

# BANK DEPOSIT SWEEP PROGRAM DISCLOSURE DOCUMENT

This section highlights certain key features of the Bank Deposit Sweep Program (the “Program”). Read the complete Disclosure Document before you decide to participate in the Program. You should consult your Northern Trust Securities, Inc. (“NTSI”) financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482 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) at Northern Trust Securities, Inc. (“NTSI”) maintained in conjunction with National Financial Services LLC (“NFS”) as clearing broker 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 The Northern Trust Company, an FDIC-insured depository institution (the “Bank”).	Page 3
<b>Core Account Investment Vehicle Options</b>	The Bank Deposit Sweep Program (the “Program”) is a core account investment vehicle and is the default option for eligible account holders who do not elect an alternative core account investment vehicle on their account application. Eligible account holders may elect the Program as their core account investment vehicle at any time. For more complete information about any of the money market mutual funds (“Money Funds”) that may be available to use as your core account investment vehicle, including all charges and expenses, contact your NTSI financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482 for a free prospectus.	Page 2
<b>FDIC and SIPC Coverage</b>	Your Program Deposit (as defined in the “Introduction” section below) at the Bank 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 the Bank. Your cash balance while held by NFS (as defined in the “Introduction” section below) and/or NTSI 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 the Bank or which have been swept from the 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 the 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 7
<b>Bank</b>	To the extent your deposits in the Bank exceed the applicable FDIC maximum coverage amount, <b>the excess funds are ineligible for FDIC insurance. All funds not insured by the FDIC are at risk of loss in the event of a bank failure. Program Deposits are not covered by SIPC.</b>	Page 4
<b>Rates of Return</b>	<p>The interest rate for your Deposit Accounts (as defined in the “Introduction” section below) may be obtained from your NTSI financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482 or online at <a href="http://www.northerntrust.com/bdsp-info">www.northerntrust.com/bdsp-info</a>. Your interest rate is based upon your Program Deposits in accordance with interest rate tiers, as determined by the Bank.</p> <p>Over any given period, the interest rate on the Program Deposits may be lower than the rate of return on other core account investment vehicles which are not FDIC insured or on bank account deposits offered outside the Program.</p> <p>The Bank does not have a duty to offer the highest rate available or a rate that is 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.</p> <p>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 NTSI financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482 to discuss investment options that may be available outside of the Program that may be better suited to your goals.</p>	Page 2
<b>Changes</b>	Circumstances may require a change to the Program or your core account investment vehicle. Generally, you will receive notification in advance of material changes to the Program or your core account investment vehicle. Account holders may initiate changes to their core account investment vehicle by contacting their NTSI financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482.	Page 5
<b>Duty to Monitor</b>	You are responsible for monitoring the total amount of deposits that you have with the Bank in order to determine the extent of FDIC insurance coverage available to you.	Page 7
<b>Benefits to NTSI and Others</b>	The Program may create financial benefits for NTSI, the Bank, which is our affiliate, and NFS. We will also pay a fee to NFS. The revenues that NTSI and others obtain through 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 NTSI financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482.	

## I. INTRODUCTION

As your broker/dealer, Northern Trust Securities, Inc. (“NTSI” or “us” or “we”) is 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 has a core account that is used for settling securities transactions and holding credit balances. We may provide you with access to a variety of different cash sweep vehicles, including money market mutual funds and a bank deposit account (each a “core account investment vehicle”), that may be used to hold a cash balance that is awaiting reinvestment. One such core account investment vehicle for available cash balances (from deposits to your account, securities transactions, dividend and interest payments and other activities) awaiting reinvestment in your Brokerage Account is the Bank Deposit Sweep Program (the “Program”), which consists of linked bank deposit accounts at The Northern Trust Company, an Illinois banking corporation (the “Bank”). If you do not elect a different core account investment vehicle on your account application, you will be placed into the Program, which is the default core account investment vehicle.

