

## Charles Schwab Corporation

### CERTIFICATION AS TO ANTI-MONEY LAUNDERING POLICIES

The **Charles Schwab Corporation** (CSC) is a savings and loan holding company registered with and subject to regulation by the Federal Reserve Board (FRB), and is the parent company of the following entities for which this letter is subject:

- **Charles Schwab & Co., Inc.** (CS&Co.), a securities broker-dealer registered with, and subject to regulation by, the United States (U.S.) Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC). CS&Co. is also a member of various self-regulatory organizations, including the Financial Industry Regulatory Authority (FINRA);
- **Charles Schwab Bank, SSB** (CSB) and **Charles Schwab Premier Bank, SSB** (CSPB) are subject to regulation by the Federal Reserve Board (FRB) and the Texas Department of Savings and Mortgage Lending;
- **Charles Schwab Trust Bank** (CSTB) is subject to regulation by the FRB and the Nevada Financial Institutions Division (NFID);
- **Charles Schwab Trust Company** (CSTC) is subject to regulation by the State of Nevada;
- **Charles Schwab Trust Company of Delaware** (CSTCD) is subject to regulation by the State of Delaware; and
- **TD Ameritrade Holding Corporation** and its applicable subsidiaries (together, "TDA"), includes subsidiary broker-dealers registered with and subject to regulation by, the SEC and CFTC. TDA's applicable subsidiaries are also members of FINRA. TDA includes the following applicable subsidiaries: TD Ameritrade, Inc.; TD Ameritrade Clearing, Inc.; TD Ameritrade Investment Management, LLC; The Insurance Agency of TD Ameritrade, LLC; and Charles Schwab Futures and Forex LLC.
  - **Charles Schwab Futures and Forex LLC** (CSFF), a subsidiary of TDA, is a Futures Commission Merchant (FCM) registered with, and subject to regulation by, the Commodity Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA).

CSC and its following subsidiaries, CS&Co.; CSB; CSPB; CSTB; CSTC; CSTCD; and TDA, will collectively be referred to as the "Company."

The Company is subject to various U.S. Anti-Money Laundering (AML) laws and regulations, including applicable provisions of the Bank Secrecy Act (BSA), 31 U.S.C. § 5311 et seq., as amended by Title III of the USA PATRIOT Act<sup>1</sup>, the regulations administered by the U.S. Department of the Treasury's (Treasury Department) Office of Foreign Assets Control (OFAC), and final rules issued by the Treasury Department's Financial Crimes Enforcement Network (FinCEN). As members of FINRA, CS&Co. and applicable TDA subsidiaries are subject to FINRA Rule 3310, which requires member firms to establish AML programs as mandated by Section 352 of the USA PATRIOT Act. As a member of NFA, CSFF is subject to NFA Rule 2-9, which requires its members to establish AML programs as mandated by Section 352 of the USA PATRIOT Act.

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<sup>1</sup> The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (hereinafter, "USA PATRIOT Act").

As part of its AML program, the Company has policies, procedures and internal controls in place reasonably designed to comply with all applicable AML laws and regulations. The AML programs for the individual entities have been approved by their respective Boards of Directors and/or their Risk Committees, who have appointed AML Officers responsible for overseeing the implementation and operation of the entity's AML program. The Company has also established appropriate training programs for its employees and subjects its AML program to periodic independent review.

The following list, which is not necessarily comprehensive, identifies general areas where the AML programs for the Company have governing policies and procedures:

