for Webull Fin. LLC, Akin Gump Strauss Hauer & Feld LLP, to Hon. John Moolenaar, Chairman, H. Select Comm. on the Chinese Communist Party, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Chinese Communist Party 5 (Jan. 3, 2025).

- Codify the SEC Cross-Border Task Force.
- Enact operational inspectability requirements for broker-dealers.
- Extend foreign adversary data protections to brokerage records.
- Prohibit certain conflicted clearing and self-custody arrangements for foreign adversary broker-dealers.
- Bring foreign-controlled broker-dealers within CFIUS jurisdiction.

While this investigation focused on Webull given its size and millions of registered American users, other brokerages also deserve scrutiny, with a focus on increasing compliance, privacy, and transparency for the American people.

II. BACKGROUND: WEBULL’S PUBLIC NARRATIVE VS. OPERATIONAL REALITY

A generation ago, most Americans encountered the stock market through a bank, a financial adviser, or a traditional brokerage account. Today, millions manage their savings from a smartphone. Zero-commission platforms targeted at retail investors such as Robinhood, Webull, Moomoo, and Tiger Brokers have increased retail investing to unprecedented levels.² Traditional institutional brokerages have also increasingly adopted a zero-commission model and sought to expand their appeal to retail investors. In 2022, 76.14 million U.S. households, or 58 percent of all households, held stocks directly or indirectly.³

Competition among zero-commission brokerages should be welcomed. American retail investors benefit when they have a broad array of brokers to choose from, including new entrants. But this rapid, software-driven explosion does far more than change how Americans invest. It has concentrated vast amounts of sensitive personal data and retail capital inside digital networks where a sleek smartphone app is only the front door. Behind it lies a sprawling, mostly invisible system of data pipelines, engineering teams, server infrastructure, customer support operations, and clearing relationships that control where information and money actually move. When companies associated with foreign adversary nations control these pipelines, it creates a dangerous blind spot for a U.S. regulatory system still designed for traditional domestic broker-dealers. In particular, when key parts of that technical backbone are anchored in the People’s Republic of China (“PRC”), a simple consumer brokerage becomes a national security risk, because critical backend systems, personnel, and data flows may

² MooMoo and Tiger Brokers are two other PRC-affiliated broker-dealers operating in the United States that target retail investors. However, given Webull’s significantly larger presence in our market and the millions of Americans who use its service likely without awareness of its corporate history, it was the singular focus of the Select Committee’s inquiry.

³ U.S. Sec. & Exch. Comm’n, *U.S. Households’ Participation in Capital Markets* (Aug. 12, 2025).

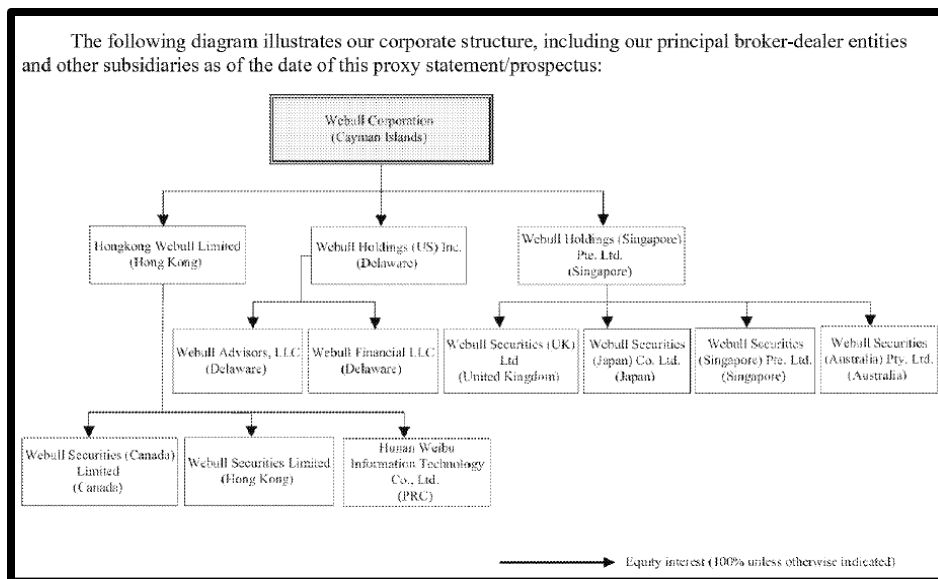
remain exposed to the Chinese Communist Party's ("CCP") mandatory intelligence laws and coercive demands.

Webull presents that concern in concrete form. To American users, Webull looks like a standard domestic brokerage. Its U.S. retail broker-dealer, Webull Financial LLC ("Webull Financial"), is registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA") and offers familiar investor protections, including Securities Investor Protection Corporation ("SIPC") coverage. On paper, Webull Financial looks like an ordinary American broker-dealer. Beneath this domestic storefront, however, sits an intricate corporate and technology framework tethered directly to the PRC, potentially placing the data and capital of millions of American citizens within the coercive grasp of the CCP.

Webull Corporation ("Webull Corp."), a Cayman Islands-based holding company, serves as the ultimate parent entity for this hidden operational exposure. As of its FY2025 disclosures, the corporate group reported more than 26 million registered users globally and \$24.6 billion in customer assets. The corporate structure behind the front-end U.S. interface tells a highly complicated story. Webull Financial operates beneath a U.S. intermediate holding company, Webull Holdings (US) Inc. ("Webull U.S."), which sits under the Cayman parent. The group's technology structure includes Webull Technologies Pte. Ltd. ("Webull Tech"), a Singapore-based entity connected to the platform through which customers access market data, account information, and trading functions.

However, the underlying technical spine remains anchored in Mainland China. Its PRC operating base includes Hunan Weibu Information Technology Co., Ltd. ("Hunan Weibu"), a Changsha-based subsidiary that supports technology development and platform operations.⁴ Webull's origins also trace back to Hunan Fumi Information Technology Co., Ltd. ("Fumi Technology"), the PRC company founded by Anquan Wang that launched the original Webull business.

⁴Webull Corp., Annual Report (Form 20-F) (Apr. 9, 2026), https://www.sec.gov/Archives/edgar/data/1866364/000121390026041653/ea0283691-20f_webull.htm; Webull Corp., Annual Report (Form 20-F), (2025), https://www.sec.gov/Archives/edgar/data/1866364/000121390025035656/ea0235698-20f_webull.htm.



In practical terms, Webull’s U.S. regulatory wrapper is only the visible layer of a broader offshore and PRC-linked corporate architecture, leaving its software development, data pipelines, and core engineering operations dependent on infrastructure subject directly to Beijing’s laws. This structural arrangement creates a profound gap between Webull’s public narrative and its operational reality. While presenting itself as a standard U.S. brokerage, the firm’s ownership, technology infrastructure, data routing, and compliance controls remain heavily tethered to PRC entities operating under PRC laws that can compel companies to cooperate with that government. Webull’s senior executives have previously openly acknowledged this dual identity, describing the firm as “both a U.S. and Chinese company.”⁵ This duality raises critical national security questions regarding who exercises ultimate control over the platform, where its critical engineering work is performed, how American investor data is isolated, and whether U.S. regulators have a complete picture of the firm’s risks.

