

# 1st Global Capital Corp.

## BANK DEPOSIT SWEEP PROGRAM (BDSP<sup>®</sup>) DISCLOSURE DOCUMENT

This section highlights certain key features of the Bank Deposit Sweep Program (the “Program” or “BDSP”). Read the complete Disclosure Document before you decide to participate in the Program. You should consult your Broker/Dealer or investment representative for more information. All capitalized terms in this section are defined below in the Disclosure Document.

Program Summary		
<b>How the Program Works</b>	The Program is a core account investment vehicle option, which, if either selected by default or affirmatively elected, will be used to hold your cash balance while awaiting reinvestment. The cash balance awaiting reinvestment in your eligible Brokerage Account(s) (as defined in the “Introduction” section below) will be automatically deposited or “swept” into interest-bearing FDIC insurance eligible Program Deposit Accounts (also referred to as Deposit Accounts, as defined in the “Introduction” section below) at one or more FDIC-insured financial institutions (each a “Program Bank” or collectively, “Program Banks”).	Page 3
<b>Core Account Investment Vehicle Options</b>	The Bank Deposit Sweep Program (BDSP <sup>®</sup> ) is the only core account investment vehicle available to eligible account holders. As of July 25, 2018, all uses of cash in the client’s Investment Account, including securities purchases, account charges and withdrawals, will be satisfied from funds remaining, if any, in the Money Fund used as your current default investment vehicle and then by deposits in the Program. Similarly, all deposits, sales, interest, dividends or other credits on or after the Effective Date will be placed into the Program. Clients can elect to purchase a separate money market mutual fund outside of the program at any time. For a free prospectus and other important information that you should consider about the Fund (including costs, expenses, risks and objectives) please contact your Investment Representative.	Page 2
<b>FDIC and SIPC Coverage</b>	Your Program Deposit (as defined in the “Introduction” section below) at the Program Banks will be eligible for FDIC insurance in the manner and to the extent more fully described herein. You need to review and understand how FDIC insurance will apply to your Program Deposits. Your cash balance is only eligible for FDIC insurance once it becomes a Program Deposit held by a Program Bank. Your cash balance while held by NFS and/or your Broker/Dealer is not FDIC insured, but is covered by the Securities Investor Protection Corporation (the “SIPC”). This includes amounts in the cash balances placed in your Brokerage Account that have not yet been received by a Program Bank or which have been swept from a Program Bank back to your Brokerage Account. SIPC currently protects these funds and securities up to \$500,000, including \$250,000 for claims for cash. Any securities held in your Brokerage Account including Money Funds (as opposed to a Program Deposit held by a Program Bank) are investment products, and as such: (i) are not insured by the FDIC; (ii) carry no bank or government guarantees; and (iii) are subject to investment risk, including loss of principal amount invested.	Page 6
<b>Program Banks</b>	The Program Bank List specifies the Program Banks into which your funds will be deposited. You can access the most up-to-date Program Bank List in the following URL: <a href="http://www.1stglobal.com/clients/Bank-Deposit-Program">http://www.1stglobal.com/clients/Bank-Deposit-Program</a> or you can obtain the list from your investment representative or Broker/Dealer. The Program Bank List also indicates your Excess Deposit Bank (as defined below in the Section entitled “Maximum Deposit Amount”) which will be utilized for deposits after the maximum deposit amount has been placed in all the Banks on your Program Bank List. To the extent your deposits in your Excess Deposit Bank exceed the applicable FDIC maximum coverage amount, <b>these excess funds are ineligible for FDIC insurance. Program Deposits are not covered by SIPC.</b>	Page 4
<b>Rates of Return</b>	The interest rate for your Deposit Accounts (as defined in the “Introduction” section below) may be obtained from your Broker/Dealer or investment representative. Your balances will earn the same rate of interest regardless of the Program Bank with which your funds are deposited. Your interest rate is based upon your Program Deposits in accordance with the Interest Rate Tiers, as determined by your Broker/Dealer.  Over any given period, the interest rates on the Program Deposits may be lower than the rate of return for account investment vehicles outside of the Program, such as separate Money Funds. However, deposits into investment vehicles outside of the Program are not FDIC insured.  Program Banks do not have a duty to offer the highest rates available or rates that are comparable to Money Funds. By comparison, Money Funds generally seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses.  The Program should not be viewed as a long-term investment option. If you desire, as part of an investment strategy or otherwise, to maintain a cash position in your account for other than a short period of time and/or are seeking the highest yields currently available in the market for your cash balances, contact your investment representative to discuss investment options that may be available outside of the Program that may be better suited to your goals.	Page 2
<b>Changes</b>	Circumstances may require a change to the BDSP or your core account investment vehicle. Generally, you will receive notification in advance of material changes to the BDSP or your core account investment vehicle. Account holders may initiate changes to their core account investment vehicle by contacting their investment representative directly or by contacting their Broker/Dealer.	Page 5
<b>Duty to Monitor</b>	You are responsible for monitoring the total amount of deposits that you have with each Bank in order to determine the extent of FDIC insurance coverage available to you. Depending on the amount of deposits that you have at a Bank apart from your Program Deposits, you may wish to direct that one or more Banks be excluded from the Program Bank List.	Page 2
<b>Benefits to Your Broker/Dealer and Others</b>	The Program creates financial benefits for us, our affiliates (one or more of whom may be a Program Bank) and NFS. While we are currently not paying any portions of these fees to your investment representative, we reserve the right to do so in the future. We will also pay a fee to NFS. The revenue generated by the Program may be greater than revenues generated by sweep options at other brokerage firms, and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may consider using in the future.	Page 6
<b>Contact Information</b>	For any questions about the Program, contact your investment representative or Broker/Dealer.	

## I. INTRODUCTION

As your broker/dealer, we are making some important changes to the investments we offer to you in your brokerage account held with us in conjunction with National Financial Services LLC ("NFS") (your "Brokerage Account"). The terms "account owner," "you" and "your" refer to the owner indicated on the account application. For joint accounts, these terms refer to all owners, collectively and individually. For trust accounts, these terms refer both to the entity and to all account owners. For corporate accounts these terms refer to the corporate entity.

Your Brokerage Account or ("Investment Account") has a core account that is used for settling securities transactions and holding credit balances. The Bank Deposit Sweep Program ("BDSP", or the "Program") is the only core account investment vehicle option for available cash balances in your account. This includes all deposits to your account, securities transactions, dividend and interest payments and other activities) awaiting reinvestment in your Investment Account.

All eligible accounts established after July 25, 2018, will be placed into BDSP upon establishment of the account. BDSP is the default core account investment vehicle as noted by your investment representative. Your Broker/Dealer has chosen to make the BDSP the default core account investment vehicle for all eligible Investment Accounts. Contact your investment representative for more information.

