



## **D. A. Davidson & Co.**

### **Cash Management Program Disclosure Statement**

**Effective as of June 15, 2023**

**This disclosure statement provides important information concerning our cash management program. If you have any questions about any of the information contained in this document, please contact your financial professional.**

#### **Summary**

D.A. Davidson & Co. (“D.A. Davidson,” “we,” “us”) provides a cash management program to its clients. Under our cash management program, commonly referred to as a “sweep” program, cash balances in a client’s eligible securities account are automatically transferred, or swept, into an interest bearing account at the end of each business day. Sweeps in client accounts occur due to, among other things, the sale of securities, dividend payments, interest credited from bonds, and cash balances. Except as noted in this Disclosure Statement or in your account agreements with us, your available cash in your D.A. Davidson accounts will be automatically deposited or swept in an account maintained at one or more participating third-party banks (“Program Banks” or “Banks”) through our Bank Insured Deposit Program (“BIDP”). As such, the funds will be eligible for federal deposit insurance from the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per insurable capacity (e.g., individual, joint, etc.) per Program Bank. Once funds equal to the Applicable Deposit Limit have been deposited in each Bank on the Priority List, any additional funds above such deposit limits will be deposited into the Dreyfus Government Cash Management Institutional Shares (“DGCXX”) money market mutual fund (the “Money Market Fund”). BIDP account funds swept to Banks are not protected by Securities Investor Protection Corporation (“SIPC”) protection. Excess funds swept to a money market mutual fund are subject to SIPC protection.

For ERISA advisory accounts, and other accounts as D.A. Davidson may designate from time to time, instead of the BIDP, cash balances are automatically swept into the Money Market Fund. Money market mutual funds are not eligible for FDIC insurance, but are covered by SIPC. **See “ERISA Advisory Accounts – The Money Market Fund” beginning on page 8 below.**

Through the BIDP or Money Market Fund, clients can access funds in their securities accounts in several convenient ways. They can request a check payable to the account owner; they can write checks; or funds can be automatically paid through the ACH (automated clearing house) procedure when authorized. For DADVANTAGE accounts, funds can also be accessed by debit card, electronic bill pay and bill presentation. Funds are also automatically withdrawn to satisfy purchases of securities. If there is not enough cash in a securities account to satisfy these transactions, funds will be withdrawn from the interest bearing “sweep” account.

Clients affirmatively consent to participation in D.A. Davidson’s Cash Management Program by signing our account agreement, but can revoke this consent at any time by contacting their D.A. Davidson Financial Professional. Participation in the Cash Management Program occurs when a client signs an account agreement with D.A. Davidson and elects to participate; no advice or recommendations are made concerning the client’s decision to participate or to remain in the Cash Management Program. Other short-term, cash-equivalent investments are available to you for purchase through D.A. Davidson. These other short-term, cash-equivalent investments might be more appropriate for clients seeking a cash allocation as part of their investment strategy over longer periods of time. These other investments, however, which can provide for higher rates of return, are not part of the Cash Management Program and will not offer an automatic cash sweep feature. Any cash awaiting investment or reinvestment not participating in the Cash Management Program will not earn interest.

For more information, please contact your D.A. Davidson Financial Professional. Clients can terminate their participation in the Cash Management Program at any time by contacting their D.A. Davidson Financial Professional.

#### **Important Information About Our Cash Management Program; Conflicts of Interest**

D.A. Davidson receives compensation in connection with the BIDP. Any such compensation received is not shared with your D.A. Davidson Financial Professional. Such compensation, which is generally based on the amount of client cash balances in the BIDP, can represent a significant amount and also presents a conflict of interest in that it gives D.A. Davidson a financial incentive to have clients participate in the BIDP and to recommend that clients maintain or increase cash balances in BIDP. To the extent permitted by law, clients with accounts that are charged an investment advisory fee will pay a fee on all of the assets in those accounts, including cash balances in the BIDP, which means that D.A. Davidson receives both the asset-based advisory fee on such cash balances and compensation under the BIDP on such cash balances. With respect to investment advisory accounts, in certain interest rate environments the interest you earn in the BIDP can be less than the advisory fee you pay on those assets. You can choose to maintain your cash balances in a brokerage account in which there is not an asset-based fee.

We do not receive compensation in connection with the Money Market Fund that is used for cash management purposes within ERISA Advisory Accounts (or other accounts as D.A. Davidson may designate from time to time) [or from the Money Market Fund that is used for excess funds after the Applicable Deposit Limits have been deposited in each Bank on the Priority List].

As noted above, other short-term, cash-equivalent investments are available to you for purchase through D.A. Davidson. These other short-term, cash-equivalent investments generally consist of money market funds (not to be confused with the Money Market Fund sweep vehicle that is only available to ERISA Advisory Accounts and other accounts designated by D.A. Davidson). These money market funds can be used in lieu of our Cash Management Program (that is, in lieu of the BIDP) as a conservative investment for unused cash, but will not offer an automatic cash sweep feature. At any particular time, the amount of compensation D.A. Davidson receives from the BIDP can be greater or lower than the compensation we would receive if you select such money market funds instead, depending on a number of factors such as the market interest rates then being paid by the Program Banks. Specific information about the compensation we would receive from a money market mutual fund is available in the fund’s prospectus. We

encourage you to consider all of your options carefully before making these choices.

The BIDP should not be viewed as a long-term investment option. If you desire to maintain cash balances for other than a short-term period and/or are seeking higher yields currently available in the market, contact your Financial Professional to discuss investment options that may be available outside of the BIDP.

## Summary Description of Our Compensation from the BIDP; Conflicts of Interest

D.A. Davidson receives compensation and benefits based on the cash that is swept within your account(s) in the BIDP, and the compensation (and other benefits) we receive depends on the amount of cash swept. For purposes of this Disclosure Statement, the term “Traditional BIDP” is sometimes used to refer to the treatment of all accounts participating in the BIDP other than Advisory IRA accounts.

Within the BIDP, the yield (interest) on swept cash that will be credited to your account(s), and the fees we receive, are described in greater detail in this Disclosure Statement under the heading “Interest on Balances in BIDP Accounts; Fees Associated with BIDP Accounts” beginning on page 4. If your account is in the Traditional BIDP, D.A. Davidson keeps most of the revenue from the Program Banks as our fee. Generally, though not always, the higher a client’s “Interest Rate Tier” is the greater share of the Program Bank interest is credited to the client (and the less revenue is retained by D.A. Davidson as our fee). Depending on the interest revenue paid to us by Program Banks from time-to-time, the compensation to us can significantly exceed the amount paid to clients as interest on their deposit account balances at the Program Banks. This can be particularly true at lower Interest Rate Tier levels when the interest rate paid to clients among Interest Rate Tiers varies. Upon your request, your D.A. Davidson Financial Professional will provide you with additional information about your Interest Rate Tier.