Those questions became more urgent in November 2024, when the SEC fined Webull \$125,000 for filing deficient suspicious activity reports (“SARs”), a core anti-money-laundering tool used by regulators and law enforcement to investigate fraud, money laundering, and other financial crimes.⁶ The SEC action did not itself concern Webull’s PRC ties, and Webull is hardly the only broker-dealer to fail to meet its regulatory requirements, but it raised additional concerns about whether Webull’s compliance architecture functioned as represented, particularly given the company’s reliance on personnel and systems tied to the PRC.

⁵ *Trading App Webull Faces Multistate Probe Over China Ties*, Wall St. J. (Apr. 17, 2024), <https://www.wsj.com/livecoverage/stock-market-today-earnings-04-17-2024/card/trading-app-webull-faces-multistate-probe-over-china-ties-Fz1MYjvQlyyseedqOmve>.

⁶ In the Matter of Webull Financial LLC, Securities Exchange Act Release No. 34-101707, Administrative Proceeding File No. 3-22330 (Nov. 22, 2024).

Against that backdrop, the House Select Committee on the Strategic Competition between the United States and the Chinese Communist Party (“Select Committee”) opened a bipartisan inquiry. On November 25, 2024, Chairman John Moolenaar and then-Ranking Member Raja Krishnamoorthi sent a letter to Webull’s Anthony Denier seeking records and explanations regarding five principal areas of concern: Webull’s opaque ownership and control; its apparent reliance on PRC-based entities for technology and operational support; incomplete employee disclosures involving FINRA-registered personnel apparently working in or from the PRC; regulatory and compliance questions involving business arrangements, order routing, and internal controls; and national security concerns involving the storage, access, processing, and legal exposure of U.S. customer data.⁷

The Select Committee also sought information directly from FINRA. On December 5, 2024, Chairman Moolenaar and then-Ranking Member Krishnamoorthi sent a separate private letter to FINRA President and CEO Robert W. Cook requesting records related to Webull’s Blue Sheet submissions, consolidated audit trail anomalies, Rule 606 order-routing disclosures, FINRA compliance inspections, suspicious activity reports, broker residency and work-location records, and the de-registration of Webull brokers located in the PRC.

This report proceeds from the record developed after the November 25 letter to Webull and the December 5 letter to FINRA. It draws on Webull’s production to the Select Committee, FINRA’s submissions to the Select Committee, SEC filings, FINRA records, PRC corporate registry records, PRC government grant documents, regulatory disclosures, internal documents, and Webull’s own privacy policies. The figures and information in this report should not be assumed to be stated as of the date of this report, except where explicitly noted, since the Select Committee has relied in substantial part on information produced pursuant to Webull’s early 2025 productions. Where Webull made representations to Congress, regulators, investors, or the public, the Committee tested those claims against the documentary record. The findings below reflect the gap between Webull’s public narrative and its operational reality.

⁷ Letter from Hon. John Moolenaar, Chairman, H. Select Comm. on the Chinese Communist Party, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Chinese Communist Party, to Anthony Denier, Webull Fin. LLC (Nov. 25, 2024), <https://chinaselectcommittee.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/Webull%2011.25%20-%20Final.pdf>.

III. INVESTIGATIVE FINDINGS

FINDING 1: WEBULL’S DATA PRACTICES EXPOSE AMERICAN INVESTORS TO PRC LEGAL AND SURVEILLANCE RISK.

Webull represented to the Select Committee that American customer data is stored in the United States and cannot be accessed by foreign entities without U.S. approval. To defend its practices, Webull repeatedly emphasized that “all U.S. customer data” is encrypted, stored domestically, and “tightly controlled and monitored by U.S. personnel.”⁸ The company pointed to internal data-security policies and SOC 2 Type 2 attestation letters as proof of its protections over highly sensitive information. Webull’s own Information Security Policy defines “Customer Data” to include personally identifiable information and “Transaction Data” to include records such as assets, pricing, capacity, account statements, trade confirmations, and order tickets.⁹

Webull’s assurances about data storage fail to address the core issue: whether PRC-linked personnel, affiliates, or providers can access, support, or influence the systems handling sensitive U.S. customer data. Webull confirms that American customers “access market data, individual account information, and place trades” through a platform owned by its Singapore entity, Webull Technologies Pte. Ltd.¹⁰ However, the company also admits that this Singapore platform maintains an active relationship with Hunan Weibu, its Mainland China engineering subsidiary, which “helps with technological development of and support for the Platform.”¹¹ U.S.-based data storage therefore offers little protection. If PRC-based engineers and systems directly support the platform through which customer accounts and trading activity flow, American user data likely remains exposed to CCP influence regardless of where it is nominally stored.¹²

That concern is reinforced by Webull’s documented use of PRC-based personnel tied to regulated brokerage functions. FINRA BrokerCheck records and congressional correspondence show that Webull maintained FINRA-registered representatives in Changsha, Hunan Province, the same city where Hunan Weibu and Fumi Technology operate.¹³ Several of those individuals appear to have

⁸ Letter from Counsel for Webull Fin. LLC, to Hon. John Moolenaar, Chairman, H. Select Comm. on the Chinese Communist Party, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Chinese Communist Party 3 (Feb. 3, 2025).

⁹ Webull Holdings (US) LLC, *Information Security Policy* 14-15 (Oct. 23, 2023).

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 16.

¹³ Letter from Hon. John Moolenaar, Chairman, H. Select Comm. on the Chinese Communist Party, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Chinese Communist Party, to Anthony Denier, Webull Fin. LLC (Nov. 25, 2024), <https://chinaselectcommittee.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/Webull%2011.25%20-%20Final.pdf>.

moved directly from Webull’s PRC affiliate into Webull Financial, including one representative who previously served as a customer-service and trading-app troubleshooting team leader at Fumi Technology in Changsha.¹⁴

This overlap links Webull’s data-access risk to regulated U.S. brokerage functions. FINRA registration is tied to the work a person performs for a member firm; it is not a courtesy designation. FINRA’s Operations Professional category covers personnel involved in core back-office functions such as customer accounts and records, trade confirmation and settlement, custody of customer funds and securities, and account transfers. Webull’s own U.S. job postings reflect the same understanding, requiring Series 7 or Series 99 credentials for omnibus clearing personnel responsible for trade breaks, margin calls, settlement, journals, ACATS transfers, statement delivery, and trade confirmations.¹⁵

The presence of FINRA-registered personnel in Changsha raises a narrower and more serious operational question: whether PRC-based personnel, affiliates, or systems had access to the customer-account, trading, settlement, or support functions that Webull told the Committee were controlled by U.S.-based personnel.

Webull’s public privacy materials raise the same access question. They state that personal information “may be accessed by our affiliates in jurisdictions other than the United States” to provide services more effectively.¹⁶ The Select Committee also found evidence that Webull Technologies Limited previously used Tencent Cloud, a PRC-based provider, to host certain user data.¹⁷ When asked about that relationship, Webull did not produce records showing what data Tencent hosted, when that hosting ended, whether the data moved to AWS, or whether any Tencent-related access continued. Instead, Webull offered present-tense assurances about AWS infrastructure, U.S. storage, encryption, internal policies, and SOC 2 attestations. Those assurances do not answer the Committee’s Tencent question.