Eligible account holders may elect the Program as their core account investment vehicle at any time or may be placed in the Program by default. For any eligible existing Brokerage Account holders who do not elect otherwise, available cash in your Brokerage Account may be deposited through the Program into FDIC insurance eligible Program deposit accounts (“Deposit Accounts”) at the Bank. Once your cash balance has been swept to the Bank, it is referred to as your “Program Deposit.” Note that your ability to access the money held at the Bank may be limited, as more fully described herein.

As more fully described in this Disclosure Document, your Brokerage 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 the Bank 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 the 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 the Bank. For example, funds in the Deposit Accounts at the Bank held by a company or an individual are insured up to \$250,000, and funds in the Deposit Accounts at the Bank held jointly by two or more individuals are insured up to \$250,000 per joint owner. Funds deposited in a Deposit Account are not eligible for coverage by the SIPC.

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

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 Bank or the accuracy of any publicly available financial information concerning the Bank. You can obtain publicly available financial information concerning the 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 Bank through the Program. NFS, as your agent and custodian, will establish the Deposit Accounts for you at the Bank and make deposits to and withdrawals from the Deposit Accounts, and may have a greater impact on the interest rate you receive than the amount of interest paid by each Bank. We will receive a fee from the Bank and will then pass on that fee to NFS. The amount of the fee paid may affect the interest rate paid on your Deposit Accounts. You should review carefully the section of the Disclosure Document titled “Information About Your Relationship with NTSI and the Bank.”

As discussed herein, interest rates on the Deposit Accounts may be tiered and will vary based upon prevailing economic and business conditions. The Bank does 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 Brokerage Account for which you are an owner, whether as a corporation, an individual, joint tenant, trustee, executor, custodian or in any other capacity.

### A. Customers Affected by the Bank Deposit Sweep Program

Only eligible Brokerage Accounts that utilize the 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 NTSI financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482 for information concerning your eligibility for the Deposit Accounts.

Your NTSI financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482 can provide you with more information concerning the accounts and programs for which the core account investment vehicle options do and do not apply.

### B. Core Account Investment Vehicle Options

Currently, in addition to the Program (for eligible Brokerage Accounts), customers may elect a Money Fund as a core account investment vehicle. For more complete information about any of the Money Funds that are available to use as your sweep option, including all charges and expenses, contact your NTSI financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482 for a free prospectus.

### C. Rates of Return

Information about the Program (including interest rates, tiers, and annual percentage yield) and current yields on Money Funds may be obtained from your NTSI financial advisor or NTSI’s Brokerage Service Group at 1-800-621-4482 or online at [www.northerntrust.com/bdsp-info](http://www.northerntrust.com/bdsp-info). 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.”

### D. Alternatives to the Program 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. You may elect not to have available cash swept into a sweep investment. If you make this election, your Brokerage 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 NTSI financial advisor direction to invest a specific amount of your funds in one or more of the Money

Funds, the Program or other investments available through us.

For more complete information about any of the Money Funds, including all charges and expenses, contact your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482 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 NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482.

#### **E. You May Continue to Invest in Money Funds**

We will continue to offer Money Funds as an alternative core account investment vehicle option. You may continue to use a Money Fund available as your core account investment vehicle by contacting your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482. 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 Brokerage 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 NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482.

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.

#### **F. 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 as fees for the program will be deducted from the interest amounts received from the bank and passed on to you.

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

As required by federal banking regulations, the 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.

#### **H. Tax Information**

For most clients, 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 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 Brokerage 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 certain fiduciaries, provided that the beneficiaries are individuals or otherwise eligible. Eligibility for the Program is subject to the limitations described herein and as determined by us and NFS. At the present time, the Program is not available for individual retirement accounts, Keogh Plans, institutional clients and non-U.S. accounts.

If we or NFS determine that your Brokerage 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 Brokerage 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 us and NFS, which may not be an FDIC-insured investment.