Within the Traditional BIDP, as of the Effective Date of this Disclosure Statement, due to low market interest rates substantially all of the revenue paid by Program Banks is being retained by D.A. Davidson, or paid to our Administrator, as our fee. Under most market conditions, the revenue paid by the Program Banks that we keep as our fee (or pay to our third-party BIDP provider as its fee) generally ranges from a majority of the revenue paid by the Program Banks for clients at the highest Interest Rate Tier levels up to substantially all of the revenue for clients at the lowest Interest Rate Tier levels.

If your account is in the BIDP and is an advisory IRA (a “BIDP IRA Advisory Account”), we receive a monthly level fee determined partially on a “per account” basis, and partially based on certain interest rates. Please refer to the subsection titled “BIDP IRA Advisory Accounts” beginning on page 5.

In both the Traditional BIDP and for BIDP IRA Advisory Accounts, our fees, and those paid to our third-party BIDP provider, reduce the interest rates that are credited to client accounts under the BIDP as described above.

## The Bank Insured Deposit Program

### Introduction

The BIDP consists of FDIC-insured, interest-bearing deposit accounts (each, a “Deposit Account”) at one or more of the Program Banks. Through the BIDP, the available cash balances in your eligible securities accounts at D.A. Davidson are automatically deposited into the Deposit Account. The Deposit Account will be eligible for federal deposit insurance from the FDIC as more fully described below.

By having a number of FDIC-insured banks participating in the BIDP, D.A. Davidson can spread your cash balances among these banks, providing the potential for FDIC coverage greater than that which you would have if your cash deposits were held only in a single bank. The number of depository institutions participating in the BIDP will change from time-to-time. An increase in the number of FDIC-insured banks participating in the BIDP in the future could increase the potential FDIC coverage; however there can be no assurance that additional banks will be added. The Program Banks are organized into a number of priority lists (“Priority Lists”) in order to manage the distribution of deposit balances among the Program Banks, as more fully described below.

The Maximum Deposit Amount set by BIDP at a Program Bank will not exceed the maximum amount of FDIC insurance available for deposits held by a customer in the same right and capacity at a single bank (currently, \$250,000). ***It is your sole responsibility to monitor the total balances you have across your accounts with the Program Banks, to ensure that your deposit amounts held at any bank in the same right and capacity, directly or indirectly (with the bank or through your D.A. Davidson Account) do not exceed \$250,000, which currently is the maximum amount eligible for FDIC insurance coverage for a single bank. Amounts you hold at any bank, in excess of \$250,000 will not be eligible to receive FDIC insurance coverage.***

D.A. Davidson will deposit the available cash in your brokerage account into Deposit Accounts in each Bank on the Priority List up to the deposit limit of \$246,500 (\$493,000 for joint accounts of two or more) (the “Applicable Deposit Limit”) in order to permit your funds to be eligible for the greatest possible FDIC insurance. Once funds equal to the Applicable Deposit Limit have been deposited in each Bank on the Priority List, any additional funds above such deposit limits will be deposited in the Money Market Fund. For more complete information about the Money Market Fund, including all charges and expenses, please contact your Financial Professional for a free prospectus or you can access it at [www.dreyfus.com/content/dreyfus/us/en/cash-management/products/mm/fund/dreyfus-government-cash-management.shareclass.Institutional-Shares.html](http://www.dreyfus.com/content/dreyfus/us/en/cash-management/products/mm/fund/dreyfus-government-cash-management.shareclass.Institutional-Shares.html). We encourage you to read the prospectus carefully. You may obtain information with respect to the current yields available on the Money Market Fund by accessing our website at [www.davidson.com](http://www.davidson.com) or by contacting your Financial Professional. Excess funds invested in the Money Market Fund will not be eligible for FDIC insurance coverage, but will be subject to SIPC protection up to the SIPC protection limit for securities. D.A. Davidson does not receive compensation for client funds invested in the Money Market Fund.

**The information in this Disclosure Statement applies, unless otherwise indicated, to each account for which you are a client of record, whether as an individual, joint tenant, trustee, executor, custodian or in any other capacity, and is furnished to you in each of such capacities in respect of all such accounts.**

## Eligibility to Participate in the BIDP

The BIDP is available to individuals, trusts (where the beneficiaries are natural persons), sole proprietorships and entities such as corporations, partnerships, associations, business trusts and other organizations. The BIDP treats Individual Retirement Accounts (“IRAs”) that are in one of our advisory programs (“Advisory IRAs”) differently, in certain respects, than other accounts (including IRAs that are in a brokerage account as opposed to an advisory account) that participate in the BIDP as described below. ERISA and 403(b) accounts that are managed on a discretionary basis cannot participate in the BIDP. For purposes of this Disclosure Statement, the term “Traditional BIDP” is used to refer to the treatment of all accounts participating in the BIDP other than Advisory IRA accounts. The term “BIDP IRA Advisory” is used to refer to the treatment of all IRA Advisory Accounts participating in the BIDP. Both the Traditional BIDP and BIDP IRA Advisory are collectively referred to in this document as “BIDP Account” or “BIDP Accounts” but will be referred to by a specific program name when discussing a feature that is unique to a particular BIDP sweep program.

## Priority List

The Priority List of Banks into which your funds will be deposited is available on our website [www.dadavidson.com](http://www.dadavidson.com). Other clients can be assigned different Priority Lists. You can identify the Priority List applicable to you by your state of residence or, in some instances, by the type of account you maintain. The Banks appear on the Priority List in the order in which the BIDP Accounts will be opened for you and where your funds will be deposited. You should review the Priority List carefully.

If all Banks on the Priority List have received your funds up to the Applicable Deposit Limit, your next available funds will be invested in the Money Market Fund.

You cannot change the order of the Banks on the Priority List. However, you can, at any time, designate a Bank, as ineligible to receive your funds. This will result in your funds being deposited into BIDP Accounts at the next Bank on the Priority List. If you have other deposit accounts at a particular Program Bank (such as a checking or savings account or certificates of deposit) and you wish to maximize your FDIC insurance coverage, you should consider designating that Program Bank as ineligible for your BIDP Account. In addition, you can at any time instruct us to remove your funds from a Bank, close your BIDP Accounts with the Bank and designate the Bank as ineligible to receive future deposits. Unless you direct us to place your funds in a different investment, your funds from a closed Deposit Account will be deposited in BIDP Accounts at the first available Bank set forth on the Priority List, as amended by you.

If you wish to designate a Bank as ineligible to receive your funds, please contact your D.A. Davidson Financial Professional. You cannot, however, designate all of the Banks as ineligible to receive your funds. The Priority List can change from time-to-time. Please review the section “Changes to the Priority List” below.

## Types of BIDP Accounts

D.A. Davidson makes available to you a money market deposit account (“MMDA”) – a type of savings deposit – and a linked transaction account (“TA”) at one or more of the Banks. The MMDAs and TAs are non-transferable.