PRC law makes this model especially dangerous. Article 7 of the National Intelligence Law obligates organizations and citizens to “support, assist, and cooperate with national intelligence efforts.”¹⁸ Additionally, Article 37 of the PRC Cybersecurity Law requires critical information infrastructure operators that

¹⁴ FINRA BrokerCheck Report, Siyu Huang, CRD #7164556 (registered with Webull Financial LLC, Changsha, Hunan Province, 01/2020–04/2020; prior employment at Fumi Information Technology Ltd., Changsha).

¹⁵ Webull Financial LLC, “Clearing Operations Associate” job posting, St. Petersburg, FL; <https://ats.rippling.com/webull/jobs/5959c841-599d-4005-b2c6-7af2f0ce2515> see also FINRA Rule 1220(b)(3) and Regulatory Notice 11-33 (covered functions for Operations Professional registration).

¹⁶ Webull Fin. LLC, *Privacy Notice* §§ 2, 7, https://www.webull.com/protocol/webull_financial_privacy_policy (last visited June 8, 2026).

¹⁷ Webull Techs. Ltd., Personal Information Protection Policy [微牛个人信息保护政策], Tencent Cloud, <https://perma.cc/XG76-EMFB> (last visited June 8, 2026).

¹⁸ National Intelligence Law of the People’s Republic of China art. 7 (promulgated by the Standing Comm. Nat’l People’s Cong., June 27, 2017, effective June 28, 2017).

gather or produce personal information or important data in the PRC to store it on the mainland.¹⁹ These laws do not prove that PRC authorities have already accessed Webull customer data. However, they do demonstrate why a U.S. brokerage relying on a PRC-based technology affiliate creates severe legal and operational exposures that U.S.-based storage alone cannot cure.

FINDING 2: WEBULL MISREPRESENTED WHERE KEY EMPLOYEES WORKED AND HOW THEY WERE SUPERVISED.

In its January 6 and February 3, 2025, responses to the Select Committee, Webull stated that it “does not have any offices or employees based in the PRC” and that “all Firm employees are located in the United States.”²⁰ To qualify this absolute assertion, Webull pointed to the relocation of its customer service operations, admitting in an identical footnote to both submissions that it had maintained a FINRA-registered branch office in Mainland China for more than four years:

“As referenced in Webull’s first submission to the Committee on January 6, 2025, from January 14, 2020, to April 3, 2024, Webull maintained a FINRA-registered branch office (as specifically defined under FINRA Rule 3110) in mainland China. The staff working in that branch, which consisted of FINRA-registered representatives and associated persons, were primarily responsible for providing customer service to Webull clients with a subset of individuals responsible for providing overnight technical support. Branch staff were supervised by U.S.-based FINRA-registered principals at all times. In January 2024, Webull decided to close that branch and transition the customer service function to the Firm’s St. Petersburg, Florida branch office. That transition was completed in early April 2024.”²¹

This representation appears to diverge significantly from Webull’s operational reality, as the cessation of the registered Changsha branch’s activities did not result in a corresponding reduction of Webull’s operational concentration in China. Rather, while Webull relocated its visible broker functions, it simultaneously expanded its unregistered mainland workforce. By December 31, 2025, Webull’s

¹⁹ Cybersecurity Law of the People’s Republic of China art. 37 (promulgated by the Standing Comm. Nat’l People’s Cong., Nov. 7, 2016, effective June 1, 2017).

²⁰ Letter from, Counsel for Webull Fin. LLC, to Hon. John Moolenaar, Chairman, H. Select Comm. on the Chinese Communist Party, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Chinese Communist Party 3 (Jan. 6, 2025); Letter from Counsel for Webull Fin. LLC, to Hon. John Moolenaar, Chairman, H. Select Comm. on the Chinese Communist Party, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Chinese Communist Party 5 (Feb. 3, 2025).

²¹ Letter from Counsel for Webull Fin. LLC, Akin Gump Strauss Hauer & Feld LLP, to Hon. John Moolenaar, Chairman, H. Select Comm. on the Chinese Communist Party, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Chinese Communist Party 5 (Feb. 3, 2025).

mainland subsidiary, Hunan Weibu, grew to 863 employees, accounting for 62 percent of the company's entire global workforce.²²

This organizational shift underscores why the underlying regulatory and national security risks remain unmitigated. Because backend technical personnel do not require FINRA licenses to access databases, modify trading code, or manage data pipelines, the de-registration of mainland staff effectively insulated Webull's technical architecture from SEC and FINRA oversight without necessarily restricting actual backend operational access. By maintaining core operational, financial, and technical leadership roles—such as Clearing and Settlement Product Owner, Director of Finance, and Director of Customer Service—in mainland China, Webull positioned critical operational functions beyond the direct reach of U.S. regulatory authorities and exposed to PRC state-compulsion and data-localization laws.

Even when evaluated strictly within Webull's narrow focus on registered broker-dealer personnel, the company's assertion that "all Firm employees are located in the United States" appears irreconcilable with the regulatory record. Specifically, FINRA produced registration documentation for 35 individuals associated with Webull Financial during the relevant period spanning January 1, 2021, through December 5, 2024, who reported either "a residential address outside of the United States" or "a Webull Financial office location in the PRC."²³ Webull's counsel maintains that it openly disclosed "a former mainland China 'branch office' that closed more than two years ago, in April 2024", contradicting FINRA records. This production indicates that Webull's current representations to the Select Committee understate the broader international operational footprint documented in its own historical registration filings.

Those records reveal repeated gaps between formal branch assignments and apparent physical location, raising questions under FINRA Rule 1122, which requires accurate registration information, and FINRA Rule 3270, which governs outside business activities.²⁴ One representative was assigned to Webull's U.S. main office from June 2020 through May 2024, yet maintained a residential address in Changsha beginning in March 2021.²⁵ Another began working for Webull in May 2022 but was not registered with FINRA until February 2024 and was

²² Webull Corp., Annual Report (Form 20-F) (Apr. 9, 2026), https://www.sec.gov/Archives/edgar/data/1866364/000121390026041653/ea0283691-20f_webull.htm; Webull Corp., Annual Report (Form 20-F), (2025), https://www.sec.gov/Archives/edgar/data/1866364/000121390025035656/ea0235698-20f_webull.htm.

²³ Letter from Counsel, on behalf of Fin. Indus. Regulatory Auth., to Hon. John Moolenaar, Chairman, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Strategic Competition Between the U.S. & the Chinese Communist Party 3 (Feb. 20, 2025).

²⁴ FINRA Rule 1122, FINRA Manual, <https://www.finra.org/rules-guidance/rulebooks/finra-rules/1122>; FINRA Rule 3270, FINRA Manual, <https://www.finra.org/rules-guidance/rulebooks/finra-rules/3270>.

²⁵ FINRA Registration Records for Webull Fin. LLC Associated Persons, Cent. Registration Depository (CRD) (on file with the Select Comm., Screenshots 2025-05-01 110906.png, 2025-05-01 111007.png, 2025-05-01 112031.png).

terminated six months later.²⁶ A third was registered from November 2019 through September 2024 and assigned to a U.S. office, yet that representative's Form U4 reported Webull Financial employment beginning in September 2017, roughly two years before FINRA registration, after a work history located entirely in the PRC.²⁷

Together, these examples raise a broader concern that Webull's records did not accurately capture where associated persons were located, when they were registered, or how the firm supervised them.

FINDING 3: WEBULL'S GOVERNANCE IS DOMINATED BY PRC-LINKED CONTROL.

