How Your Assets Are Protected at D.A. Davidson & Co.

Client asset protection overview

Your assets with D.A. Davidson & Co. are protected in several ways, as we take seriously our responsibility for any funds or other assets that you have entrusted to us.

Our firm adheres to federal securities regulations that are designed to protect your funds and your securities kept with D.A. Davidson. The Securities and Exchange Commission (SEC) requires firms such as ours to deposit client funds in a separate account, distinct from the money used in our day-to-day business. This segregation of funds is subject to regular examination by D.A. Davidson's internal and external auditors and regulatory reporting requirements.

Additionally, our clients' securities certificates are generally held in industry-owned central depositories under the control of an independent entity, the Depository Trust Company, which is the world's largest central securities depository. Regulated by the SEC and a member of the U.S. Federal Reserve, the depository serves both as a custodian of securities and a national clearinghouse for settling trades.

Many of your cash assets with D.A. Davidson are eligible for insurance by the Federal Deposit Insurance Corporation (FDIC). These assets include, but are not limited to, cash held within the Bank Insured Deposit Program (BIDP) and Certificates of Deposit (CDs) that are held at our firm. The FDIC's standard insurance amount is $250,000 per bank per depositor for each account category. Through BIDP, D.A. Davidson will deposit up to $246,500 ($493,000 for joint accounts of two or more individuals) of your available cash in each program bank. As a result, cash deposits will be eligible for up to approximately $4 million in deposit insurance from the FDIC, which varies depending on the number of banks participating in the BIDP from time-to-time. FDIC deposit insurance is backed by the full faith and credit of the U.S. government. More information can be found at fdic.gov.

Assets are covered by SIPC

D.A. Davidson is a member of the Securities Investor Protection Corporation (SIPC). Congress created the SIPC in 1970 to provide certain financial protection to clients of member broker-dealers. If any cash or securities (such as stocks and bonds) are found missing from eligible customer accounts, SIPC steps in to replace those assets. This protection is limited to $500,000 for each customer, including a maximum of $250,000 for cash claims. Please note that SIPC is not intended to protect customers against any market risk and will not cover losses resulting from a fall in a security's value.

SIPC funds are used to help make investors whole after all the client assets held with a brokerage firm are recovered. The SIPC limit of $500,000 ($250,000 cash) per account does not mean that each account will receive only up to $500,000. Rather, in a SIPC proceeding on behalf of a client, the account will receive a pro-rata share of all client assets that may be recovered in liquidation. The account is then provided with up to $500,000 from SIPC to make up any difference that may still exist.

SIPC is considered the first line of defense in the event that a brokerage firm fails and owes its clients cash and securities that are missing from accounts. Although not every investor is protected by SIPC, no fewer than 99 percent of persons who are eligible have had their investments returned from SIPC.

SIPC covers most types of securities, such as stocks, bonds, mutual fund shares and variable annuities. However, SIPC insurance does not cover commodities (including commodity futures contracts and options), fixed annuity contracts, currency, cash held in D.A. Davidson's Bank Insured Deposit Program, or investment contracts (such as limited partnerships) that are not registered with the SEC under the Securities Act of 1933.

You can obtain more information about SIPC, including the SIPC brochure that outlines the program's investor protections, by visiting sipc.org or by calling SIPC at (202) 371-8300.

Excess SIPC adds more protection

D.A. Davidson clients are further protected by additional account protection that extends beyond the SIPC limits. This additional insurance coverage is commonly referred to as "Excess SIPC" and is provided through arrangements between securities firms and insurance companies. If you hold more than one account with D.A. Davidson in separate capacities (such as individual or joint accounts or a trustee account), each account is protected by both SIPC and Excess SIPC as needed.

The Excess SIPC protection provided to D.A. Davidson clients has an aggregate firm limit of $150 million, including a maximum cash limit of $900,000 per customer for cash above the basic SIPC protection. This coverage does not protect against the loss of market value of securities. In the unlikely event of a firm's bankruptcy or insolvency, a client may incur losses if the aggregate amount of insurance coverage has been exhausted.

The additional coverage provided by D.A. Davidson's Excess SIPC is purchased through underwriters of Lloyd's of London, the world's leading insurance market. Established in 1688 and regulated by the Financial Services Authority, Lloyd's provides specialist insurance coverage to businesses worldwide. With Lloyd's, multiple financial backers have come together to pool and spread risk.

Additional information available

More information about Lloyd's of London can be found at lloyds.com.

Sources of information: SIPC, FDIC and Lloyd's of London.