Beginning on the Effective Date, eligible account holders will elect the BDSP as their core account investment vehicle at any time or will be placed in the BDSP by default. After the Effective Date, the BDSP will be your core account investment vehicle either by default or your election. This means all available cash in your Investment Account will be deposited through the Bank Deposit Sweep Program into FDIC insurance eligible Program deposit accounts ("Deposit Accounts") at one or more FDIC-insured depository institutions set forth in the list of depository institutions participating in the Program (each, a "Program Bank" or a "Bank"). The list of Banks participating in the Program (the "Program Bank List") can be obtained from your investment representative or at the URL provided in the Program Summary page. Once your cash balance has been swept to a Program Bank, it is referred to as your "Program Deposit." Note that your ability to access the money held at the Bank(s) may be limited, as more fully described herein.

As more fully described in this Disclosure Document, your Investment Account with us is generally protected, up to applicable limits, by the Securities Investor Protection Corporation (the "SIPC"). However, at the time funds are deposited with one or more Banks through the Program, your investment in the Program is eligible, subject to the limitations described in this Disclosure Document, to be insured, up to applicable limits, by the Federal Deposit Insurance Corporation (the "FDIC"). Funds in the Deposit Accounts at each Bank are generally eligible for deposit insurance by the FDIC up to a total of \$250,000 principal and accrued interest per depositor in most insurable capacities (e.g., corporate, individual, joint, etc.) when aggregated with all other deposits, including bank accounts, certificates of deposit ("CDs") and deposits held through other brokers, held in the same insurable capacity at a Bank. For example, funds in the Deposit Accounts at a Bank held by a company or an individual are insured up to \$250,000, and funds in the Deposit Accounts at a Bank held jointly by two or more individuals are insured up to \$250,000 per joint owner. For IRAs, Section 457 Plans, self-directed Keogh Plans, funds in the Deposit Accounts at each Bank are eligible for deposit insurance up to \$250,000 principal and accrued interest per depositor in the aggregate. Funds deposited in Deposit Accounts are not eligible for coverage by the SIPC.

Any deposits (including certificates of deposit) that you maintain in the same capacity directly with a Bank, or through an intermediary (such as us or another broker), will be aggregated with deposits in your Deposit Accounts at such Bank for purposes of the Maximum Applicable FDIC Deposit Insurance Amount.

You are responsible for monitoring the total amount of deposits that you have with each Bank, including an Excess Deposit Bank (described below), in order to determine the extent of FDIC deposit insurance coverage available to you. You should review carefully the section of the Disclosure Document titled "FDIC/SIPC Coverage."

**Important Note:** Note that, NFS, as your agent, will place, regardless of the Maximum Applicable FDIC insurance coverage available, in one Bank up to \$246,500 of your cash balances for a corporate or individual account, an agency account and a trust account including a transfer upon or payable on death account; up to \$493,000 in one Bank for a joint account (regardless of the number of owners); and up to \$246,500 for an individual retirement account (each such limit referred to hereinafter as the "Maximum Deposit Amount"). For certain types of accounts, the Maximum Deposit Amount is substantially less than the maximum potential amount of FDIC insurance coverage. If your cash balances and existing Program Deposits at a Bank exceed the Maximum Deposit Amount at a Bank, funds greater than the Maximum Deposit Amount for each Bank will be swept into Deposit Accounts at one or more Program Banks on your Program Bank List in the order reflected thereon (subject to removal and replacement as further described below).

Once funds equal to the Maximum Deposit Amount have been deposited for you through the Bank Deposit Sweep Program in each Bank on the Program Bank List, any additional funds will be invested in an "Excess Deposit Bank" that will accept funds without limitation and without regard to the Maximum Applicable FDIC Deposit Insurance Amount, and thus may not be covered by FDIC insurance. In the rare instances where we are unable to place your funds at a Bank within the Program, your funds will be invested in an alternative core account investment vehicle for your applicable account type. For more complete information about any Money Fund, including all charges and expenses, contact your investment representative for a free prospectus. Read the prospectus carefully before you invest or send money. You may obtain information with respect to the current yields available on the Money Funds by contacting your investment representative.

Each Deposit Account constitutes a direct obligation of the Bank to you and is not directly or indirectly an obligation of us or NFS. Neither we nor NFS guarantee in any way the financial condition of the Program Banks or the accuracy of any publicly available financial information concerning such Banks. You can obtain publicly available financial information concerning each Bank at <http://www.ffiec.gov/> or by contacting the FDIC Public Information Center by mail at L. William Seidman Center, Virginia Square, 3501 North Fairfax Drive, Arlington, Virginia 22226 or by phone at 703-562-2200.

You will not have a direct account relationship with the Banks. NFS, as your agent and custodian, will establish the Deposit Accounts for you at each Bank and make deposits to and withdrawals from the Deposit Accounts. We and NFS will receive a fee from each Bank and we may pay a portion of that fee to NFS. The amount of the fee paid to us and NFS will affect the interest rate paid on the Deposit Accounts. You should review carefully the section of the Disclosure Document titled "Information About Your Relationship with your Broker/Dealer and the Banks."

As discussed herein, interest rates on the Deposit Accounts may be tiered and will vary based upon prevailing economic and business conditions. The Banks do not have a duty to offer the highest rates available or rates that are comparable to Money Funds. By comparison, Money Funds generally seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses.

The information in this Disclosure Document applies, unless otherwise indicated, to each eligible Investment Account for which you are an owner, whether as a corporation, an individual, joint tenant, trustee, executor, custodian or in any other capacity.

## Customers Affected by the Bank Deposit Sweep Program

Only eligible Investment Accounts that utilize the Bank Deposit Sweep Program as their core account investment vehicle will be subject to the information discussed in this Disclosure Document. Refer to the "Program Eligibility" section of this Disclosure Document or contact your investment representative for information concerning your eligibility for the Deposit Accounts.

Your investment representative can provide you with more information concerning the accounts and programs for which the core account investment vehicle options do and do not apply.

## Core Account Investment Vehicle Options

Currently, the BDSP (for eligible Investment Accounts) is the only core account investment option made available to you by your Broker/Dealer for available cash balances (from deposits to your account, securities transactions, dividend and interest payments and other activities). Customers may, however, elect to purchase a Money Fund (not as part of your core account investment vehicle) at any time by contacting your financial advisor. Please note that if you purchase a Money Fund, this will not be an automatic sweep into a core account investment vehicle. For more complete information about any of the Money Funds that are available for investment, including all charges and expenses, please contact your investment representative for a free prospectus. Please read the prospectus carefully before investing.

## Rates of Return

Information about the Bank Deposit Sweep Program (including interest rates, tiers, and annual percentage yield) and current yields on Money Funds may be obtained from your investment representative. The interest rate will vary and may be higher or lower than other potential investment options. You should review carefully the section of the Disclosure Document entitled "Interest."

## Alternatives to the BDSP as a Core Account Investment Vehicle Option

We are not obligated to offer you any core account investment options or to make available to you bank deposit sweep program investments that offer a rate of return that is equal to or greater than other comparable investments. For non-retirement accounts, you may elect not to have available cash swept into a sweep investment. If you make this election, your Investment Account will not have a sweep investment feature. This means your available cash will not be invested (and therefore will not earn interest) unless you give your investment representative direction to invest a specific amount of your funds in one or more of the Money Funds, the BDSP or other investments available through us.