Control over Webull operates across two reinforcing facets: (1) concentrated voting governance held by its founder, and (2) an outside ownership base saturated with PRC-linked capital networks.

(1) Voting Governance

Anquan Wang, Webull's founder, Chairman, and CEO, controls the company through a dual-class share structure. As of Webull's FY2025 Form 20-F, Wang owned 16.4 percent of total shares but held 100 percent of the Class B shares, which carry 20 votes each. That gives him approximately 79.2 percent of Webull's total voting power.²⁸ In practical terms, Wang can control the election of directors and other major corporate decisions requiring shareholder approval. That voting control also allows Webull to operate as a "controlled company" under Nasdaq rules, so Webull may rely on exemptions from ordinary governance requirements that would otherwise strengthen independent board oversight. Wang also chairs the nominating and corporate governance committee while serving as CEO.²⁹ Minority shareholders therefore have limited practical ability to check management or influence Webull's governance.

Wang's career and Webull's early financing are rooted in and beneficiaries of the PRC's techno-industrial technology ecosystem. Before founding Webull in 2016, Wang worked at Changsha Grassroot Enterprise Management Consultancy Limited and later served as president of Hengfeng Bank's Online Financial Asset Transactions Department. Hengfeng Bank is a national joint-stock commercial

²⁶ FINRA Registration Records for Webull Fin. LLC Associated Persons, Cent. Registration Depository (CRD) (on file with the Select Comm., Screenshot 2025-05-01 112108.png).

²⁷ Letter from Counsel on behalf of Fin. Indus. Regulatory Auth., to Hon. John Moolenaar, Chairman, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Strategic Competition Between the U.S. & the Chinese Communist Party 3 (Feb. 20, 2025).

²⁸ Webull Corp., Annual Report (Form 20-F) (Apr. 9, 2025), https://www.sec.gov/Archives/edgar/data/1866364/000121390025035656/ea0235698-20f_webull.htm.

²⁹ Id.

bank whose largest shareholders include PRC state-linked entities, including Shandong Financial Asset Management Co. and Central Huijin Investment Ltd.³⁰

Additionally, from January 2015 to March 2016, Wang served as general manager of the finance business of Beijing Xiaomi Pay Technology Co., Ltd. During that period, Xiaomi led a major Series A investment in Tiger Brokers, with Wang publicly describing the investment as Xiaomi's first entry into the internet brokerage sector and part of its broader push into internet finance.³¹ Shortly after Wang left Xiaomi to found Webull's Chinese parent, Fumi Technology, Xiaomi and Shunwei Capital provided RMB 50 million in angel funding for Webull.³² A Xiaomi-affiliated entity continued to hold approximately 4.5 percent of Webull's shares after its April 2025 Nasdaq listing.³³

(2) Outside Ownership Base

Although Wang's Class B shares give him effective voting control, several of Webull's largest Class A shareholders are tied to PRC capital networks, politically connected technology investors, or layered ownership structures that make beneficial ownership harder to trace. Gopher Asset Management held an 8.4 percent Class A stake in Webull through Tianjin Nuofeng Enterprise Management Consulting Partnership.³⁴ That stake connects Webull to Noah Holdings' PRC capital network, which disclosed approximately RMB 1.2 billion in local

³⁰ Wang Anquan: China's First-Generation Internet Finance Entrepreneur [王安全: 中国第一代互联网金融创业者], Sina Hunan [新浪湖南] (Nov. 8, 2019), <http://hunan.sina.cn/finance/2019-11-08/detail-iicezuev8061550.d.html>; Shandong Jinzi Takes Control of Hengfeng Bank: Listing Suspense After Hundred-Billion Restructuring [山东金资控股恒丰银行, 千亿重组后的上市悬念], Sina Finance [新浪财经] (Feb. 14, 2025), <http://finance.sina.com.cn/stock/stockzmt/2025-02-14/doc-inekna6610958.shtml>.

³¹ Webull Corp., Prospectus (Form 424B3) 215 (May 9, 2025), https://www.sec.gov/Archives/edgar/data/1866364/000121390025041567/ea0241438-424b3_webullcorp.htm.

³² Xiaomi Invests Hundreds of Millions in Tiger Brokers, Entering the Next Hundred-Billion Market [小米砸亿元投老虎证券 进军下一个百亿级市场], Tiger Brokers [老虎证券] (Sept. 9, 2015), <https://www.itigerup.com/hans/about/news/372> (quoting Wang Anquan, then General Manager of Xiaomi Finance, stating that Xiaomi's investment in Tiger Brokers was Xiaomi's first entry into the internet brokerage sector and a major strategic move in Xiaomi's broader push into internet finance); Shi Yaqiong [石亚琼], *Are U.S. Stocks the New Opportunity in Internet Finance? Tiger Brokers Secures RMB 100 Million Series A Financing from Xiaomi* [美股是互联网金融的新机会? 老虎证券获得小米1亿元A轮融资], 36Kr [36氪] (Sept. 9, 2015), <https://36kr.com/p/1720929878017>.

³³ Former Head of Xiaomi Finance Wang Anquan Launches Webull, Lei Jun Provides RMB 50 Million Investment [小米金融前负责人王安全创业推出产品微牛, 雷军给了他5000万投资], 36Kr [36氪] (Oct. 13, 2016), <https://36kr.com/p/1721212223489>; Xiaomi Finance Ecosystem Company "Fumi Technology" Completes RMB 100 Million Series A, Led by Hongdao Capital [小米金融生态链公司“福米科技”完成1亿元A轮融资, 弘道资本领投], PEDaily [投资界] (May 3, 2017), <https://pe.pedaily.cn/201705/20170503412748.shtml>; Webull Lists Via SPAC: \$16.7 Billion Market Cap, Exceeding Futu and Tiger Brokers [微牛证券曲线上市: 市值167亿美元 超富途与老虎证券], Sina Finance [新浪财经] (Apr. 17, 2025), <https://finance.sina.com.cn/tech/cs/2025-04-17/doc-inetmzcz3612636.shtml>.

³⁴ Noah Holdings Ltd., Annual Report (Form 20-F) for the Fiscal Year Ended December 31, 2025 (Apr. 29, 2026), <https://www.sec.gov/Archives/edgar/data/1499543/000110465926050892/noah-20251231x20f.htm>.

government subsidies between 2014 and 2025.³⁵ Gopher's broader investment network also has exposure to PRC strategic-technology sectors, including capital linked to LandSpace, a PRC aerospace company that contracted with the People's Liberation Army Central Military Commission in 2020.³⁶

Other shareholders follow the same pattern. Hillhouse held a significant Webull stake through WBL Holding LP and WBL2 Holdings Limited, entities ultimately tied to Hillhouse Focused Growth Fund V, L.P. Although Hillhouse later reduced its position, its Webull stake connected the company's ownership base to one of the largest investment firms operating across the PRC technology ecosystem.³⁷ Bojiang Capital's stake was split across three PRC limited partnerships in Zhejiang Province.³⁸ NotNull's shares were held through paired British Virgin Islands entities controlled by Jun Yuan, a PRC national and early Webull stakeholder based in Changsha. Shunwei-related entities, including Tianjin Zhiying Enterprise Management Partnership, connect Webull to the investment network of Xiaomi founder Lei Jun, a three-term deputy to China's National People's Congress.³⁹

Taken together, these holdings show that Webull's PRC-linked ownership is not limited to one shareholder or one vehicle. Wang controls the vote through a dual-class structure, while several major Class A stakes are held through intermediary entities, including Tianjin-registered partnerships, Zhejiang partnerships, and British Virgin Islands entities. These structures may be lawful, but they make Webull's ownership harder to trace and leave U.S. investors and regulators with a less transparent picture of the PRC-linked capital behind the company.