The TA can be a negotiable order of withdrawal (“NOW”) account or a demand deposit account (“DDA”). Pursuant to Federal law, a business entity is not eligible to own a NOW account. If the TA is a NOW account, D.A. Davidson will only deposit the funds of individuals, not for profit entities and government entities in that Bank. Ineligible customers will not have Banks offering only NOW accounts on their Priority List.

If the TA is a DDA then there are no eligibility restrictions and Banks offering DDAs will appear on any customer’s Priority List.

## Deposit Procedures

When funds in your account with D.A. Davidson are first available for deposit, as your agent, D.A. Davidson will open a MMDA and a linked TA on your behalf at one or more of the Banks on the then-current Priority List in the order set forth on the Priority List. Once your funds in the BIDP Accounts at a Bank reach the Applicable Deposit Limit, D.A. Davidson, as your agent, will open a MMDA and TA for you at the next Bank on the Priority List and place your additional funds in that Bank.

In the event that you have deposits equal to the Applicable Deposit Limit in the BIDP Accounts at each of the available Banks on the Priority List, excess funds will be swept into the Money Market Fund. Such additional funds deposited into the Money Market Fund are eligible for SIPC coverage and are not eligible for FDIC insurance coverage.

As your agent, D.A. Davidson will deposit available cash balances from your brokerage account into your MMDA at each Bank as set forth above. As necessary to satisfy withdrawals, funds will be transferred from your MMDA to the related TA at each Bank and withdrawals will be made from the TA. The Bank and D.A. Davidson in their discretion are permitted to determine a minimum, or “threshold,” amount to be maintained in your TA to satisfy debits in your brokerage account.

## Managing Your Deposits

If you have more than one account with D.A. Davidson in the same capacity (e.g., more than one brokerage account in your own name, more than one brokerage account held jointly with the same person, etc.), D.A. Davidson can offer you an option for managing funds in your account for FDIC insurance purposes. You can elect to identify your accounts held in the same insurable capacity with D.A. Davidson (“Combined Insurable Accounts”). At your request, D.A. Davidson will deposit the available cash from the Combined Insurable Accounts into BIDP Accounts so that the aggregate amount of funds in the Combined Insurable Accounts that are deposited into BIDP Accounts in each Bank on the Priority List do not exceed the Applicable Deposit Limit. If you elect to identify your Combined Insurable Accounts to D.A. Davidson you are still responsible for monitoring the total amount of deposits that you have with each Bank, in order to determine the extent of FDIC deposit insurance coverage available to you.

## Withdrawal Procedures

All withdrawals necessary to satisfy debits in your account with us will be made by D.A. Davidson as your agent. A debit is created to satisfy a securities purchase or a request for a withdrawal of funds from your brokerage account and, if applicable, when you write

a check on your brokerage account, make payments via the online bill pay service or withdraw funds through your debit card. Checks written on your brokerage account are not drawn directly against the BIDP Accounts established for you at the Banks.

All withdrawals will be made from your TA. If a withdrawal of funds from your BIDP Accounts is necessary to satisfy a debit, funds will be withdrawn from your TAs at the Banks on the Priority List beginning with any funds at a money market mutual fund and then with the lowest priority Bank on the Priority List at which your funds have been deposited. If there are insufficient funds at that Bank, funds will be withdrawn from each Bank in the sequence (lowest priority to highest priority) until the debit is satisfied. If funds in the TA at a Bank from which funds are being withdrawn are insufficient to satisfy a debit, funds in the related MMDA at that Bank will be transferred to the TA to satisfy the debit, plus funds to maintain any TA threshold amount. If there are insufficient funds in the BIDP Accounts at the Banks on the Priority List to satisfy the debit, D.A. Davidson will withdraw funds from other available sources as described in your brokerage account agreement.

Pursuant to federal banking regulations, the Banks must reserve the right to require seven days' prior written notice before you withdraw or transfer funds from a NOW account or an MMDA. DDAs are not subject to this restriction. The Banks have informed us that they do not currently intend to exercise this right against NOW accounts or MMDAs.

## **Changes to the Priority List**

One or more of the Banks included on the Priority List may be replaced with a Bank not previously included on the Priority List, a Bank might be deleted from the Priority List or the order of Banks on the Priority List might change. We intend to post any changes to the Priority List to our website [www.davidson.com](http://www.davidson.com) in advance of making such changes. In general, you will receive notification of changes that result in the addition of a Bank to the Priority List or a change in the sequence of the Priority List through our website or your periodic account statement and have an opportunity to designate a Bank as ineligible to receive your deposits if you do not wish funds to be deposited into or remain in a new Bank. The current Priority List will always be available on our website or from your financial professional.

In the event that the order of Banks on the Priority List is changed, on the day on which the revised Priority List is effective your previously deposited funds will be reallocated among the Banks on the revised Priority List in accordance with the deposit procedures described above under "Deposit Procedures." Deposits and withdrawals of your funds made after a change to the Priority List will occur as described above under "Deposit Procedures" and "Withdrawal Procedures," respectively.

On any day, a Bank may be closed for business or temporarily unable to accept your funds. In such event, your funds will be placed at the next Bank on the Priority List or, in the case of a change in the order of the Priority List, not be re-allocated in accordance with the new sequence. When the Bank that could not accept your funds is again able to accept your funds, available cash balances in your account will be placed in that Bank.

If a Bank at which you have BIDP Accounts no longer makes the BIDP Accounts available, you will be notified by D.A. Davidson and given the opportunity to establish a direct depository relationship with the Bank, subject to its rules with respect to establishing and maintaining deposit accounts. If you choose not to establish a direct depository relationship with the Bank, your funds will be transferred to the next available Bank on the Priority List. The consequences of maintaining a direct depository relationship with a Bank are discussed below under "Information About Your Relationship with D.A. Davidson and the Banks - Relationship with D.A. Davidson."

## **What Happens If There is Insufficient Bank Deposit Capacity**

The ability of the BIDP to sweep your uninvested cash into a Program Bank depends on the capacity of the Program Banks to accept additional deposits. If the Program Banks have insufficient capacity to accept additional deposits, or otherwise reduce capacity levels and D.A. Davidson believes that sweeping additional deposits to the Program Banks is unfeasible, uninsured cash balances in your account will automatically be invested in shares of the Money Market Fund. Uninsured cash balances are comprised of cash in the BIDP that exceed the FDIC insurance limits and cash for which there is not sufficient deposit capacity in the Program Banks. Share purchases will be made within one business day after uninsured cash balances move into your account, or existing cash balances in your account become uninsured, at the then current net asset value of the Money Market Fund. Such cash balances will be held in the Money Market Fund, as opposed to a Deposit Account, until such time as D.A. Davidson determines that there exists sufficient aggregate Program Bank capacity under the BIDP to both (i) accept all of the then current Money Market Fund investment swept under the BIDP, and (ii) anticipated future cash balances so that BIDP can be expected to resume normal operations. At such time, new cash deposits in the BIDP will be allocated to the Program Banks on the Priority List, as detailed above, amounts invested in the Money Market Fund will be converted to cash, at the then current market price, and then allocated to the Program Banks on the Priority List as detailed above.