For more complete information about any of the Money Funds, including all charges and expenses, contact your investment representative for a free prospectus. Read the prospectus carefully before you invest or send money. You may obtain information with respect to the current yields available on the Money Funds by contacting your investment representative.

## You May Continue to Invest in Money Funds

If you purchase shares in Money Funds outside of your core account investment vehicle, such investments may be subject to customary commissions or fees. Additional cash balances in your Investment Account will not be automatically swept into these Money Funds, unless the Money Fund is the alternative core account investment vehicle and the Program is unavailable to accept your funds for any reason (as explained in this Disclosure Document).

Accounts that are ineligible for the Program may elect other available Money Funds. A current list of Money Funds available to you can be obtained from your investment representative.

You could lose money by investing in a money market fund. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Before investing, always read a money market fund's prospectus for policies specific to that fund.

### **No Impact on Your Annual Brokerage Account Fees**

The changes in our core account investment vehicle options discussed above and within this Disclosure Document will not affect your brokerage account fees.

### **No Impact on the Timing of Sweep**

Generally, the frequency and timing of deposits into the BDSP as a core account investment vehicle will be similar as previous core account investment vehicle options.

### **Access to Funds in the Deposit Accounts**

As required by federal banking regulations, each Program Bank has reserved the right to require seven (7) calendar days prior notice before permitting a withdrawal of any Program Deposits. So long as this right is not exercised, and there is not a bank failure that would require FDIC intervention, your ability to access funds, including the ability to write checks against your account, should not be impacted. Your interest in a Deposit Account is not transferable. Notwithstanding the foregoing, you will remain obligated for all obligations arising from your account, including, but not limited to, margin balances, settlement of transactions, checks, wires, and debit card purchases.

### **Tax Information**

For most clients, with non-retirement account types, interest earned from the Deposit Accounts will be taxed as ordinary income in the year it is received. For applicable account types, a Form 1099 will be sent to you by NFS each year showing the amount of interest income you have earned on deposits in your Deposit Accounts. You should consult with your tax adviser about how the Bank Deposit Sweep Program affects you.

## **II. DETAILS**

This Disclosure Document contains key information about the Program which is offered by us in conjunction with NFS, a New York Stock Exchange ("NYSE") and Financial Industry Regulatory Authority ("FINRA") member, whom we have engaged to provide custody and clearing services to us. Additional terms, conditions, and disclosures applicable to your Investment Account held with us are included in other documents, including your account application, account agreement, and applicable privacy notice ("Other Agreements") and are hereby incorporated by reference into this Disclosure Document. In the event of a conflict between the terms of this Disclosure Document and the Other Agreements, this Disclosure Document will control. Review these Other Agreements for important information governing your account.

### **A. Program Eligibility**

The Program is available to individuals, certain non-profit organizations and to certain fiduciaries and trusts, provided that the beneficiaries are individuals or otherwise eligible. Investment Accounts in the name of business entities including corporations, limited liability companies and partnerships are also eligible for the Program. Eligibility for the Program is subject to the limitations described herein and as determined by NFS. Certain custodial individual retirement accounts are also eligible for the Program. At the present time, the Program is not available for Keogh Plans and non-U.S. accounts.

If we or NFS determine that your Investment Account is no longer eligible or the Program eligibility requirements change, we may change

your core account investment vehicle, as that term is defined in Investment Account documentation, or any amendments thereto, including but not limited to the Customer Agreement, from the Program to an alternative core account investment vehicle made available by your Broker/Dealer and NFS, which may not be an FDIC-insured investment.

### **B. How the Program Works**

#### **Sweep to Program Banks**

Through the Program, cash balances in your Investment Account (resulting from sales of securities, deposits, dividend and interest payments and other activities) will be automatically deposited or "swept" into interest-bearing FDIC-Insured Program Deposit Accounts at one or more Program Banks on the Program Bank List. Once your cash balance has been swept to a Program Bank, it is referred to as your "Program Deposit." Please note that your ability to access the money held at the Bank(s) may be limited, as more fully described herein.

Funds will be swept into Deposit Accounts at a Program Bank up to the Maximum Deposit Amount. The Program allocates deposits to each Program Bank based upon a minimum, maximum and target balance set by each Program Bank. A "pro rata" nondiscretionary methodology determines the sequence of allocation by the percentage that each actual Bank omnibus account balance is away from the bank target balance. In general, Program Banks with smaller percentages of their targets are allocated deposits before Program Banks with higher percentages of their targets are allocated deposits. There will be instances where certain "Priority Bank(s)" will receive preferential ordering in the allocation sequence ahead of other Program Banks. Funds in excess of the Maximum Deposit Amount will be swept into an alternate Program Bank. Once funds equal to the Maximum Deposit Amount has been reached in all Banks on the Program Bank List, additional funds will be swept into the Excess Deposit Bank.

You may not change the Banks on the Program Bank List, the order in which funds are deposited at the Banks on the Program Bank List or the Maximum Deposit Amount at any Bank. You may, however, at any time, designate a Bank as ineligible to receive any funds (otherwise referred to as "opting out" of a Bank) by contacting your Investment Advisor. Any such action will result in any current Program Deposit at such Bank being withdrawn and such funds (along with any new Program Deposits) being deposited into Deposit Accounts at the next available Bank on the Program Bank List on the next business day that a sweep is effected after such "opt out" instructions have been given effect. No new funds will be deposited into any Bank that you have opted out of (i.e., designated as ineligible). If you designate one or more Banks as ineligible to receive funds, the total amount of FDIC insurance for which your cash balances will be eligible in the Program may be reduced. Participation in this Program requires at least one (1) Bank remaining eligible to receive your deposits. Thus, you may not opt out of all Banks on the Program Bank List.

#### **Maximum Deposit Amount**

NFS, as your agent, will place, regardless of the maximum potential applicable FDIC insurance coverage available, in one Bank, up to \$246,500 of your cash balances for an individual account, an agency account, a business account and a trust account including a transfer upon or payable on death account, up to \$493,000 in one Bank for a joint account (regardless of the number of owners), and up to \$246,500 for an individual retirement account (each such limit referred to hereinafter as the "Maximum Deposit Amount").

For certain types of accounts, the Maximum Deposit Amount is substantially less than the maximum potential amount of FDIC insurance coverage.

If your cash balances and existing Program Deposits at a Bank exceed the Maximum Deposit Amount at a Bank, funds greater than the Maximum Deposit Amount for each Bank will be swept into Deposit Accounts at one or more Program Banks on your Program Bank List (subject to removal and replacement as further described below).

If the Maximum Deposit Amount has been deposited for you through the Program in each Program Bank on the Program Bank List (taking into consideration any Bank that you have opted out of or excluded), all excess cash balances will be deposited into one designated Bank on the Program Bank List without regard to FDIC-insurance limitations (an "Excess Deposit Bank").