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

Through the Program, cash balances in your Brokerage 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 the Bank. Once your cash balance has been swept to the Bank, it is referred to as your "Program Deposit." Please note that your ability to access the money held at the Bank may be limited, as more fully described herein.

The amount of your cash balances that are swept into Deposit Accounts may need to be limited if the Bank stops accepting deposits under the Program, becomes 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.

#### **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 the Bank as more fully explained below. Your funds become eligible for deposit insurance immediately upon placement into a Deposit Account at the Bank. Generally, any accounts or deposits (including CDs) that you may maintain directly with the Bank, 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 the 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 a Deposit Account or any other deposits. All funds that are not insured by the FDIC are at risk of loss in the event of a bank failure.

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

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

If you have an existing eligible Brokerage Account with a different core account investment vehicle than the Program, you may contact your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482 to elect the Program if you desire or to determine if an alternative exists. For new accounts, if you do not affirmatively elect a core account investment vehicle, then your core account investment vehicle will be the Program. If you wish to use a Money Fund option, you may contact your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482 with respect to current yields, as well as for a free prospectus. If you elect not to participate in the Program and your available cash awaiting reinvestment is not invested in a Money Fund, accruing cash balances may not earn a rate of return prior to direct investment.

If you wish to specify a different core account investment vehicle, if available for your account type, you may do so at any time by contacting your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482. Existing balances in your prior core account investment vehicle will be automatically transferred to the new core account investment vehicle you select.

### **III. THE BANK**

#### **A. Deposit Accounts**

Your Program Deposits will generally be deposited in two linked bank accounts at the Bank: (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 ("Transaction account"). You will receive the same interest rate on the funds in your MMDA account and in your Transaction account. Your Brokerage Account statement will reflect the combined balances of the MMDA account and the Transaction account at the Bank.

Your Program Deposits will be deposited at the Bank into a Transaction account and an MMDA account maintained by NFS for your benefit and the benefit of other customers of NTSI 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 the Bank as set forth above. All withdrawals will be made from the Transaction accounts at the Bank. As necessary to satisfy debits in your Brokerage Account (securities purchases, checking, debit card, etc.), funds will automatically be transferred from the MMDA account to the related Transaction account at the 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 transfers and withdrawals from an MMDA account to a total of six (6) during a monthly statement cycle. After five (5) transfers from an MMDA account at the Bank have been made within a month, all remaining funds will be transferred from that MMDA account to the linked Transaction account at the Bank, as the sixth and final transfer for that month. For the remainder of the month, all deposits for the Bank will be made to the Transaction account. At the beginning of the next month, the amount of funds on deposit in the Transaction account 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 the Bank.

The cash balances awaiting reinvestment in your Brokerage Account will be automatically swept from your Brokerage Account into your Deposit Accounts on the business day following the day your Brokerage Account reflects a cash balance. For purposes of this Program, business day generally means a day on which the Bank is open for business. Available cash balances will not begin to earn interest or be eligible for FDIC insurance until swept into a Deposit Account at the Bank. 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 the Bank the amounts above such limits will NOT be eligible for FDIC insurance protection. Deposits at the Bank are not eligible for SIPC coverage.

#### **B. Withdrawals – Access to Your Program Deposits**

When funds are needed to cover transactions in your Brokerage 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 Brokerage 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 Bank.

Withdrawals from your Deposit Accounts will normally be made on the business day following transactions in your Brokerage Account; however, your Brokerage 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 Brokerage Account if there is a problem withdrawing funds from your Deposit Accounts or you otherwise fail to sufficiently fund your Brokerage Account for the full amount of your daily debits. Review your Brokerage Account agreement for important information regarding your unsatisfied obligations owed to us and/or NFS. You may access your Program Deposits only through your Brokerage Account. You cannot access or withdraw Program Deposits by contacting the Bank directly.