## **Interest on Balances in BIDP Accounts; Fees Associated with BIDP Accounts**

Each Program Bank pays interest based on a percentage rate of the daily deposit balances for eligible accounts at that bank. This rate regularly differs between Program Banks and is generally based on one of the following: the Federal Funds effective rate, the London Interbank Offer Rate ("LIBOR") or the Secured Overnight Financing Rate ("SOFR"), subject to certain adjustments. Rates and overall balances can change daily. Fees are paid to a third party service provider ("Administrator") from the interest paid by the Program Banks, and is based on a target percentage of the average daily deposit account balances each month in all accounts that have funds swept through BIDP.

The interest rates paid with respect to the BIDP Accounts at a Bank will be higher or lower than the interest rates available to depositors making deposits directly with the Bank or other depository institutions in comparable accounts, and for investments in other cash equivalents and investment products, such as money market funds. You should compare the terms, interest rates, required minimum amounts, and other features of the Deposit Account Sweep option with other accounts and alternative investments.

The interest paid by the Program Banks minus the fees to the Administrator and minus the fees paid to D.A. Davidson, as discussed below, equals the yield to clients with eligible accounts in the BIDP. The yield provided to clients participating in the BIDP is based on industry comparables (selected by D.A. Davidson) of the yields of other broker dealers, it is not based on the yields provided by

other cash or cash equivalents such as money market funds.

You can contact your Financial Professional or access our website to get information on the current yields on BIDP Accounts, as well as information about other cash equivalent investments available through D.A. Davidson. The yield may change daily and will be available on the business day the rates are set. Interest will accrue on BIDP Account balances from the day funds are deposited into the BIDP Accounts at a Program Bank through the business day preceding the date of withdrawal from the BIDP Accounts at the Program Bank. Interest will be compounded daily and credited monthly. Yields on the Money Market Fund are determined by the Money Market Fund and are the same rate for all investors. Interest begins to accrue, and FDIC insurance coverage begins, when the funds are received by the Program Bank. From the time funds are received by D.A. Davidson until those funds are received by the Program Bank, they do not accrue interest, and are subject to SIPC protection but not FDIC insurance.

**Traditional BIDP.** Fees are paid to D.A. Davidson from the interest paid by the Program Banks for management, accounting, recordkeeping and other services associated with the BIDP, based on a percentage of the average daily deposit balance in your BIDP Accounts at the Program Bank. The fee paid to D.A. Davidson can be up to 100% of the amount the Program Bank is willing to pay with respect to funds in Traditional BIDP Accounts. The fee will vary from Program Bank to Program Bank. In its discretion, D.A. Davidson can reduce its fee and vary the amount of the reductions between clients. The amount of fees received by D.A. Davidson will affect the yield on your Traditional BIDP Accounts. Particularly at the lower Interest Rate Tiers (defined below), while there are different rates paid based on Interest Rate Tiers, the amount of revenue D.A. Davidson keeps as our fees (along the portion payable to the Administrator) significantly exceeds the interest paid to client accounts.

Generally, the yield on Traditional BIDP accounts, equal in the aggregate to the gross interest paid by the Program Banks minus the Administrator fee and minus the D.A. Davidson fee, will be established based on the Interest Rate Tier. You can link your account to other accounts held by yourself or members of your household as described below. The aggregate balance of all "linked" accounts is referred to as your "Household Balance." Your Household Balance determines the level of interest paid based on the Interest Rate Tier. In general, clients with greater Household Balances will receive a higher interest rate than clients with lower Household Balances. D.A. Davidson will determine your Household Balance each month. The previous month's Household Balance will determine your eligibility for a particular Interest Rate Tier.

D.A. Davidson is not responsible for identifying accounts that are eligible to be linked for purposes of determining your Household Balance. It is your obligation to notify D.A. Davidson of accounts that should be linked. You can contact D.A. Davidson for more information or to give D.A. Davidson instructions with respect to linking eligible accounts. Be sure to ask your D.A. Davidson Financial Professional to do this. Normally a "household" will consist of the accounts owned by you, including joint accounts, as well as those of your spouse or domestic partner living with you, children and parents. D.A. Davidson in its sole discretion reserves the right to grant exceptions to its general householding policy. Please note that treating accounts as part of a single household relationship does not result in the commingling of any assets held in your accounts.

The Program Banks are not obligated to pay different interest rates on different tiers, and the Interest Rate Tiers can be changed by D.A. Davidson at any time without notice.

**BIDP IRA Advisory Accounts.** Under the BIDP IRA Advisory Program, each Program Bank will pay an amount equal to a percentage of the average daily aggregated omnibus cash deposit balance. This amount generally covers the fee for the Administrator, D.A. Davidson's fees, and interest payable to participating accounts. Different Program Banks pay different amounts. You will have no rights to the amounts paid by the Program Banks, except for interest actually credited to your account. However, amounts collected from the Program Banks during each period, less interest credited, will be allocated on a per dollar per account basis and used to offset your monthly D.A. Davidson account fee ("IRA Advisory Sweep Fee"), for providing sweep services. In addition, part of the payment by the Program Banks will be used to compensate the Administrator for its services.

For its services, the Administrator will charge a monthly fee. This fee will be paid from the amounts the Banks pay in respect of the aggregate BIDP IRA Advisory Accounts deposits, and will vary from month-to-month. The Administrator's fee consists of a fee expressed in basis points on the average daily cash balances at the Banks. The Administrator's actual fee will be subject to adjustments as described below:

- For each month, the Administrator's actual fee will be the amount that remains after deducting the interest paid to participating accounts and the aggregate amount of D.A. Davidson's IRA Advisory Sweep Fee from the amounts paid by the Programs Banks on the BIDP IRA Advisory Account deposits ("Administrator Actual Fee"). Thus the Administrator Actual Fee will vary from time-to-time due to changes in the amounts paid by the Program Banks, the interest paid on deposits, and the aggregate amount of the IRA Advisory Sweep Fee.
- The Administrator Actual Fee will be compared to or measured against the Administrator's annual targeted fee, which will be an asset-based fee expressed in a fixed number of basis points on the average daily cash deposits ("Administrator Target Fee"). If, after the end of any month, the cumulative net difference (positive or negative), on a rolling basis, between the amount actually received by the Administrator versus the Administrator Target Fee ("Cumulative Administrator Fee Difference") reaches or exceeds a predetermined amount, the interest rates to be paid to participating accounts will be appropriately adjusted, by the Administrator, effective the next month, for the purpose of bringing the amounts actually received by the Administrator back in line with the Administrator Target Fee. The adjustment is determined by a formula and is intended to result in the Administrator's compensation over time to closely approximate or equal the Administrator Target Fee; though it is understood that the Administrator's actual fees will vary from month-to-month.