#### **Program Limitations**

The amount of your cash balances that are swept into Deposit Accounts may need to be limited if one or more Program Banks stop accepting deposits, become ineligible for the Program as described in this Disclosure Document, or for other exceptional circumstances, and such limitations may affect the total amount of FDIC insurance that is available to you. You will generally receive notification in advance of any Program Bank being removed from the Program Bank List, and if advance notice is not practical due to the circumstances, you will be notified as soon as is reasonably practical. Consult the following sections for further important information, as such action may affect the amount of your cash balances that are covered by FDIC insurance.

### **C. FDIC Insurance Coverage In General**

The Deposit Accounts (including principal and accrued interest) are insured by the FDIC, an independent agency of the U.S. Government, to the Maximum Applicable FDIC Deposit Insurance Amount set by the FDIC for all deposits held in the same insurable capacity at any one Bank as more fully explained below. Your funds become eligible for deposit insurance immediately upon placement into a Deposit Account at a Bank. Generally, any accounts or deposits (including CDs) that you may maintain directly with a particular Bank, or through us or through any other intermediary, in the same insurable capacity in which the Deposit Accounts are maintained would be aggregated with the Deposit Accounts for purposes of the Maximum Applicable FDIC Deposit Insurance Amount.

You are responsible for monitoring the total amount of deposits, including bank accounts, CDs, and deposits held through other brokers, that you hold with any one Bank, directly or through an intermediary (for example through a retirement plan) in order to determine the extent of deposit insurance coverage available to you on your deposits, including the Deposit Accounts.

We and NFS are not responsible for any insured or uninsured portion of the Deposit Accounts or any other deposits.

See "FDIC/SIPC Coverage" below for more detailed information on insurance coverage of Deposit Accounts and Investment Accounts.

### **D. Alternatives to the Program**

For eligible investment accounts, your core account investment vehicle will be the BDSP. There are no alternative core account investment vehicle options after July 25, 2018. For accounts opened prior to July 25, 2018, your existing sweep amounts will either transfer to the Program on July 25, 2018 or will drain from your money market fund, depending on account type and establishment date. Beginning July 25, 2018, all debits in your Investment Account for such items as securities transactions, checks, debit cards and other charges will be satisfied from funds remaining in the Money Fund used as your current default investment vehicle.

This will continue until all funds in your discontinued investment vehicle, certain Money Funds, have been transitioned. Once the

transition is completed, all uses of cash in your Investment Account on or after the Effective Date, including securities purchases, account charges and withdrawals you make, will be satisfied by deposits in the Program. Similarly, all deposits, sales, interest, dividends or other credits on or after the Effective Date will be placed into the Program. There will be no tax consequences or costs associated with this transfer.

To elect this process, you must notify us prior July 25, 2018 by calling 877-959-8400 or instructing your financial advisor to do so. Additional information about your election and the default investment options we continue to offer may be obtained from your financial advisor or on our website at <http://www.1stglobal.com/clients/Bank-Deposit-Program>.

### III. PROGRAM BANKS

#### A. General Information About Program Banks

The Program Bank List specifies the Program Banks into which your funds will be deposited. The Program Bank List will be available from your investment representative or at the URL provided in the Program. The Program Bank List indicates all Banks on the Program Bank List, including your Excess Deposit Bank, which will be utilized for deposits after the Maximum Deposit Amount has been placed in all the Banks on your Program Bank List. You cannot select the Excess Deposit Bank at which such excess deposits will be made. If an Excess Deposit Bank is also a Program Bank, the Excess Deposit Bank would receive, deposits up to the Maximum Deposit Amount just as any other Program Bank and after deposits of the Maximum Deposit Amount have been made at all of the other Banks on your Program Bank List, excess deposits would then be placed in your Excess Deposits Bank. If your Excess Deposit Bank has already received Program Deposits up to the Maximum Deposit Amount, any further deposits in that Bank would generally not be eligible for FDIC insurance coverage. To the extent your deposits in your Excess Deposit Bank exceed the Maximum Applicable FDIC Deposit Insurance Amount, these excess funds are ineligible for FDIC insurance.

You should review the Program Bank List carefully. You are responsible for monitoring the total amount of deposits that you have at each Bank for purposes of reviewing deposits which may be eligible for insurance by the FDIC. We and NFS do not have any duty to monitor the core account investment vehicle for your account or make recommendations about, or changes to, the Program that might be beneficial to you.

Deposits at each Program Bank are eligible for FDIC insurance coverage, except for amounts deposited in your Excess Deposit Bank in excess of the Maximum Applicable FDIC Deposit Insurance Amount, which will not be insured by the FDIC. The amount of FDIC insurance in all Program Banks may be limited pursuant to the limitations explained in this Disclosure Document. In any event, all deposits in the Program are subject to all applicable FDIC qualification requirements and to the Program limitations described in this Disclosure Document.

#### B. Program Bank List

You may contact your investment representative or go to the URL provided in the Program Summary page for a current Program Bank List.

#### C. Deposit Accounts

Your Program Deposits will generally be deposited in two linked bank accounts at one or more Program Banks: (1) an interest-bearing savings deposit account (commonly referred to as a Money Market Deposit Account or "MMDA" account) and (2) an interest-bearing transaction account. You will receive the same interest rate on the funds in your MMDA account and in your Transaction account at each Bank. Your Investment Account statement will reflect the combined balances of the MMDA account and the Transaction account at each Program Bank.

There may be times when, to maximize the amount of FDIC insurance that your account is eligible for, your Program Deposits may be deposited into non-interest-bearing savings accounts.

Your Program Deposits will be deposited at the Program bank into a Transaction account and an MMDA account maintained by NFS for your benefit and the benefit of other customers of your Broker/ Dealer and/or NFS that participate in the Program. A portion of your Program Deposit will be allocated to the Transaction account, and a portion of your Program Deposit will be allocated to the MMDA account as described herein. Available cash balances are deposited in your MMDA account at each Bank as set forth above. From time to time, part of such deposits may be transferred to your Transaction account to establish and/or maintain a threshold amount which may differ among customers. All withdrawals will be made from the transaction accounts at the Bank. As necessary to satisfy debits in your Investment Account (securities purchases, checking, debit card, etc.), funds will automatically be transferred from the MMDA account to the related transaction account at the applicable Bank.

If there are insufficient funds in the Deposit Accounts to satisfy a debit, NFS will withdraw funds from other available sources as described in this Disclosure Document or in your account opening paperwork.

Federal banking regulations limit the number of days in which you can have net withdrawals from an MMDA account to a total of six (6) during a monthly statement cycle. At any point during a month in which transfers from an MMDA account at a Bank have reached the applicable limit, all funds will be transferred from that MMDA account to the linked transaction account at the Bank. For the remainder of the month, all deposits for that Bank will be made to the transaction account. At the beginning of the next month, an amount of funds on deposit in the transaction account less any applicable threshold amount will be automatically transferred back to the MMDA account. Due to the linking of the transaction and MMDA accounts as described above, the federal banking limits on MMDA account transfers will not effectively limit the number of withdrawals you can make from funds on deposit at a Program Bank.