In sum, Webull is controlled by one founder with overwhelming voting power, while its outside ownership base is layered with PRC-linked capital networks, politically connected investors, and intermediary ownership vehicles. Webull's recent SPAC merger in the United States, nor the majority presence of

³⁵ Id.

³⁶ Zhu Peng, "Aerospace Company LandSpace Raises CNY 1.2 Bn from Sequoia, Others in Series C+," *EqualOcean*, September 10, 2020, <https://equalocean.com/news/2020091014746-aerospace-company-landspace-raises-cny-1-2-bn-sequoia-others-series-c>.

³⁷ Hillhouse Investment Mgmt., Ltd., Amendment No. 1 to Schedule 13G (Webull Corp.) (filed Feb. 17, 2026), https://www.sec.gov/Archives/edgar/data/1510589/000090266426001015/xslSCHEDULE_13G_X01/primary_doc.xml; Alex Lynn, Asia Giant Hillhouse Relocates Credit Co-Head to Singapore, Private Debt Investor (July 24, 2024), <https://www.privateinvestor.com/asia-giant-hillhouse-relocates-credit-co-head-to-singapore/>.

³⁸ Shanghai Bojiang Inv. Mgmt. Co. et al., Amendment No. 1 to Schedule 13G (Webull Corp.) (filed Feb. 13, 2026), <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001866364&type=SC+13G>.

³⁹ Huitongda Network Co., Ltd., Hong Kong Stock Exchange Listing Prospectus, "History, Development and Corporate Structure" (Feb. 18, 2022), <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0218/10124487/sehk22010900079.pdf>; Lei Jun: Three-Term National People's Congress Deputy [雷军：连任三届全国人大代表], Xinhua [新华网] (Mar. 2023) (on file with Comm.).

U.S. citizens on its board, does not change the reality that voting power over its shares is ultimately consolidated in China.⁴⁰ In fact, its post-SPAC structure limits the practical influence of minority shareholders, and it remains difficult for U.S. investors, regulators, and counterparties to assess the political, regulatory, and national-security pressures that may reach Webull through its China-linked capital base.

FINDING 4: WEBULL’S REGULATORY CONTROLS WERE WEAKER THAN ITS ASSURANCES SUGGESTED.

Webull consistently assured the Select Committee that it maintains a strong, U.S.-centric compliance program fully capable of meeting federal regulatory obligations. In its February 3, 2025 submission, the company highlighted its “tone from the top,” “three lines of defense” compliance model, multiple layers of principal review, and partnership with third-party vendor S3 Technologies for preparing and hosting regulatory reports.⁴¹

SEC Rule 606 disclosures provide a useful test of those assurances. Rule 606 requires broker-dealers to publicly disclose how they route customer orders and whether they receive compensation, including payment for order flow (PFOF). PFOF is compensation a retail brokerage receives for routing customer trades to third-party market makers instead of directly to a public exchange.⁴² These Rule 606 reports help investors and regulators assess whether customer orders are routed in the customer’s interest or in ways that benefit the broker-dealer.⁴³

Webull’s handling of these reports exposed weaknesses in its internal controls. The company admitted to amending and reposting multiple historical Rule 606 reports, describing the changes as “technical corrections.”⁴⁴ But when the Select Committee requested detailed explanations, Webull stated that the reasons were reconstructed only on a “best effort basis” because the employee primarily responsible for reviewing the reports was “no longer registered with the [f]irm.”⁴⁵ That response raises concerns about supervisory continuity, record retention, and

⁴⁰ Webull Corp., Amendment No. 5 to Registration Statement (Form F-4), at 99 (Mar. 4, 2025), <https://www.sec.gov/Archives/edgar/data/1866364/000121390025020294/ea0201669-22.htm>.

⁴¹ Letter from Counsel for Webull Fin. LLC, Akin Gump Strauss Hauer & Feld LLP, to Hon. John Moolenaar, Chairman, H. Select Comm. on the Chinese Communist Party, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Chinese Communist Party 6 (Feb. 3, 2025).

⁴² Div. of Trading & Mkts., U.S. Sec. & Exch. Comm’n, Responses to Frequently Asked Questions Concerning Rule 606 of Regulation NMS, <https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/faq-rule-606-regulation> (last updated June 26, 2024).

⁴³ *Id.*

⁴⁴ Webull Feb. 3 Letter, *supra* note 6, at 6–7.

⁴⁵ Letter from Counsel for Webull Fin. LLC, Akin Gump Strauss Hauer & Feld LLP, to Hon. John Moolenaar, Chairman, H. Select Comm. on the Chinese Communist Party, & Hon. Raja Krishnamoorthi, Ranking Member, H. Select Comm. on the Chinese Communist Party 6 (Feb. 3, 2025).

whether Webull maintained sufficient institutional knowledge to substantiate required public disclosures.

<u>Date</u>	<u>Reason for Amendment</u>
2020 Q1 Reposted Aug 19, 2022	Reposted due to a technical issue that caused incorrect data to be produced.
2020 Q2 Reposted Sep 2, 2020	Reposted due to a delay in Dash providing S3 with fee file and issue with a data issue at S3.
2020 Q4 Reposted Feb 24, 2021	Reposted due to a delay in Apex providing S3 with details on the Q4 2020 fees and rebates.
2021 Q4 Reposted Mar 3, 2022	Reposted due to an order classification issue with the order types contained in the “other” category from Susquehanna International Group. Issue in the data was identified by the Firm.
2022 Q4 Reposted Jul 5, 2023	The Firm updated its report due to an issue where one of the liquidity providers, GIX, failed to provide a quarterly file to S3 in a timely manner.
2023 Q1 Reposted Jun 6, 2024	The Firm updated its report because one of its liquidity providers, Hudson River, provided S3 updated 606 fee files for Q1, Q2, & Q3 2023. The files were correcting the "other" bucket and associated fees.
2023 Q2 Reposted Jun 6, 2024	
2023 Q3 Reposted Jun 6, 2024	

Webull also did not provide the Committee with details about the former employee’s role, supervisory structure, or physical location. Given Webull’s prior reliance on offshore personnel, including FINRA-registered employees associated with PRC affiliates, that omission raises a legitimate question about whether critical regulatory-reporting functions were performed or supported from outside U.S. jurisdiction. Regardless of that employee’s location, Webull’s inability to fully explain repeated Rule 606 corrections calls into question its claim that its compliance program was robust, U.S.-controlled, and adequately supervised.

The company further confirmed that its internal audit department had never conducted a targeted audit of its order execution or Rule 606 reporting processes.⁴⁶ While occasional technical corrections are not unusual in the industry, Webull’s reliance on a single former employee to reconstruct explanations for multiple years of public disclosures, combined with the absence of internal audits in this area, reveals weaknesses in recordkeeping, institutional knowledge, and supervisory continuity.