- **Customer Identification and Verification:** The Treasury Department and the SEC have jointly issued a final rule under Section 326 of the USA PATRIOT Act requiring the Company to establish a written Customer Identification Program (CIP). A financial institution's CIP must include reasonable policies and procedures for identifying and verifying customers opening new accounts and checking such customers against certain lists provided by the U.S. federal government of known or suspected terrorists or terrorist organizations. The Company has established a CIP and has implemented it in accordance with the requirements of this final rule and the compliance schedule established therein. The Company retains evidence of customer identification and verification for the period required by law from the cessation of the Company's relationship with the customer.
- **Identification and Verification of Beneficial Owners of Legal Entity Customers:** FinCEN has implemented the Customer Due Diligence (CDD) Final Rule which requires financial institutions to implement policies and procedures reasonably designed to ascertain and verify the identity of beneficial owners (including at least one control individual) of legal entity customers seeking to open new accounts. The Company has established policies and procedures to comply with the CDD Final Rule.
- **Politically Exposed Person(s) (PEP):** To the extent that the Company knows or has a reason to believe that a customer or beneficial owner is a current or former<sup>2</sup> PEP, an immediate family member of a PEP, or a person who is widely and publicly known (or is known to the Company) to maintain a close personal relationship with any such individual, or a corporation, business or other entity that has been formed by or for the benefit of such individual, the Company has conducted appropriate due diligence.
- **Monitoring Account Activity:** The Company's applicable subsidiaries have established procedures for monitoring activity in customer accounts to detect and report potentially suspicious activity.
- **Filing Suspicious Activity Reports (SAR):** Under the BSA, as amended by Section 356 of the USA PATRIOT Act, the Company is required to file SARs with FinCEN. The Company has established policies and procedures designed to comply with these requirements.
- **Filing Currency Transaction Reports (CTR):** Under the BSA, the Company is required to file CTRs for each transaction in currency (deposit, withdrawal, exchange, or other payment or transfer) of more than \$10,000 by, through or to the Company. CTRs are also required if there are multiple transactions in currency, by or on behalf of any person, totaling more than \$10,000 in one business day. The Company has established policies and procedures designed to comply with these requirements.
- **Information Sharing:** The AML program for the Company includes policies and procedures to comply with Section 314(a) of the USA PATRIOT Act information sharing requests submitted through FinCEN by federal, state, local, and foreign law enforcement agencies.

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<sup>2</sup> The Company uses a risk-based approach when identifying former PEPs.

- Foreign Shell Banks: The Company has established policies and procedures reasonably designed to prohibit correspondent accounts from being opened or maintained in the U.S. by, or on behalf of, foreign shell banks, as required by Section 313 of the USA PATRIOT Act.
- Foreign Financial Institutions (FFI): The Treasury Department has issued a final rule implementing Section 312 of the USA PATRIOT Act, which requires firms to establish special, and where appropriate, Enhanced Due Diligence (EDD) programs for correspondent accounts maintained by FFIs. Where applicable, the Company's AML program factors in the various risks associated with such accounts and has policies and procedures designed to comply with the requirements of the Treasury Department's final rule.
- Private Banking Accounts: The Treasury Department has issued a final rule implementing Section 312 of the USA PATRIOT Act, which requires firms to establish special, and where appropriate, EDD programs for private banking accounts maintained for, or on behalf of non-U.S. individuals. Where applicable, the Company's AML program factors in the risks associated with such accounts and has policies and procedures designed to comply with the requirements of the Treasury Department's final rule.
- OFAC: The Company has an OFAC program that includes policies and procedures designed to comply with the various regulations issued by OFAC, including prohibitions on opening, or maintaining, accounts for persons named on OFAC's list of Specially Designated Nationals and Blocked Persons, for residents of countries on any OFAC prohibited jurisdiction list, or for any citizen of Cuba, unless OFAC's policies provide for an exception.
- The Company retains documentary evidence of the identity of customers for a period of at least five years from the cessation of the relationship with the customer. Upon reasonable request, the Company will provide copies of the obtained documentary evidence to satisfy applicable AML laws and regulations to the extent permitted by applicable law.

For: The Charles Schwab Corporation and the following subsidiaries, Charles Schwab & Co., Inc.; Charles Schwab Bank, SSB; Charles Schwab Premier Bank, SSB; Charles Schwab Trust Bank; Charles Schwab Trust Company; Charles Schwab Trust Company of Delaware; and TD Ameritrade Holding Company and its applicable subsidiaries.

By: /s/ David J. Johnson  
 David J. Johnson  
 Managing Director and AML Officer, CSC

Date: 01/09/2023

By: /s/ Jim Fiebelkorn

Date: 01/10/2023

Jim Fiebelkorn  
 Managing Director and AML Officer, CS&Co.; CSB; CSPB; CSTB; CSTC; & CSTCD

By: /s/ Logan Anderson

Date: 01/11/2023

Logan Anderson  
 Director and AML Officer, TDA & CSFF

Last updated: 01/2023