The cash balances awaiting reinvestment in your Investment Account will be automatically swept from your Investment Account into your Deposit Accounts on the business day following the day your Investment Account reflects a cash balance. For purposes of this Program, business day generally means a day on which Banks participating in this Program are open for business. Available cash balances will not begin to earn interest or be eligible for FDIC insurance until swept into the Deposit Account(s) at the Program Bank(s). As stated above, to the extent your deposits outside of the Program, in combination with Program Deposits, exceed the Maximum Applicable FDIC Deposit Insurance Amount at any Program Bank the amounts above such limits will NOT be eligible for FDIC insurance protection. Deposits at Program Banks are not eligible for SIPC coverage.

Although your funds generally will be deposited in Deposit Accounts at the Banks on the Program Bank List, in rare circumstances, a Bank on the Program Bank List may be unable to accept your funds on a particular day or a Bank may be removed from the Program Bank List and not replaced. If advance notice is not practical due to the circumstances, you will be notified as soon as is reasonably practical. See the Section entitled "Changes" for options available to you resulting from a change in the Program Bank List. You should also consult your investment representative or regularly check in the Program Summary page for changes to your Program Bank List.

If a Bank is unable to accept your funds on a day you have funds to deposit, your funds will be deposited in a different available Bank on the Program Bank List up to the Program Limit. Due to the unavailability of a Bank for any circumstance, funds may be placed at a Bank in excess of the Maximum Deposit Amount and, as indicated above, Program Deposits in excess of the FDIC eligible amount will NOT be eligible for FDIC insurance protection.

Once assets from an account are deposited in a particular Program Bank, the Program does not generally reallocate those assets to other Program Banks, except when (1) NFS or a customer

removes a Program Bank from the list of Program Banks; (2) a Program Bank changes its target balance; (3) the Program allocates assets among Program Banks to meet maximum and target balances set by the Program Banks; (4) funds are moved from a Program Bank to avoid exceeding restrictions under applicable law on the maximum number of automated withdrawals that can be made during any month; or (5) in an effort to provide optimal FDIC Insurance coverage for your deposits in the Program.

#### D. Withdrawals – Access to Your Program Deposits

When funds are needed to cover transactions in your Investment Account, we will use on the same day the debit is applied, the following sources, in the order listed, to satisfy the debit: (i) available cash balances, including money added to your Investment Account (such as checks, interest, or transaction proceeds) and not yet moved to a Deposit Account; (ii) any remaining balance in your previous core account investment vehicle (if any); (iii) Program Deposits; and (iv) if you have a margin account, any margin credit available.

If a withdrawal of funds from your Deposit Accounts is necessary to satisfy a debit, funds will be withdrawn from your accounts at the Program Banks.

Withdrawals from your Deposit Accounts will normally be made on the business day following transactions in your Investment Account; however, your Investment Account is credited on the day of the debit. This process might result in you having an obligation to make us or NFS whole for the sum of the debits in your Investment Account if there is a problem withdrawing funds from your Deposit Account or you otherwise fail to sufficiently fund your Investment Account for the full amount of your daily debits. Review your Investment Account agreement for important information regarding your unsatisfied obligations owed to us and/or NFS.

You may access your Program Deposits only through your Investment Account. You cannot access or withdraw Program Deposits by contacting a Program Bank directly.

NFS will automatically withdraw funds from your Deposit Accounts (up to the amount of your Program Deposit) back to your Investment Account in order to satisfy any obligation you have to us or NFS or to settle a securities transaction or other debit transaction (including, but not limited to, checks, wires, debit card purchases or margin balances) in any account you have with us or NFS. Your Program Deposits are also subject to legal process such as a levy or a garnishment delivered to us or NFS to the same extent as if those funds were in your Investment Account.

As required by federal banking regulations, each Program Bank has reserved the right to require seven (7) calendar days prior notice before permitting a withdrawal of any Program Deposits. So long as this right is not exercised, and there is not a bank failure that would require FDIC intervention, your ability to access funds, including the ability to write checks against your Investment Account, should not be impacted. Your interest in a Deposit Account is not transferable. Notwithstanding the foregoing, you will remain obligated for all obligations arising from your Investment Account, including, but not limited to, margin balances, settlement of transactions, checks, wires, and debit card purchases.

### IV. INTEREST

#### A. Interest Rates

The current interest rate for your Deposit Accounts may be obtained from your Broker/Dealer or investment representative. Interest on your Program Deposit is accrued daily, compounded monthly and is reflected on your Investment Account statement as of the last business day of the statement period. Interest on your Program Deposit begins to accrue on the business day those funds are received by the Program Bank, which will typically be the business day following the day your Investment Account reflects a cash balance. Generally, interest will accrue to Deposit Account balances through

the business day preceding the date of withdrawal from your Deposit Accounts at the Bank (which will typically be the day on which a withdrawal of funds is made from your Investment Account). Non-business days occurring between Investment Account withdrawal and Deposit Account withdrawal and deposit with a Bank will be included in the interest accrual.

Your balances will earn the same rate of interest regardless of the Program Bank with which your funds are deposited. The rate of interest paid is tiered based on the value of your Program Deposits ("Eligible Assets"). Eligible Assets are currently evaluated on a daily basis. Interest rates, evaluation period and Eligible Assets may change at any time and may be based on a number of factors including general economic, market and business conditions. You will receive notification in advance of any changes to the Interest Rate Tiers and if advance notice is not practical due to the circumstances, you will be notified as soon as is reasonably practical. Customers with Eligible Assets of a greater value generally will receive higher interest rates on their Program Deposits than customers with Eligible Assets of a lower value. Interest on your Program Deposit will be paid by the Program Bank.

Over any given period, the interest rates on the Program Deposits may be lower than the rate of return on other core account investment vehicles which are non-FDIC insured or on bank account deposits offered outside of the Program. Program Banks do not have a duty to offer the highest rates available or rates that are comparable to Money Funds. By comparison, Money Funds generally seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses. The Program should not be viewed as a long-term investment option. If you desire, as part of an investment strategy or otherwise, to maintain a cash position in your account for other than a short period of time and/or are seeking the highest yields currently available in the market for your cash balances, contact your investment representative to discuss investment options that may be available outside of the Program that may be better suited to your goals.

You should compare the terms, interest rates, required minimum amounts, and other features of the Program with other accounts and alternative investments.

## B. Interest Credited to Your Deposit Account

While interest will generally be credited to your Deposit Accounts at month-end, intra-month interest credits to your Deposit Accounts would occur where you close your account intra-period. Intra-month interest credits will appear on your Investment Account statement to reflect interest accrued at that Bank through such intra-month event. Adjustments made to your Investment Account which can be caused by transactions entered for a prior date (e.g., a fee reimbursement or a debit adjustment) may result in an interest credit or debit to your Investment Account. The interest rate used to credit or debit adjustments may not be made at the current rate, but should reflect interest rates applicable at the time of the event. Interest rates applied to credit adjustments are not expected to be lower but, depending upon the interest rate tiering schedule, could be less than those applied to your balances on the day in which the credit adjustment is made. Interest amounts on adjustments are rounded to the penny and for interest amounts of less than half a cent, you will receive no interest and you also will not be debited.