Accordingly, the Administrator may, from month-to-month, temporarily collect more or less than the Administrator Target Fee during certain periods, such as when necessary to help ensure that the amounts paid by Program Banks during the period are sufficient to cover the applicable disclosed client rates and the aggregate amount of the IRA Advisory Sweep Fee for the period. For example, under such circumstances, the Administrator will be entitled to increased fees in future periods to recover the difference with the goal of aligning its actual compensation with the Administrator Target Fee on the deposits. You authorize the Administrator to deduct its fees for its services from the amounts paid by the Program Banks.

Based on the calculation method set forth below, the Administrator will calculate the fees due to D.A. Davidson. For its services under the BIDP IRA Advisory Account, including making the platform available, D.A. Davidson receives a per account fee each month (the IRA Advisory Sweep Fee) as outlined in the below BIDP IRA Advisory Account Fee Schedule, however D.A. Davidson reserves the right to reduce its fee in months having less than 31 days. D.A. Davidson's compensation under the BIDP IRA Advisory Account program does not vary, and it not affected by the actual amounts held in the Deposit Accounts or in your account. As provided for below, the BIDP IRA Advisory Account program account fee schedule will be indexed to the then current Federal Funds target interest rate ("FFT Rate"). Under the fee scheduled, increases in the FFT rate will result in increased compensation for D.A. Davidson. D.A. Davidson can change the applicable fee schedule upon 30 days advance written notice to you. Although it is generally anticipated that D.A. Davidson's fees under the BIDP IRA Advisory Account program will be offset by the amounts paid by the Program Banks, as discussed above, and you hereby direct the Administrator to collect such fees from the Program Banks and remit such amounts over to D.A. Davidson, D.A. Davidson reserves the right to withdraw the IRA Advisory Sweep Fee, or a portion thereof, in the event or to the extent that the amount received from the Program Banks and paid over to D.A. Davidson by the Administrator for the period is less than D.A. Davidson's fee for the same period.

The FFT Rate used to calculate D.A. Davidson's IRA Advisory Sweep Fee can be expressed as either a single value or a range of values. When the FFT Rate is expressed as a single value, the FFT for purposes of the calculations will equal such value. In time periods where the FFT is expressed as a range, then the FFT will be pro-rated for the portion of the month the account was funded.

The current FFT Rate can be found at <https://www.federalreserve.gov/monetarypolicy/openmarket.htm>

### BIDP IRA Advisory Account Fee Schedule

Fed Funds Target (FFT) (expressed in bps)	D.A. Davidson IRA Advisory Sweep Fee (monthly)
Below 0	\$0.00
0-25	\$1.25
26-50	\$3.50
51-75	\$5.25
76-100	\$6.75
101-125	\$8.00
126-150	\$8.50
151-175	\$9.00
176-200	\$9.50
201-225	\$10.00
226-250	\$10.50
251-275	\$11.00
276-300	\$11.50
301-325	\$12.25
326-350	\$13.00
351-375	\$13.75
376-400	\$14.50
Above 400	\$15.00

The monthly IRA Advisory Sweep Fee will not generally be seen on your statement due to the manner in which D.A. Davidson recoups its fee from the Program Bank payments, as discussed above. Financial professionals do not receive any of the fees received by D.A. Davidson from the Program Banks. The BIDP IRA Advisory Account program fees may be greater than the fees D.A. Davidson receives from other sweep investment options. Other than the above statement IRA Advisory Sweep Fee, there will be no charges, fees or commissions received by D.A. Davidson with respect to the BIDP IRA Advisory Account program.

The amounts paid to D.A. Davidson and the Administrator reduces the interest rate paid on your cash, depending on the interest rate and other market factors. You should understand that, the yields on the BIDP IRA Advisory Account program have been, and may continue in the future to be lower than the aggregate fees and expenses received by D.A. Davidson for your participation in the BIDP IRA Advisory Account program. This can result in you experiencing a negative overall investment return with respect to cash reserves in the BIDP IRA Advisory Account program. The IRA Advisory Sweep Fee, as applicable, is in addition to the advisory fee that you pay D.A. Davidson and your Financial Professional. Therefore, we have an incentive to encourage you to enroll in the BIDP IRA Advisory Account program.

**Negative Interest Rates.** Global economic conditions, including negative inflation and currency valuations, have caused some foreign central banks to implement a negative interest rate policy in which banks must pay the central bank to hold reserves and depositors must pay their bank to maintain their deposits. The U.S. is not currently in a negative interest rate environment, nor is there any indication that the Federal Reserve Board will adopt a policy that results in negative interest rates. However, if such a policy is adopted, D.A. Davidson, in its sole discretion, may charge your account a fee for maintaining funds deposited through the BIDP. The fee will compensate D.A. Davidson for costs incurred in maintaining your funds on deposit through the BIDP. The fee may be in addition to fees received by D.A. Davidson from the Program Banks in the BIDP.

If a fee is charged, the fee would be determined on the last business day of each month based on your average cash balance in the BIDP during the preceding month. The fee will appear on your D.A. Davidson account statement. The fee may be increased or

decreased at any time to reflect the costs incurred by D.A. Davidson related to the negative interest rate. D.A. Davidson may eliminate the fee at any time. Information regarding the fee will be available at [dadavidson.com](http://dadavidson.com) or from your Financial Professional.

### **What are key differences between BIDP and Money Market Mutual Funds?**

In order to assess your cash sweep options, you should understand the key differences between the BIDP and money market mutual funds. BIDP is not an SEC registered mutual fund, and comprises of a bank sweep vehicles under which your uninvested cash balances are swept to, and held in, deposit accounts at the Program Banks that are regulated by bank regulatory agencies under various federal and/or state banking laws and regulations. Money market mutual funds are registered under both the Investment Company Act of 1940 and the Securities Act of 1933.

**Money market mutual funds are Subject to SIPC Protection.** Cash balances invested in money market funds are subject to SIPC protection. However, cash balances are not insured or guaranteed by the FDIC or by broker-dealers or clearing firms. SIPC is a nonprofit member corporation funded primarily by member securities brokerage firms registered with the SEC. SIPC covers against custodial loss (but not investment loss such as a decrease in value of an investment) in the event of brokerage firm insolvency. SIPC protects its members' securities up to \$500,000 (including \$250,000 for claims of cash) per brokerage customer in each recognized legal capacity. Money market mutual funds are considered securities for SIPC protection. More information about SIPC coverage can be found at [www.sipc.org](http://www.sipc.org).