NFS will automatically withdraw funds from your Deposit Accounts (up to the amount of your Program Deposit) back to your Brokerage 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 Brokerage Account.

As required by federal banking regulations, the 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 Brokerage 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 Brokerage 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 NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482 or online at [www.northerntrust.com/bdsp-info](http://www.northerntrust.com/bdsp-info). Interest on your Program Deposit is accrued daily, compounded monthly and is reflected on your Brokerage 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 Bank, which will typically be the business day following the day your Brokerage 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 Account at the Bank (which will typically be the day on which a withdrawal of funds is made from your Brokerage Account). Non-business days occurring between Brokerage Account withdrawal and Deposit Account withdrawal and deposit with the Bank will be included in the interest accrual.

The rate of interest paid may be tiered based on the value of your Program Deposits ("Eligible Assets"). Customers with Eligible Assets of a greater value may receive higher interest rates on their Program Deposits than customers with Eligible Assets of a lower value. 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. Interest on your Program Deposit will be paid by the 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. The Bank does 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. In addition, fees that are paid to us and NFS will affect the interest rate paid on the Deposit Accounts, and may have a greater impact on the interest rate you receive than the amount of interest paid by each Bank. 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 NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482 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 Accounts**

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 to close your account intra-period. Intra-month interest credits will appear on your Brokerage Account statement to reflect interest accrued at the Bank through such intra-month event.

## **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.

The Bank may stop accepting deposits in its sole discretion at any time, or if it is prohibited from doing so by its banking regulators. On the business day on which the Bank stops accepting deposits, you agree and authorize us, without prior notice to you, to change the core account investment vehicle for your Brokerage Account, and such core account investment vehicle shall be used until such time, if ever, that the Bank resumes accepting deposits. Please note the Bank has no obligation to resume accepting deposits.

It is your obligation to monitor your accounts, your FDIC coverage and your FDIC insurance eligibility. You should direct any questions you may have concerning any changes to the Program to your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482. If you do not agree with any of the changes, you should contact your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482 to discuss an alternative core account investment vehicle or transferring your Brokerage 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.

### **B. 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 Brokerage 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 Brokerage 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 NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482 can assist you in finding an alternative core account investment vehicle or in transferring your Brokerage Account to another provider or another program.

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.

## C. Notices

All notices described in this Disclosure Document may be made by means of a letter, an entry on or insert with your Brokerage 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 Brokerage Account will: (i) indicate your beginning and ending Program Deposit at the Bank as of the last business day of each monthly statement period (however, if your Brokerage 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 Brokerage 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 Brokerage Account statements.

Because you are responsible for monitoring the total amount of your deposits at the Bank (including any Program Deposit held at the Bank and all deposits you may make at the 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 has an impact on your deposit insurance coverage.

### B. Tax Information

For most clients, 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 NTSI AND THE BANK

### A. Relationship with NTSI and the Bank

As your agent, NFS is establishing the Deposit Accounts at the Bank, depositing funds into the Deposit Accounts, and withdrawing funds from the Deposit Accounts. Deposit Account ownership will be evidenced by a book entry on the account records of the 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 Brokerage Account statements will reflect the balances in your Deposit Account at the Bank. You should retain the Brokerage Account statements for your records. Once established on your behalf, each Deposit Account is an obligation solely of the Bank and not NTSI, NFS or any other entity. You may at any time obtain information about your Deposit Accounts by contacting your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482.

If either you or we terminate your use of the Program as a core account investment vehicle, you may establish a direct depository relationship with the Bank, subject to its rules with respect to maintaining Deposit Accounts.

Establishing a Deposit Account directly in your name at the Bank will separate the Deposit Account from your Brokerage Account. If you establish a direct depository relationship with the Bank, the Deposit Account will no longer be reflected in your brokerage account statement and we will have no further responsibility concerning the Deposit Account.