## V. CHANGES

### A. Changes to the Program

Generally, you will receive notification in advance of material changes to the program. While we will endeavor to provide advance notice of changes, we may be unable to do so in some cases. We will provide you with notice of such changes as soon as is reasonably practical. It is your obligation to monitor your accounts, your FDIC coverage and your FDIC insurance eligibility. Changes to the Program Bank List can be obtained from your investment representative or will be posted at the URL provided in the Program Summary page and you should consult with your investment representative for the most up-to-date information about Bank eligibility. For other changes to the Program, you should direct any questions you may have to your investment representative. If you do not agree with any of the changes, you should contact your investment

representative to discuss an alternative core account investment vehicle or transferring your Investment Account to another provider. If you do not take any action in response to a change, you are deemed to consent to the change to the Program.

One or more of the Banks included on the Program Bank List may be removed, and in some cases replaced with a substitute Bank. At times, new Banks may be added. If there are changes to the bank list, you will have an opportunity to "opt out" of deposits being placed at such Bank. As previously stated, "opting out" of a Bank will affect the amount of your deposits eligible for FDIC insurance. Contact your investment representative to "opt out" of any Bank. Updated Program Bank Lists may be obtained by contacting your investment representative. It is your obligation to monitor your FDIC coverage and FDIC insurance eligibility.

### B. Limitations on Deposits

The amount of your cash balances awaiting reinvestment that are swept into a Deposit Account may need to be limited if a Program Bank cannot accept deposits due to exceptional circumstances or if a Program Bank becomes ineligible for the Program, as described in this Disclosure Statement, and the Program Bank is not replaced. In such event, funds not swept into a Program Deposit Account will be invested up to the Maximum Deposit Amount into another Bank on the Program Bank List if possible.

Once the Maximum Deposit Amount has been reached in all Banks on the Program Bank List, additional funds will be swept into the Excess Deposit Bank or if not available, the alternative core account investment vehicle chosen by us, as amended from time to time. If advance notice is not practical due to the circumstances, you will be notified as soon as is reasonably practical. See the "Changes to Your Core Account Investment Vehicle" below for additional information.

### C. Changes to Your Core Account Investment Vehicle

From time to time, circumstances, such as described in this Disclosure Document or otherwise, may require that we or NFS modify the Program, which may result in changing the core account investment vehicle for your Investment Account. If we make any change, there is no guarantee that such change will provide an equal or greater rate of return to you during any given period, and the rate of return may be lower. Generally, you will receive notification in advance of any such change. If advance notice of a Program modification is not practical due to the circumstances, you will be notified as soon as is reasonably practical of any change in the Program that results in changing the core account investment vehicle for your Investment Account. Unless you object within the time period specified, we will change your core account investment vehicle and, depending on the new vehicle, either transfer the balances from your prior core account investment vehicle into a new core account investment vehicle or leaving your balances in your prior account investment vehicle and withdrawing all debits from this vehicle while investing all credits in the new core account investment vehicle. If you object to the core account investment vehicle that we select, or, if at any time the Program does not meet your needs, including, but not limited to, due to any change in the Program, your investment representative can assist you in transferring your Investment Account to another available Money Fund or another provider.

If we need to change your core account investment vehicle under the circumstances set forth in this Disclosure Document, or for other circumstances as may be necessary, the core account investment vehicle that we choose for you may receive a lower effective rate of return than is available on funds swept into a Deposit Account.

We cannot guarantee any rate of return, including a return that is equal to or greater than your current return. We will notify you, as soon as is reasonably practical, if your cash balance is deposited into a core account investment vehicle other than the Program and additionally, if you will receive a lower effective rate of return.

## D. Notices

All notices described in this Disclosure Document may be made by means of a letter, an entry on or insert with your Investment Account statement, or an entry on a trade confirmation or by electronic or other form of notification if available to you by us which may include but is not limited to, electronic alerts or e-mail.

## VI. ACCOUNT INFORMATION

### A. Statements and Confirmations

The statement for your Investment Account will: (i) indicate your beginning and ending Program Deposit at each Bank as of the last business day of each monthly statement period (however, if your Investment Account was established on the last business day of a month, your statement will not include a Bank Deposit Sweep Detail section); (ii) detail sweeps to and from the Program Deposit Accounts during the statement period; and (iii) reflect interest credited to your Investment Account. This information is provided in lieu of separate confirmations for each sweep to and from a Program Deposit Account during the statement period. Transfers between your MMDA accounts and transaction accounts will not be reflected in your Investment Account statements.

Because you are responsible for monitoring the total amount of your deposits at a Program Bank (including any Program Deposit held at such Program Bank and all deposits you may make at a Program Bank outside the Program, including other bank accounts, CDs, or other amounts deposited through us or through an intermediary), in order to determine the extent of FDIC insurance coverage available, you should carefully review your statements to determine if a change in Program Banks has an impact on your deposit insurance coverage.

### B. Tax Information

For most clients with non-retirement account types, interest earned on deposits in the Deposit Accounts will be taxed as ordinary income in the year it is received. For applicable account types, a Form 1099 will be sent to you by NFS each year showing the amount of aggregate interest income you have earned on deposits in your Deposit Accounts. You should consult with your tax advisor about how the Program affects you.

## VII. INFORMATION ABOUT YOUR RELATIONSHIP WITH YOUR BROKER/DEALER AND THE BANKS

### A. Relationship with your Broker/Dealer and the Banks

As your agent, NFS is establishing the Deposit Accounts at each Bank, depositing funds into the Deposit Accounts, withdrawing funds from Deposit Accounts and transferring funds between Deposit Accounts. Deposit Account ownership will be evidenced by a book entry on the account records of each Bank showing the Deposit Account as an agency account held by NFS for the benefit of you and other customers and by records maintained by NFS as your agent and custodian. No evidence of ownership, such as a passbook or certificate, will be issued to you. Your Investment Account statements will reflect the balances in your Deposit Accounts at the Banks. You should retain the Investment Account statements for your records. Once established on your behalf, the Deposit Accounts are obligations solely of the Banks and not your Broker/Dealer, NFS or any other entity. You may at any time obtain information about your Deposit Accounts by contacting your investment representative.

If either you or we terminate your use of the Program as a core account investment vehicle, or if one or more Program Banks with which you have deposits in the Program cease to participate in the Program, you may establish a direct depository relationship with each such Bank, subject to its rules with respect to maintaining Deposit Accounts.

Establishing the Deposit Account directly in your name at a bank will separate the Deposit Accounts from your Investment Account. If you establish a direct depository relationship with a bank, the Deposit Accounts will no longer be reflected in your Investment Account statement

and we will have no further responsibility concerning the Deposit Account.