**BIDP Qualifies for FDIC Insurance.** Uninvested cash balances swept to deposit accounts under BIDP are obligations of the Banks in which the deposits are held and qualify for FDIC insurance protection (currently \$250,000 per depositor in each recognized legal category of account ownership in accordance with the rules of the FDIC). Cash balances held in deposit accounts with the Banks under the Bank Sweep Product are not covered by SIPC. While your cash is at D.A. Davidson awaiting the sweep to BIDP, or is at D.A. Davidson coming out of BIDP when you withdraw it or use it for a securities transaction, it is subject to SIPC protection. SIPC protection also applies to excess funds swept to a money market fund. But SIPC protection is not available for deposits in the BIDP while they are held at the BIDP Program Banks.

**Additional Considerations.** Retail money market mutual funds seek to maintain a stable share price of \$1.00 through investments made consistent with that money market fund's investment strategy. A money market mutual fund position does not, however, constitute a bank deposit, is not guaranteed as to interest or principal, is not insured by the FDIC, is subject to investment risk and may lose value. Conversely, under the BIDP, interest rates are set at the discretion of the Banks.

The interest earned on your deposits through BIDP will fluctuate and under different market conditions can be greater or less than the then current yield on a money market mutual fund. While a registered investment company, such as a money market mutual fund, is bound by fiduciary obligations to its shareholders to seek the highest rates prudently available (less fees and expenses) consistent with its disclosed investment policy, the Banks accepting deposits through BIDP are under no such obligation. In setting interest rates, the Program Banks seek to pay as low a rate as necessary based on market and business conditions. Because the Program Banks have discretion over the setting of its interest rates for deposits, the interests of the Program Banks with respect to the setting of this rate are different than yours. Moreover, D.A. Davidson has discretion in determining how much of the interest rate paid by the Program Banks is paid to you, and how much is retained by D.A. Davidson as an administrative fee. Because D.A. Davidson has discretion over the amount of the interest rate paid by the Program Banks it retains and the amount paid to you, D.A. Davidson has a conflict of interest, and the interests of D.A. Davidson with respect to the setting of this rate are different than yours.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, an investment in such a fund is subject to a number of risks as described in the money market fund's prospectus, including market risk, which could cause you to lose money. While cash balances held in deposit with the Banks are not subject to market risk, they are subject to the risk of failure of each such Bank (subject to FDIC insurance coverage up to applicable limits).

Some money market mutual funds pay certain fees to D.A. Davidson, for distribution, administrative and/or marketing services. These fees are disclosed in the prospectus. A money market mutual fund typically deducts ongoing fees from the fund's assets, such as management fees, shareholder service fees, operating expenses, advisory fees, and 12b-1 fees, which is part of the fund's expense ratio that clients bear indirectly as shareholders of the money market mutual fund. While the Money Market Fund that is part of the BIDP program operates in the same way as other money market mutual funds by deducting these ongoing fees from its assets, the Money Market Fund does not pay any such fees to D.A. Davidson. Note, however, that the money market funds outside of the BIDP may provide D.A. Davidson with payments and reimbursements in support of educational and marketing efforts. For more information about these payments, the conflicts of interest related to these payments and how these conflicts are managed, we recommend that you read D.A. Davidson's Regulation Best Interest Disclosures available at [dadavidson.com/Disclosures](http://dadavidson.com/Disclosures).

### **Information About Your BIDP Accounts**

You will not receive trade confirmations for BIDP transactions. All transactions and activity in your BIDP Accounts will be confirmed on your periodic brokerage account statement. For each statement period, your brokerage account statement will reflect:

- All deposits to and withdrawals from your BIDP Accounts
- The opening and closing balances of the BIDP Accounts at each Program Bank and the Money Market Fund
- The interest rate and interest earned on BIDP Account balances and the Money Market Fund

D.A. Davidson is responsible for the accuracy of your statement, not the Banks or the Money Market Fund. Your Financial Professional can assist you in understanding your brokerage account statement and can answer any questions you have about your statement.

You can obtain information about your BIDP Accounts, including balances and the current interest rates, by calling your Financial Professional or, if applicable, by accessing your brokerage account through our website.

## Notices

All notices described in this Disclosure Statement can be made by means of posting a notice on D.A. Davidson's website, a letter, an entry on your account statement, an entry on a trade confirmation or by other means.

## Information About Your Relationship with D.A. Davidson And the Program Banks

### Your Relationship with D.A. Davidson

D.A. Davidson is acting as your agent in establishing the BIDP Accounts at each Program Bank, depositing funds into the BIDP Accounts, withdrawing funds from the BIDP Accounts and transferring funds among the BIDP Accounts. BIDP Account ownership will be evidenced by a book entry on the account records of each Bank and by records maintained by D.A. Davidson as your custodian. No evidence of ownership, such as a passbook or certificate will be issued to you. Your brokerage account statements will reflect the balances in your BIDP Accounts at the Program Banks and the Money Market Fund. You should retain the brokerage account statements for your records. You can, at any time, obtain information about your BIDP Accounts by contacting your Financial Professional.

Unless you establish the BIDP Accounts directly with a Program Bank as described below, all transactions with respect to your BIDP Accounts must be directed by D.A. Davidson and all information concerning your BIDP Accounts can only be obtained from D.A. Davidson. The Program Banks have no obligation to accept instructions from you with respect to your BIDP Accounts or provide you with information concerning your BIDP Accounts.

D.A. Davidson can, in its sole discretion, terminate your use of the BIDP Accounts as a sweep investment option. If D.A. Davidson terminates your use of the BIDP Accounts as a sweep investment option, you can establish a direct depository relationship with each Program Bank, subject to its rules with respect to maintaining deposit accounts.

Similarly, if you decide to terminate your participation in the BIDP, you can establish a direct relationship with each Program Bank by requesting to have your BIDP Accounts established in your name at each Bank, subject to each Program Bank's rules with respect to establishing and maintaining deposit accounts. Deposit accounts held directly at a Program Bank may pay higher or lower interest rates than deposits held through BIDP.

Establishing your BIDP Accounts in your name at a Program Bank will separate the BIDP Accounts from your brokerage account. Your BIDP Account balances will no longer be reflected in your brokerage account statement and D.A. Davidson will have no further responsibility concerning your BIDP Accounts.

### Your Relationship with the Program Banks

**As described above, you will not have a direct account relationship with the Program Banks.** However, (i) each BIDP Account constitutes an obligation of a Program Bank and is not directly or indirectly an obligation of D.A. Davidson; (ii) your Client Account statement will show which Bank(s) hold your cash deposits and the amount held at each Bank and (iii) in the unlikely event of a D.A. Davidson failure, the Program Banks(s) may become a direct obligor to you because your BIDP Account is insured up to applicable FDIC limits at each Program Bank. You can obtain publicly available financial information concerning each Program Bank at [www.ffiec.gov/nicpubweb/nicweb/nichome.aspx](http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx) 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.