These compliance gaps represent a significant failure. Even setting aside the China-related issues identified in prior findings, Webull’s handling of this basic federal disclosure obligation demonstrates that its regulatory controls and internal accountability systems are not as strong as the company represented to Congress. The Select Committee is hardly the first to offer a similar observation. In 2023, news articles reported on “Massachusetts regulators [fining] the online brokerage firm . . . \$500,000 for what they describe as lax compliance operations that failed

⁴⁶ Id. at 7 (Feb. 3, 2025).

to keep pace with a steep increase in the firm’s customer base.”⁴⁷ While the Select Committee has not examined other brokerages’ comparative compliance records, for all U.S. broker-dealers serving retail investors, the ability to accurately produce, amend, and fully substantiate public regulatory reports is a fundamental expectation—one that Webull did not consistently meet.

FINDING 5: WEBULL’S SUBSIDIARY ACCEPTED PRC GOVERNMENT FUNDING CONDITIONAL ON CCP LOYALTY WHILE ITS AFFILIATES EXPANDED IN CHINA.

The Select Committee’s investigation found that Webull’s PRC footprint is not limited to typical offshore support. As explained below, through Hunan Weibu, its Changsha-based operating subsidiary, and Fumi Technology, Webull has built a long-term PRC operating base supported by local government incentives, major real estate commitments, and policy programs that condition benefits on support for CCP leadership.

Hunan Weibu’s expansion appears to be part of a broader local-government strategy to anchor fintech companies in Changsha’s Hunan Financial Center. Chinese government authorities have used structured financial incentives to encourage that expansion, including subsidies and cash rewards tied to investment, foreign-funded enterprise activity, and offshore services outsourcing.⁴⁸ Those incentives are especially significant because Webull has relied on Hunan Weibu for technology development and platform support, making the subsidized PRC entity part of the operational architecture behind Webull’s U.S. brokerage platform.

The same long-term commitment is reflected in Webull’s real estate footprint. Shuibao Real Estate Co., Ltd. (“Shuibao Real Estate”), a wholly owned subsidiary of Hunan Weibu, acquired a prime commercial parcel in Changsha’s Hunan Financial Center for CNY 369.49 million, approximately \$51 million, for Fumi Technology’s planned global headquarters project.⁴⁹ Public reporting separately described the headquarters base as a CNY 2 billion, approximately \$280 million, investment.⁵⁰ The site is located near the offices used by Hunan Weibu and Fumi

⁴⁷ Kenneth Corbin, *Online Broker Webull Fined \$500,000 by Massachusetts Over Compliance Issues*, Barron’s (Nov. 10, 2023), <https://www.barrons.com/advisor/articles/online-broker-webull-fined-500-000-by-massachusetts-over-compliance-issues-c51c11c0>.

⁴⁸ Riverside Commercial Land in Binjiang New City Sold; Fumi Technology to Build Global Technology Headquarters Project [滨江新城江景商业地成交，福米科技将打造全球科技总部项目], Xiaoxiang Morning Herald [潇湘晨报], via Tencent News [腾讯新闻] (Nov. 29, 2023), <https://news.qq.com/rain/a/20231129A056DJ00>; Total Investment of CNY 2 Billion: Fumi Technology Global Headquarters Base Project Signing Completed [总投资20亿元 福米科技全球总部基地项目完成签约], Rednet [红网], via Tencent News [腾讯新闻] (Apr. 20, 2022), <https://news.qq.com/rain/a/20220420A06LLC00>.

⁴⁹ Id.

⁵⁰ Id.

Technology. Construction began in October 2025, with structural completion expected by the end of 2026.⁵¹

These facts show that Webull's PRC operating base is not a temporary back-office arrangement. It is a government-supported, long-term infrastructure commitment tied to the same entities that support Webull's platform operations. For a U.S.-registered broker-dealer serving American investors, that creates a distinct risk from ownership control: Webull's critical operational footprint depends on PRC-based entities that have received government support under programs aligned with CCP political conditions. It is particularly notable that Webull's affiliates are seemingly expanding their presence in the PRC, demonstrating that the likelihood of the Webull ecosystem seeking to eliminate its affiliations with the PRC is quite low.

In a moment of uncharacteristic candor, Webull itself acknowledged the extent of its PRC operations in regulatory filings preceding its SPAC listing. As it stated, "our mainland China subsidiary, Hunan Weibu Information Technology Co., Ltd., employs 673 employees, representing 61% of our employees as of September 30, 2024, and is subject to the jurisdiction of the People's Republic of China. We cannot be certain that future laws, rules, or regulations will not be drafted in a way that brings us within their scope."⁵²

Announced changes to Webull's business model only amplify our concerns about the company's reliance on its expansive PRC campus for technical functions. Webull has already integrated its AI-powered assistant into its U.S. platform and has announced plans to further expand its use of agentic AI to facilitate portfolio construction and trading. As one observer wrote, Webull is "building the infrastructure that other AI agents will plug into to execute trades."⁵³

FINDING 6: WEBULL'S CLEARING AND CUSTODY SAFEGUARDS ARE CONCERNING.

For its first seven years as a FINRA member, Webull Financial operated strictly as an introducing broker-dealer, lacking independent clearing infrastructure of its own. Since its admission as a FINRA member in January 2018, Webull Financial has relied fundamentally on Apex Clearing Corporation ("Apex") to serve as the primary clearing and custody backstop for its U.S. brokerage business, executed under agreements filed in connection with Webull

⁵¹ Id.

⁵² Webull Corp., Amendment No. 5 to Registration Statement (Form F-4), at 99 (Mar. 4, 2025), <https://www.sec.gov/Archives/edgar/data/1866364/000121390025020294/ea0201669-22.htm>.

⁵³ Thomas Richmond, *Webull CEO Signals Major Change to Trading Apps*, TheStreet (May 23, 2026), <https://www.thestreet.com/investing/stocks/webull-ceo-signals-major-change-to-trading-apps>.

Corporation's Form F-4 registration statement.⁵⁴ In practical terms, this relationship meant that Apex historically acted as the operational guarantor and custodial safety net for Webull's retail customer accounts throughout the broker-dealer's existence.

This custodial protection narrowed significantly in October 2025, when Webull completed its operational migration to an omnibus clearing arrangement.⁵⁵ Under the previous fully disclosed clearing model, Apex carried Webull customers' cash and securities directly on its independent books, providing an external layer of accounting verification and asset protection. Under the newly implemented omnibus framework, while Apex continues to support the clearing and custody of customer securities, Webull itself now directly accepts, deposits, and carries retail customer cash.⁵⁶ This structural transition effectively shifts the custody of investor liquid funds away from the balance sheet of an independent third-party clearing firm and places it directly onto the internal ledger of the introducing broker, placing greater reliance on Webull's internal accounting controls to ensure the proper segregation and safeguarding of investor funds.