## B. Benefits to Your Broker/Dealer and Others

The Program may create financial benefits for us and our affiliates, one or more of whom may be a Program Bank, and NFS. Broker/Dealers and Program Broker/Dealer is affiliated with one or more Program Banks. Neither your Broker/Dealer nor NFS will provide you with this information.

We and NFS will receive a fee from each Program Bank in connection with the Program (equal to a percentage of all participants' average daily deposits at the Program Banks). Amounts will vary, but in no event will the total fee be more than 3.50% on an annualized basis as applied across all Deposit Accounts. In our and NFS' discretion, the fee may be reduced and the amount of the reductions may vary between clients. The fee may vary from Bank to Bank. The amount of fee will affect the interest rate paid by the Bank on your Deposit Accounts. A portion of these fees may be paid to your investment representative. The fee paid to NFS is for record keeping and other services with respect to amounts invested in the Program. Both we and NFS may receive more revenue with respect to amounts in the Program than with respect to other sweep products. The fees received from Program Banks may be modified. From time to time, if the maximum fee amount as described above increases, you will receive notification of any such change. In addition to these fees, other service providers with respect to the Program may receive fees from us, NFS, and each Bank (collectively, with the fees paid to us and/or NFS, "Program Fees").

In addition to the Program Fees referenced above, your Investment Account generally may be charged additional fees that apply to brokerage and securities accounts maintained by us.

Applicable law governing retirement accounts, such as qualified plans under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and individual retirement accounts under the Internal Revenue Code, necessitates that interest rates paid by the Program Banks for deposits in the Deposit Accounts, our fee, and other service fees were negotiated at arm's length, are believed to be fair and reasonable, and are designed to approximate value for the services involved and in the context of customers' Eligible Assets.

If your Broker/Dealer is affiliated with one or more Program Banks you should review the information included in this paragraph as it may apply to your Broker/Dealer, its affiliated Program Bank, and/or one or more of their affiliates. The Program Banks use Program Deposits to fund current and new lending and for investment activities. The Program Banks earn net income from the difference between the interest they pay on Program Deposits and the fees paid to us and the income they earn on loans, investments and other assets. As noted above, the Program Banks may pay rates of interest on Program Deposits that are lower than prevailing market interest rates that may have been paid on accounts otherwise opened directly with such Program Bank. Program Banks do not have a duty to provide the highest rates available and may instead seek to pay a low rate. Lower rates may be more financially beneficial to a Program Bank. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any Money Fund rates. By comparison, a Money Fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the Money Fund's investment objective, which can be found in the fund's prospectus.

The revenue generated by us and/or NFS may be greater than revenues generated by sweep options at other brokerage firms, and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may consider using in the future.

As a result of the fees and benefits described above, the Program may be significantly more profitable to us and/or NFS than other available sweep options, if any. We and/or NFS may also benefit from the possession and temporary investment of cash balances prior to Individual<sup>1</sup>) pursuant to agreement between NFS and the Banks.

## C. Sharing of Your Information with Banks

NFS may provide the Banks with information related to the Customers and any individual authorized by a Customer to trade in his/her Brokerage Account used in the Bank Deposit Sweep Program ("Authorized Individual") pursuant to agreement between NFS and the Banks. If provided, the information could consist of the name, address (including city, state, postal code, and, if applicable, foreign country), date of birth, either Social Security number or taxpayer identification number and any other information as necessary or requested by the Banks.

## D. Questions/Comments Regarding this Program

You may contact your investment representative to determine the current interest rate on the Deposit Accounts for each Interest Rate Tier. For the current yields for Money Funds, contact your investment representative.

The material in this document is intended for informational purposes. If there is any conflict between the descriptions in this document and the terms of your account agreement, this document will control.

## VIII. FDIC/SIPC COVERAGE<sup>1</sup>

### A. Deposit Insurance

FDIC deposit insurance coverage maximum per insurable ownership capacity (the "Maximum Applicable FDIC Deposit Insurance Amount") is \$250,000 per deposit in any Bank. The Deposit Accounts are eligible for insurance by the FDIC, an independent agency of the U.S. government, up to a maximum amount of \$250,000 (including principal and accrued interest) when aggregated with all other deposits, including other bank accounts, CDs and deposits held through us or through other brokers, held by you in the same insurable capacity at a Bank (e.g., corporate, individual, joint, etc.) and \$250,000 for certain individual retirement accounts, in each case such FDIC insurance may be insured for such greater or lesser amount as may be approved by the FDIC from time to time. Your funds become eligible for deposit insurance immediately when a Bank accepts your deposits into Deposit Accounts. To the extent that your deposits at a Program Bank that are in one ownership capacity, either through the Program or otherwise, including other bank accounts, CDs and deposits held through us or through other brokers, exceed the FDIC insurance limits applicable to that ownership capacity, deposits in excess of the limits will not be insured.

In the event a Bank fails, the Deposit Accounts at that Bank are insured up to the \$250,000 limit, or such other applicable limit, as applicable, for principal and interest accrued to the day the Bank is closed. Neither your Broker/Dealer nor NFS is responsible for any insured or uninsured portion of a Deposit Account. You are responsible for monitoring the total amount of deposits that you have with each Bank in order to determine the extent of deposit insurance coverage available to you. Depending on the amount of deposits that you have at a Bank apart from the Deposit Accounts, you may wish to direct that the Bank be excluded from the Program Bank List applicable to you. Under certain circumstances, if you become the owner of deposits at a Bank because another depositor dies, beginning six months after the death of the depositor the FDIC will aggregate those deposits for purposes of the \$250,000 limit or such other applicable limit, as applicable, with any other deposits, including bank accounts, CDs, and deposits held through other brokers, that you own in the same insurable capacity at the Bank. Subject to Program limits, examples of accounts that may be subject to this FDIC policy include joint accounts, and certain trust accounts including transfer upon or payable on death accounts.

The FDIC provides the six-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you through NFS. There is no specific time period during which the FDIC must make insurance payments available and therefore you may not have access to your funds during this time. Furthermore, you may be required to provide certain documentation to the FDIC and NFS before insurance payments are made. For example, if you hold deposits as trustee or in other fiduciary capacities for beneficiaries, you may be required to furnish affidavits and provide indemnities regarding an insurance payment.

If your Deposit Accounts or other deposits, including bank accounts, CDs, and deposits held through other brokers, at the Bank are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with the acquiror until (i) the maturity date of the certificates of deposit or other time deposits which were assumed, or (ii) with respect to deposits which are not time deposits, the expiration of a six month period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits, including other bank accounts, CDs and deposits held through us or through other brokers, with the acquiror held in the same capacity for purposes of federal deposit insurance. Any deposit opened at the acquiror after the acquisition will be aggregated with deposits established with the acquiror for purposes of federal deposit insurance.

The application of a \$250,000 federal deposit insurance limitation is illustrated by several common factual situations discussed below.