In accordance with the Program requirements, all participating Program Banks must meet certain high financial standards in order to accept your deposits. D.A. Davidson does not guarantee in any way the financial condition of the Program Banks or the accuracy of any publicly available financial information concerning such Program Banks.

## ERISA Advisory Accounts – The Money Market Fund

ERISA and 403(b) accounts managed by D.A. Davidson on an advisory basis are not eligible to participate in the BIDP. Uninvested cash balances in these accounts will be automatically invested in the Money Market Fund

The shares of the Money Market Fund will be automatically purchased and redeemed through your account whenever you order liquidation of the shares or you have an obligation in your account that requires liquidation of shares of the Money Market Fund. D.A. Davidson will not be obligated to reimburse you for liquidity fees charged by the Money Market Fund nor will D.A. Davidson be obligated to advance to you any funds not redeemed by the Money Market Fund due to the imposition of redemption gates. D.A. Davidson's Cash Management Program automatically sweeps cash balances in your account into the Money Market Fund on the business day after funds are received provided the funds are received prior to the cashing deadline. If you have pending transactions or obligations that require satisfaction from your account such amounts are deducted from any amount to be swept to the Money Market Fund. Shares are purchased at the current net asset value of the Money Market Fund. Dividends received with respect to the shares in the Money Market Fund will be automatically reinvested in shares of the Money Market Fund and credited to your account as reflected on your periodic D.A. Davidson account statement.

The terms and conditions and the type of yield offered by the Money Market Fund in the Cash Management Program are described within the prospectus for the fund. The Money Market Fund has varying investment risks and as securities there is no guarantee provided by the Money Market Fund or D.A. Davidson regarding any return of principal or interest. D.A. Davidson reserves the right to change the Money Market Fund available through the Cash Management Program at any time and will provide you with notice prior to any such change as well as the alternatives available to you upon any such change. Although the Money Market Fund attempts to preserve the value at \$1 per share, as with any investment, the valuation of shares in the Money Market Fund may fluctuate in value and could be valued at less than \$1 at any time.

Although not a part of our Cash Management Program or subject to an automatic sweep feature, D. A. Davidson offers a number of other money market mutual funds that can be purchased for client accounts. This means that if you want to add or withdraw cash from these money market mutual funds you will have to have your Financial Professional enter a trade to accomplish such action



and you can incur a commission or other fee in connection with that transaction. Please contact your D.A. Davidson Financial Professional for more information. These money market mutual funds may be more appropriate than the Cash Management Program for clients who have a cash allocation as part of their investment strategy or otherwise intend to maintain a significant cash balance over longer periods of time.

An investment in a money market mutual fund is not insured or guaranteed by the FDIC or any other government agency, but is protected by SIPC coverage. See "Information About FDIC Insurance and SIPC" below. Although retail money market mutual funds typically seek to preserve the value of an investment at \$1.00 per share, there can be no assurance that will occur, and it is possible to lose money should the fund value per share fall. Most money market mutual funds are required to seek to maintain a stable \$1.00 net asset value per share, but some are not. SIPC protection does not cover a loss in value below \$1.00 net asset value per share.

## Information About FDIC Insurance and SIPC

### Deposit Insurance, Generally

The BIDP Accounts, other than deposits made into an account at the Money Market Fund (including principal and accrued interest) are insured by the FDIC, an independent agency of the U.S. Government, up to \$250,000 for all deposits held in the same insurable capacity at any one Program Bank. Generally, any accounts or deposits that you maintain directly with a particular Program Bank, or through any other intermediary, in the same insurable capacity in which the BIDP Accounts are maintained would be aggregated with the BIDP Accounts for purposes of the \$250,000 federal deposit insurance limit. In the event a Program Bank fails, the BIDP Accounts, other than deposits held in the Money Market Fund account are eligible for FDIC insurance, up to \$250,000, for principal and interest accrued to the date the Program Bank is closed. Excess deposits swept to the Money Market Fund are not eligible for FDIC insurance, but are subject to SIPC protection, as discussed below.

Under certain circumstances, if you become the owner of deposits at a Program 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 federal deposit insurance limit with any other deposits that you own in the same insurable capacity at the Program Bank. Examples of accounts that can be subject to this FDIC policy include joint accounts, "payable on death" accounts and certain trust accounts. The FDIC provides a six-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

**You are responsible for monitoring the total amount of deposits that you hold with any one Program Bank, directly or through an intermediary, in order for you to determine the extent of deposit insurance coverage available to you on your deposits, including the BIDP Accounts. D.A. Davidson is not responsible for any insured or uninsured portion of the BIDP Accounts or any other deposits.**

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you. There is no specific time period during which the FDIC must make insurance payments available, and D.A. Davidson is under no obligation to credit your account with funds in advance of payments received from the FDIC. Furthermore, you can be required to provide certain documentation to the FDIC and D.A. Davidson before insurance payments are made. For example, if you hold deposits as trustee for the benefit of trust participants, you might be required to furnish affidavits and provide indemnities regarding an insurance payment.

If your BIDP Accounts or other deposits at the Program 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 acquirer until (i) the maturity date of any time deposits that were assumed, or (ii) with respect to deposits that 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 with the acquirer held in the same capacity for purposes of federal deposit insurance. Any deposit opened at the Program Bank after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

The application of the \$250,000 federal deposit insurance limit is illustrated by several common factual situations discussed below. Please review the section headed "Deposit Insurance: Retirement Plans and Accounts" for the application of the \$250,000 federal deposit insurance limit to retirement plans and accounts.

**Individual Customer Accounts.** Deposits of any one Program Bank held by an individual in an account in the name of an agent or nominee of such individual (such as the BIDP Accounts held through D.A. Davidson) or 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 agent, nominee or custodian, but are added to other deposits of such individual held in the same insurable capacity (including funds held in a sole proprietorship) and are insured up to \$250,000 in the aggregate. Deposits held through a qualified tuition savings program (529 Plan) will be insured as deposits of the participant and aggregated with other deposits of the participant if the arrangement and the name of the participant are identified on D.A. Davidson's account records.

**Joint Accounts.** An individual's interest in deposits of any one Program Bank held under any form of joint ownership valid under applicable state law can 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"). 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 Bank. Joint Accounts will be 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.

**Revocable Trust Accounts.** Deposits at any one Program Bank held in a "revocable trust" are generally insured up to \$250,000 per beneficiary if the beneficiary is a natural person, charity or other non-profit organization. There are two types of revocable trusts recognized by the FDIC. Informal revocable trusts include accounts in which the owner evidences intent that at his or her death the funds shall belong to one or more specified beneficiaries. These trusts might be referred to as a "Totten trust" account, "payable D.A. Davidson & Co. – Cash Management Program Disclosure Statement

upon death" account or "transfer on death" account. Each beneficiary must be included in the D.A. Davidson's account records.

Formal revocable trusts are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts might be referred to as "living" or "family" trusts. The beneficiaries of a formal revocable trust do not need to be included in the D.A. Davidson's account records.