The timing of this structural shift is critical because Webull completed the omnibus migration after regulators had already identified systemic weaknesses in the firm's own internal compliance controls. In November 2024, the SEC issued a cease-and-desist order finding that Webull Financial had filed deficient Suspicious Activity Reports ("SARs") that routinely omitted facts addressing one or more of the five essential narrative elements identified in FinCEN guidance: who conducted the activity, what instruments or mechanisms were used, when the activity occurred, where it occurred, and why Webull suspected the activity.⁵⁷ These deficiencies spanned multiple years beginning at the firm's inception in 2018 and resulted in a \$125,000 civil penalty.⁵⁸

Under the Bank Secrecy Act and FINRA Rule 3310, Webull retains absolute responsibility for maintaining an anti-money laundering (AML) program reasonably designed to comply with federal requirements.⁵⁹ The Omnibus Clearing Agreement explicitly reinforces that responsibility, requiring Webull to maintain exclusive control over customer identity verification, Office of Foreign Assets Control (OFAC) screening, SAR filing, and internal AML compliance

⁵⁴ FINRA BrokerCheck, Webull Financial LLC, CRD No. 289063; Webull Corporation, Registration Statement on Form F-4, Ex. 10.18, Fully Disclosed Clearing Agreement between Webull Financial LLC and Apex Clearing Corporation (Sept. 27, 2017); Webull Corporation, Registration Statement on Form F-4, Ex. 10.17, Omnibus Clearing Agreement between Webull Financial LLC and Apex Clearing Corporation (Jan. 26, 2021, as amended).

⁵⁵ Webull Corp., Annual Report on Form 20-F for Fiscal Year 2025 (Apr. 9, 2026).

⁵⁶ *Id.*

⁵⁷ Webull Financial LLC, Exchange Act Release No. 101707, Administrative Proceeding File No. 3-22329, Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, ¶¶ 5, 9 (Nov. 22, 2024), <https://www.sec.gov/files/litigation/admin/2024/34-101707.pdf>.

⁵⁸ *Id.*

⁵⁹ FINRA Rule 3310(a); 31 C.F.R. § 1023.210.

systems.⁶⁰ The October 2025 migration therefore did far more than alter Webull's back-office clearing model. Instead, it placed direct custody of customer cash with the exact entity whose suspicious activity reporting the SEC had already found deficient, precisely while Webull's technical and operational support functions remained tied in significant ways to PRC-based personnel and infrastructure.⁶¹ While Webull undertook remediation measures pursuant to the SEC's order, including engagement of a compliance consultant whose recommendations the firm certified as implemented in early 2025, that certification preceded the omnibus migration by mere months and arrived against a backdrop of supervisory failures that regulators had found recurring across multiple years and functions.

These past compliance failures are not an isolated regulatory event; they expose a severe structural vulnerability when viewed alongside the broader record. As detailed in Findings 2 and 4, Webull relies heavily on PRC-based personnel for software, operations, and core data pipelines, with dozens of associated persons holding active PRC residential or office indicators. Crucially, this backend data traffic routinely routes over infrastructure some operated by China Mobile, whose U.S. operating authorities the FCC denied on national security grounds because of the risk of state-mandated espionage.⁶² Consequently, any user query, administrative prompt, or sensitive compliance file traveling over these networks is potentially visible to Chinese intelligence. The SEC's SAR order ultimately exposed systemic weaknesses in the exact compliance architecture that Webull asks regulators and customers to trust with sensitive brokerage data and, following the October 2025 transition, direct custody of customer cash.

A separate but compounding concern involves the structural relationship between Apex Clearing and Webull Financial through their shared ties to PEAK6. Apex operates as a subsidiary of Apex Fintech Solutions Inc., whose controlling parties include multiple individuals through PEAK6 Investments and its related entities.⁶³ Public corporate filings reveal that these PEAK6-affiliated entities simultaneously hold a reportable, material equity stake in Webull Corporation. A joint Schedule 13G filed in August 2025 reported beneficial ownership of approximately 26.57 million Webull Class A ordinary shares, representing roughly 5.5 percent of that class. Subsequent amendments filed in February 2026 reported an increased position, and Webull's FY2025 Form 20-F confirmed that PEAK6-

⁶⁰ Webull Corp., Registration Statement on Form F-4, Ex. 10.17, Omnibus Clearing Agreement between Webull Financial LLC and Apex Clearing Corp. (Jan. 26, 2021, as amended).

⁶¹ Webull Financial LLC, Exchange Act Release No. 101707, Administrative Proceeding File No. 3-22329, Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order, ¶¶ 5, 9 (Nov. 22, 2024).

⁶² Chinese Academy of Cyberspace Studies, "Comprehensive Improvement of China's Network Infrastructure," *China Internet Development Report 2017* (Springer 2019), https://link.springer.com/chapter/10.1007/978-3-662-57521-5_1

⁶³ Webull Corp., Annual Report on Form 20-F for Fiscal Year 2024, Item 7.A, Risk Factors; Webull Corp., Annual Report on Form 20-F for Fiscal Year 2025, Item 7.A; Northern Star Inv. Corp. II, Registration Statement on Form S-4 (Apr. 8, 2021) (File No. 333-255120); Northern Star Inv. Corp. II, Current Report on Form 8-K, Exs. 99.1, 99.3 (Mar. 16, 2021); Schedule 13G filed by PEAK6 LLC et al.

related entities held 28,183,470 Class A shares, or approximately 6.3 percent of the class, as of March 31, 2026.⁶⁴

This ownership overlap does not suggest that Apex failed to execute its clearing obligations. In fact, other major broker-dealers serving the retail market actually clear their own trades, without the involvement of any third party. Nonetheless, it fundamentally weakens the independence rationale that underpins the introducing broker-clearing firm model in the absence of self-clearing. Apex serves as Webull's sole clearing firm, yet Apex's parent-level ownership network maintains a material equity stake in Webull itself. Webull's annual reporting acknowledges this interconnected relationship only in passing, noting briefly that Apex Clearing is indirectly owned by PEAK6 Investments LLC, which simultaneously owns PEAK6 Group LLC, "a minority shareholder of Webull Corporation."⁶⁵ Notably, Webull does not appear to quantify the specific equity stake or analyze the arrangement as a related-party clearing conflict within that same disclosure, and the structure is intended to draw the lowest compliance burden of net capital requirements under SEC Rule 15c3-1 while maintaining organizational opacity.

Furthermore, the economic terms governing the Webull-Apex relationship remain difficult to evaluate from public filings. Schedule A to the Omnibus Clearing Agreement, which sets the clearing-services fee schedule, is redacted from Webull's public Form F-4 registration statement.⁶⁶ Webull's financial statements separately disclose related-party revenue from Apex Clearing of \$151.0 million in 2023 and \$34.5 million in 2024.⁶⁷ Webull states that this revenue primarily represented interest and fully paid stock-lending income derived from cash balances and positions in accounts introduced to Apex, and that Apex was treated as a related party only through May 9, 2024.⁶⁸ As a result, the public record shows more than \$185 million in related-party revenue from Apex before that date, while the underlying fee schedule governing the clearing relationship remains unavailable for public review.⁶⁹

This structural reality takes on heightened significance in light of whistleblower materials alleging fraudulent Automated Customer Account

⁶⁴ Schedule 13G filed by PEAK6 LLC et al.

⁶⁵ Penson Worldwide, Inc., Current Report on Form 8-K, Ex. 99.1 (June 1, 2012); Penson Worldwide, Inc., Current Report on Form 8-K, Ex. 99.1 (June 5, 2012); Penson Sells Clearing Operation to PEAK6, Traders Mag. (June 1, 2012).

⁶⁶ Webull Corp., Registration Statement on Form F-4, Ex. 10.17, Omnibus Clearing Agreement between Webull Financial LLC and Apex Clearing Corp. § 8(a), sched. A (Jan. 26, 2021, as amended) (redacting Schedule A fee schedule pursuant to Regulation S-K Item 601(b)(10)(iv)).