### B. Information on Deposit Insurance for Specific Types of Accounts

**Individual Customer and Agency Accounts.** Funds owned by an individual and held in an account in the name of the individual or an agent or nominee of such individual (such as the Deposit Accounts held through NFS) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same capacity (including funds held in a sole proprietorship) and are insured up to \$250,000 in the aggregate. Refer to the "Maximum Deposit Amount" and "Program Limitations" sections within Section II.B "How the Program Works" for Program specific limitations.

**Custodial Accounts.** Funds in accounts held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same insurable capacity and are insured up to \$250,000 in the aggregate.

Refer to the "Maximum Deposit Amount" and "Program Limitations" sections within Section II.B "How the Program Works" for Program specific limitations.

**Joint Accounts.** An individual's interest in funds in all qualified accounts held under any form of joint ownership valid under applicable state law may be insured up to \$250,000 in the aggregate, separately and in addition to the \$250,000 allowed on other deposits individually owned by any of the co-owners of such accounts (hereinafter referred to as a "Joint Account").

<sup>1</sup> The information contained in this section regarding FDIC deposit insurance and the applicable limits are subject to the limitations described throughout this document and as specifically noted in the section entitled "Maximum Deposits" and "Program Limitations" under Section II. B. "How the Program Works" of this document.

For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$500,000 (\$250,000 for each person), subject to aggregation with each owner's interests in other Joint Accounts at the same depository institution. Joint Accounts will be "qualified" and insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners. Nonqualified joint accounts are not insured separately and are added to individual accounts for the purposes of the individual maximum coverage of \$250,000 in the aggregate per Bank.

Refer to the "Maximum Deposit Amount" and "Program Limitations" sections within Section II.B "How the Program Works" for Program specific limitations.

**Irrevocable Trust Accounts.** Funds in an account established pursuant to one or more irrevocable trust agreements created by the same grantor

(as determined under applicable state law) will be insured for up to \$250,000 for the interest of each beneficiary provided that the beneficiary's interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies). The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at a depository institution created by the same grantor will be aggregated and insured up to \$250,000. Refer to the "Maximum Deposit Amount" and "Program Limitations" sections within Section II. B "How the Program Works" for Program specific limitations.

**Revocable Trust Accounts.** Revocable trusts include informal revocable trust accounts where the owner has designated the names of beneficiaries to whom the funds in the account will pass upon the owner's death (referred to as transfer upon or payable on death accounts ("POD Accounts") and formal revocable trusts usually established for estate planning purposes (referred to as living or family trusts). Revocable trusts will be insured as to each named beneficiary separately from another account of the owner or the beneficiary provided the beneficiaries are natural persons, and for POD Accounts, NFS' account records disclose the names of all trust beneficiaries. For each trust owner with combined revocable trust account deposits of \$1.25 million or less at a Bank the maximum coverage will be determined by multiplying the number of different beneficiaries by \$250,000. If an owner has in excess of combined revocable trust account deposits of \$1.25 million at a Bank and has named more than five beneficiaries there is a limitation on the maximum coverage. Refer to the "Maximum Deposit Amount" and "Program Limitations" sections within Section II.B "How the Program Works" for Program specific limitations.

**Individual Retirement Accounts.** Individual retirement accounts as described in the Internal Revenue Code Sections 408(a) and 408A are insured up to \$250,000 per depositor. Each person's deposits in self-directed retirement accounts at the same Bank are added together and insured up to \$250,000, separately from any retirement accounts that are not self-directed and any non-retirement accounts. Refer to the "Maximum Deposit Amount" and "Program Limitations" sections within Section II.B "How the Program Works" for Program specific limitations.

**Business (Corporation, Partnership and Unincorporated Association) Accounts.** Funds in accounts of business organizations, including corporations, partnerships, and unincorporated associations (including for-profit and not-for-profit organizations), are added together and insured up to \$250,000 in the aggregate. Such deposits are insured separately from the personal deposits of the organization's owners, stockholders, partners or members. To qualify for insurance coverage under this ownership category, a corporation, partnership or unincorporated association must be engaged in an "independent activity", meaning that the entity is operated primarily for some purpose other than to increase deposit insurance coverage. All deposits owned by a corporation, partnership, or unincorporated association at the same bank are combined and insured up to \$250,000. Multiple accounts owned by the same corporation, partnership, or unincorporated association (including accounts owned by operating

divisions or business units that are not separately incorporated) but designated for different purposes are not separately insured. For example, if a corporation has both an operating account and a reserve account at the same bank, the FDIC would add both accounts together and insure the aggregated deposits up to \$250,000.

### C. Questions about FDIC Deposit Insurance

If you have questions about basic FDIC insurance coverage, contact your investment representative. You may wish to seek advice from your own attorney or tax advisor concerning FDIC insurance coverage of deposits held in more than one capacity. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 (TDD)), by visiting the FDIC website at [www.fdic.gov/deposit/index.html](http://www.fdic.gov/deposit/index.html), or by e-mail using the FDIC's On-line Customer Assistance Form available on its website.

### D. SIPC Coverage

Your cash balance awaiting reinvestment is only eligible for FDIC insurance once it becomes a Program Deposit held by a Program Bank. Your cash balance while held by NFS and/or your Broker/Dealer is not FDIC insured, but is covered by SIPC. This includes amounts in the cash balances placed in your

Investment Account that have not yet been received by the Program Bank or which have been swept from the Program Bank back to your Investment Account. SIPC currently protects these funds and securities up to \$500,000, including \$250,000 for claims for cash. SIPC coverage does not cover fluctuations in the market value of your investments. Any securities held in your Investment Account (as opposed to the Program Deposit held by a Program Bank) are investment products, and as such: (i) are not insured by the FDIC; (ii) carry no bank or government guarantees; and (iii) are subject to investment risk, including loss of principal amount invested.

If, due to Program limitations, your cash balance is placed into a core account investment vehicle other than the Program, your cash balance will not be eligible for FDIC insurance, but may be protected by SIPC in accordance with applicable legal requirements and limitations.

SIPC is a non-profit membership corporation created by the Securities Investor Protection Act of 1970, funded primarily by its member securities brokerage firms registered with the U.S. Securities and Exchange Commission. SIPC provides protection against custodial risk to clients of securities brokerage firms, like NFS, in the event such firms become insolvent. Unlike FDIC insurance, SIPC does not insure against the loss of your investment, nor does SIPC protection insure the quality of investments or protect against a decline or fluctuations in the value of your investment. SIPC protects each client's securities and cash held in a client's Investment Account at an insolvent brokerage firm. SIPC protects against the loss of customer securities and cash up to a total of \$500,000 (of which up to \$250,000 may be cash) per customer in each separate capacity under SIPC rules. Money Fund Shares are considered to be securities for purposes of SIPC coverage. The Deposit Accounts are not eligible for SIPC coverage.

If you have questions about SIPC coverage and additional SIPC-like coverage, contact your investment representative. You may also obtain information about SIPC coverage, including a brochure that describes SIPC and SIPC insurance, by accessing the SIPC website at [www.sipc.org](http://www.sipc.org).