Under FDIC rules, FDIC coverage will be up to \$250,000 per beneficiary, multiplied by the number of beneficiaries, regardless of the proportional interest of each beneficiary in the revocable trust. However, if the trust has more than \$1,250,000 in deposits at any one Program Bank and more than five beneficiaries, the funds will be insured for the greater of \$1,250,000 or the aggregate amount of all beneficiaries' proportional interest, limited to \$250,000 per beneficiary.

Deposits in all revocable trusts of the same owner – informal and formal – at the same Program Bank will be aggregated for insurance purposes. A revocable trust established by two owners where the owners are the sole beneficiaries will be treated as a Joint Account under applicable rules and will be aggregated with other Joint Accounts.

**Irrevocable Trust Accounts.** Deposits of any one Program Bank held 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). According to the FDIC, Coverdell Education Savings Accounts will be treated as irrevocable trust accounts for deposit insurance purposes. 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 Bank created by the same grantor will be aggregated and insured up to \$250,000.

**Medical Savings Accounts.** Deposits of any one Program Bank held in a Medical Savings Account, sometimes referred to as an Archer Medical Savings Account, will be eligible for deposit insurance as an individual account, a revocable trust account or an employee benefit plan. You may wish to consult with your attorney or the FDIC to determine the available deposit insurance coverage.

## Deposit Insurance: Retirement Plans and Accounts

**Retirement Plans and Accounts – Generally.** The amount of deposit insurance for which deposits of any one Program Bank held through one or more retirement plans or accounts will be eligible, including whether CDs held by each plan or account will be considered separately from or aggregated with deposits held by other plans or accounts, will vary depending on the type of plan or account. It is therefore important to understand the type of plan or account holding the deposits. The following sections generally discuss the rules that apply to deposits held by retirement plans and **Individual Retirement Accounts ("IRAs")**. Deposits of any one Bank held in an IRA will be insured up to \$250,000 in the aggregate. However, as described below, the deposits of any one Bank held by an IRA will be aggregated with the deposits of the same Bank held by certain employee benefit plans in which the owner of the IRA has an interest. Thus, the owner of an IRA will only be eligible for insurance of \$250,000 for deposits at any one Bank held in plans and accounts that are subject to aggregation.

**Pass-Through Deposit Insurance for Employee Benefit Plan Deposits.** Subject to the limitations discussed below, under FDIC regulations a participant's non-contingent interests in the deposits of any one Bank held by many types of employee benefit plans are eligible for insurance up to \$250,000 on a "pass-through" basis. This means that instead of the deposits of one Program Bank held by an employee benefit plan being eligible for only \$250,000 of insurance in total, each employee benefit plan participant is eligible for insurance of his or her non-contingent interest in the employee benefit plan up to \$250,000, subject to the aggregation of the participant's interests in different plans, as discussed below under "Aggregation of Retirement Plan and Account Deposits." The pass-through insurance provided to an employee benefit plan participant is separate from the \$250,000 federal deposit insurance limit allowed on deposits held by the individual in different insurable capacities at the same Program Bank (e.g., individual accounts, joint accounts, etc.).

The types of plans for which deposits may receive pass-through treatment are employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA") (including Keogh plans, whether or not they are technically "employee benefit plans" under ERISA) and eligible deferred compensation plans described in Section 457 of the Internal Revenue Code of 1986, as amended (the "Code"). For purposes of Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

**Defined Benefit Plans.** The value of an employee's non-contingent interest in a defined benefit plan will be equal to the present value of the employee's interest in the plan, evaluated in accordance with the calculation ordinarily used under such plan. Deposits of any one Program Bank held by a defined benefit plan that is eligible for pass-through treatment are not insured for an amount equal to the number of plan participants multiplied by \$250,000. For example, a plan has on deposit \$500,000 of deposits of any one Bank. The employee benefit plan has two participants, one with a non-contingent interest of \$425,000 and one with a non-contingent interest of \$75,000. In this case, the employee benefit plan's deposits would be insured only up to \$325,000; the plan would be eligible for up to \$250,000 for the participant with the \$425,000 non-contingent interest and up to \$75,000 for the participant with the \$75,000 non-contingent interest.

Overfunded amounts, which are any portion of a plan's deposits not attributable to the interests of beneficiaries under the plan, are insured, in the aggregate, up to \$250,000 separately from the insurance provided for any other funds owned by or attributable to the employer or a plan participant.

**Defined Contribution Plans.** The value of an employee's non-contingent interest in deposits of any one Program Bank held through a defined contribution plan will be equal to the amount of funds on deposit attributable to the employee's account with the plan, regardless of whether the funds on deposit resulted from contributions made by the employee, the employer, or both.

Portions of deposits of any one Program Bank held by an employee benefit plan that are attributable to the contingent interests of employees in the plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan are interests that are not capable of evaluation in accordance with FDIC rules, and are insured up to \$250,000 per plan.

**Aggregation of Retirement Plan and Account Deposits.** Under FDIC regulations, an individual's interests in plans maintained by the same employer or employee organization (e.g., a union) that are holding deposits of the same Bank will be insured for \$250,000 in the aggregate. In addition, under FDIC regulations, an individual's interest in the deposits of one Bank held by (i) IRAs, (ii) deferred compensation plans for certain employees of state or local governments or tax-exempt organizations (i.e., Section 457 Plans), (iii) self-directed "Keogh Plans" of owner- employees described in Section 401(d) of the Code, and (iv) self-directed defined contribution plans, will be insured for up to \$250,000 in the aggregate whether or not maintained by the same employer or employee organization.

## Questions About FDIC Deposit Insurance Coverage

If you have questions about basic FDIC insurance coverage, please contact your Financial Professional. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You can also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Depositor and Consumer Protection, 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.

## SIPC Coverage

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 D.A. Davidson, in the event such firms become insolvent. SIPC does not insure against the loss of your investment. Nor does SIPC insurance 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 brokerage 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 can be cash) per customer in each separate capacity under SIPC rules. Additional amounts can be covered by additional SIPC-like coverage obtained by D.A. Davidson.

Money market mutual fund shares are considered to be securities for purposes of SIPC coverage. Balances maintained in the BIDP Accounts at each Program Bank are not protected by SIPC or, excess coverage, if any, purchased by D.A. Davidson. Excess funds swept to the Money Market Fund are protected by SIPC, up to the limits discussed above.

If you have questions about SIPC protection and additional SIPC-like coverage, please contact your D.A. Davidson Financial Professional. You can also obtain information about SIPC protection, including a brochure that describes SIPC and SIPC insurance, by accessing the SIPC website at [www.sipc.org](http://www.sipc.org).

## Tax Information

For most clients, interest earned from the BIDP Accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to you each year showing the amount of interest income you have earned in your BIDP Accounts. You should consult with your tax adviser about how the BIDP affects you.