⁶⁷ Webull Corp., Annual Report on Form 20-F for Fiscal Year 2024, Note 26, Related Party Balances and Transactions (filed Apr. 30, 2025).

⁶⁸ Id.

⁶⁹ Webull Corp., Registration Statement on Form F-4, Ex. 10.17, Omnibus Clearing Agreement between Webull Financial LLC and Apex Clearing Corp. § 8(a), sched. A (Jan. 26, 2021, as amended); Webull Corp., Annual Report on Form 20-F for Fiscal Year 2024, Note 26, Related Party Balances and Transactions (Apr. 30, 2025).

Transfer Service (ACAT) operations involving Apex’s broader introducing-broker network.⁷⁰ These materials include correspondence spanning from 2021 through 2023 among a non-Webull U.S. brokerage, Apex, outside legal counsel, and affected customer representatives.⁷¹ The documentation details a protracted dispute over allegedly fraudulent ACAT transfers initiated through Apex between May 2021 and March 2022, resulting in aggregate realized losses to the non-Webull U.S. broker-dealer clients totaling approximately \$664,555.86 as of August 2023.⁷² One affected retail investor described the theft of approximately \$1.4 million in retirement assets, culminating in a remaining customer-guarantee claim of \$315,086 after partial recovery efforts.⁷³

The Select Committee is not suggesting that Webull Financial initiated any of these specific ACAT transfers implicated by these allegations, nor do the documents identify Webull as the direct source. However, the relevance of these events is critically tied to institutional risk: Apex’s introducing-broker network potentially experienced documented, high-value account-transfer discrepancies during the exact same operational period in which Webull’s own SAR reporting protocols were deficient.

The regulatory and operational risks are cumulative. A U.S. introducing broker heavily reliant upon extensive PRC-linked operational support should ordinarily look to a strictly independent U.S. clearing firm to provide an impenetrable, secondary layer of custody, transaction processing, and account-transfer verification. In Webull’s case, that critical protection has been narrowed for customer cash following the October 2025 omnibus migration, severely complicated by Webull’s SEC-sanctioned SAR failures, and the PEAK6-related ownership overlap. For American investors, the result is a custody and compliance architecture that inherently lacks true structural independence, depending instead upon the very same Webull internal controls that federal regulators have already deemed deficient.

In April 2026, FINRA approved Webull’s application for self and correspondent clearing. According to Webull, “[t]his approval lays the groundwork for further growth by offering clearing services to institutional

⁷⁰ Including correspondence dated June 11, 2021 through November 15, 2023 among Fidelity Brokerage Services LLC, National Financial Services LLC, Apex Clearing Corporation, Thompson Hine LLP, and Katten Muchin Rosenman LLP, together with spreadsheets, transaction logs, and customer-complaint correspondence. *See* Letter from FMR LLC Legal Department, to Apex Clearing Corporation, re NFS Claim File W369824-02FEB21 (June 11, 2021).

⁷¹ Whistleblower documents submitted to Committee Majority staff, *see* Letter from Thompson Hine LLP to Katten Muchin Rosenman LLP, at 2 (Nov. 15, 2023).

⁷² Whistleblower documents submitted to Committee Majority staff, [Redacted] Client Losses from Fraudulent Apex ACATS, summary schedule of losses calculated as of Aug. 16, 2023, *see* Letter from Thompson Hine LLP to Katten Muchin Rosenman LLP, at 1 (Nov. 15, 2023).

⁷³ Whistleblower documents submitted to Committee Majority staff, *see* Letter re [Redacted]’s Notice of ACAT Reimbursement Claim and Demand for Reimbursement (July 26, 2023); Customer Email (June 26, 2023).

partners.”⁷⁴ While the Select Committee has not reviewed the details of this forthcoming arrangement, this recent development only heightens our concerns regarding the lack of independent safeguards to protect American investors.

IV. CONCLUSION AND POLICY RECOMMENDATIONS

Despite its public image as an American fintech firm, Webull maintains deep operational and strategic dependencies on entities in China. The company and its subsidiary accepted PRC funding conditioned on supporting the CCP, are invested heavily in long-term Chinese real estate, and have integrated their personnel and technology operations in PRC jurisdiction where PRC laws can compel cooperation with the PRC Government. Moreover, Webull has not lived up to the level of transparency Americans expect of firms to whom they entrust their data and savings, seeking to present itself as a fully American brokerage instead of being forthright about its operational reality.

The findings in this report also reveal systemic vulnerabilities in current U.S. financial regulatory frameworks that allow entities with significant CCP ties to operate within American capital markets while obscuring the true nature of their foreign control, data practices, and operational dependencies. The Select Committee supports robust competition for retail orders, including by new market entrants, but to address these vulnerabilities, the Committee recommends the following legislative and regulatory actions:

- **Codify the SEC Cross-Border Task Force.** Congress should amend the Securities Exchange Act to establish in statute the Cross-Border Task Force created within the SEC's Division of Enforcement on September 5, 2025, with: (a) dedicated appropriations; (b) an express mandate covering registered broker-dealers and their gatekeepers, not only foreign issuers; and (c) annual reporting to Congress on enforcement actions involving entities controlled from foreign-adversary jurisdictions.
- **Enact Inspectability Requirements for Broker-Dealer Operations — an HFCAA for Broker-Dealers.** Congress should amend Section 15A of the Exchange Act to provide that where a registered broker-dealer's registered functions, supervisory functions, or anti-money-laundering compliance work is performed from a jurisdiction in which FINRA cannot conduct on-site examinations, the firm must relocate those functions to an inspectable jurisdiction within a fixed statutory period or face suspension of its registration.

⁷⁴ Webull Corp., Current Report (Form 6-K), Ex. 99.1, *Webull Reports First Quarter 2026 Financial Results* (May 21, 2026), <https://www.sec.gov/Archives/edgar/data/1866364/000121390026060085/ea029183001ex99-1.htm>.

- **Create Foreign-Adversary Data Protections for Brokerage Records.** Congress should use the Protecting Americans' Data from Foreign Adversaries Act of 2024 (Pub. L. No. 118-50, div. I), as a guide to enact parallel provisions in the Exchange Act, to prohibit registered broker-dealers from storing U.S. customer personally identifiable information in — or permitting access to such information from — any foreign adversary jurisdiction as defined in 15 C.F.R. § 7.4, with civil penalties and registration consequences for violations.
- **Regulate Conflicted Clearing and Self-Custody Arrangements.** Congress should amend the Exchange Act to provide that: (a) where any affiliate of a clearing firm beneficially owns 5% or more of an introducing broker it clears for, the clearing agreement — including fee schedules — must be filed with the SEC without redaction, accompanied by an independence certification; and (b) a broker-dealer that is foreign adversary controlled and subject to an unresolved anti-money-laundering enforcement action may not serve as custodian of its own retail customers' cash.
- **Bring Foreign-Controlled Broker-Dealers Within CFIUS Jurisdiction.** Congress should amend the definition of “TID U.S. business” under the Foreign Investment Risk Review Modernization Act to expressly include SEC-registered broker-dealers maintaining sensitive personal data of more than one million U.S. persons, making acquisitions of control by foreign-adversary persons subject to mandatory CFIUS declaration.