### B. Benefits to NTSI and Others

The Program may create financial benefits for NTSI and our affiliates, including the Bank, and NFS.

NFS will receive a fee from us in connection with the Program. 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. The amount of the fee may affect the interest rate paid by the Bank on your Deposit Account. The fee paid to NFS is for record keeping and other services with respect to amounts invested in the Program. NFS may receive more revenue with respect to amounts in the Program than with respect to other sweep products. The fee received by NFS from us 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 the Bank (collectively, with the fees paid to us and/or NFS, "Program Fees").

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

As we are affiliated with the Bank you should review the information included in this paragraph. The Bank will use Program Deposits to fund current and new lending and for investment activities. The Bank earns net income from the difference between the interest it pays on Program Deposits and the fees paid to NFS and the income they earn on loans, investments and other assets. As noted above, the Bank 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 the Bank. The Bank does 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 the 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, the Bank 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 the deposit of such balances in the Program.

### C. Sharing of Your Information with the Bank

NFS may provide the Bank and/or their regulators (including but not limited to the FDIC) with information related to you and any individual authorized by you to trade in your Brokerage Account used in the Program pursuant to agreement between NFS and the Bank. 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 Bank and/or their regulators (including but not limited to the FDIC).

#### **D. Questions/Comments Regarding this Program**

You may contact your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482 or visit [www.northerntrust.com/bdsp-info](http://www.northerntrust.com/bdsp-info) to determine the current interest rate on the Deposit Accounts. For the current yields for Money Funds, contact your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482.

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**

#### **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 the 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 the 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 the Bank accepts your deposits into your Deposit Accounts. To the extent that your deposits at a 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 the Bank fails, the Deposit Accounts at the 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 NTSI nor NFS is responsible for any insured or uninsured portion of a Deposit Account. All funds that are not insured by the FDIC are at risk of loss in the event of a bank failure. You are responsible for monitoring the total amount of deposits that you have with the Bank in order to determine the extent of deposit insurance coverage available to you.

Under certain circumstances, if you become the owner of deposits at the 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 Account 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.

**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.

**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"). 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.

**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.

**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 revocable trust owner who designates five or fewer beneficiaries, maximum deposit insurance coverage for each trust owner is determined by multiplying \$250,000 times the number of unique beneficiaries, regardless of the dollar amount or percentage allotted to each unique beneficiary. When a revocable trust designates six or more beneficiaries, the trust owner's revocable trust deposit insurance coverage differs based on whether beneficiaries share equal interest in the trust. When all the beneficiaries are assigned equal amounts in the trust, the owner's revocable trust deposits are insured for up to \$250,000 for each unique beneficiary. When beneficiaries do not have equal interests, the owner's revocable trust deposits are insured for the greater of either (1) the sum of each beneficiary's actual interests up to \$250,000 for each unique beneficiary, OR (2) a minimum coverage amount of \$1,250,000. Determining insurance coverage can be complex when a revocable trust has six or more unique beneficiaries whose interests are unequal. If you have one or more revocable trust accounts with six or more beneficiaries with unequal interests, please contact the FDIC with any questions at 1-877-ASK-FDIC (1-877-275-3342).

**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 Coverage**

If you have questions about basic FDIC insurance coverage, contact your NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482. 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 the Bank. Your cash balance while held by NFS and/or NTSI is not FDIC insured, but is covered by SIPC. This includes amounts in the cash balances placed in your Brokerage Account that have not yet been received by the Bank or which have been swept from the Bank back to your Brokerage 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 Brokerage Account (as opposed to the Program Deposit held by the Bank) are investment products, and as such: are not insured by the FDIC; carry no bank or government guarantees; and 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 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 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 NTSI financial advisor or NTSI's Brokerage Service Group at 1-800-621-4482. You may also obtain information about SIPC coverage, including a brochure that describes SIPC and SIPC insurance, by accessing the SIPC website at [ww.sipc.org](http://ww.sipc.org).

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