

PO Box 2760 ■ Omaha, NE 68103-2760  
Fax: 866-468-6268

TD Ameritrade, Inc. ("TD Ameritrade") offers a cash sweep program to enable you to earn interest on cash balances in your TD Ameritrade account. This disclosure statement is intended to summarize the key features of this program. Please also refer to the TD Ameritrade Client Agreement and website for details.

## Cash Sweep Vehicles.

- 1. TD Ameritrade FDIC Insured Deposit Account ("Insured Deposit Account")** – The Insured Deposit Account serves as the primary cash sweep vehicle for earning income on cash balances in TD Ameritrade brokerage accounts and is the default cash sweep vehicle unless you make an alternate sweep election. Excess cash is swept to interest-bearing FDIC-insured accounts (see "FDIC Limits of Coverage," below) at one or more banks ("Program Banks"). Two of the Program Banks are TD Bank, N.A. ("TD Bank") and TD Bank USA, N.A. ("TD Bank USA"), both affiliates of TD Ameritrade.
- 2. TD Ameritrade Cash** – TD Ameritrade Cash is a cash sweep alternative. Cash balances held in your brokerage account earn simple interest and are protected by the SIPC coverage applicable to the account, and the supplemental private insurance obtained by TD Ameritrade.
- 3. Money Market Funds** – A sweep to a money market mutual fund is another option for certain eligible clients. Investments in money market funds may be subject to eligibility and other restrictions, as well as charges and expenses. Certain money market funds may impose liquidity fees and redemption gates in certain circumstances. Money market funds are securities that may increase or decrease in value. They are not insured or guaranteed by the FDIC, any other government agency, or TD Ameritrade, and there can be no assurance that such funds will be able to maintain a stable net asset value of \$1 per share.

**Change of Cash Sweep Vehicle.** Subject to eligibility requirements, you may change your cash sweep vehicle at any time. Changing your cash sweep vehicle from a money market fund to the Insured Deposit Account, or vice versa, requires the firm to first liquidate your account/ investment and transfer it to TD Ameritrade Cash. Changing your cash sweep vehicle may result in the loss of one or more business day's interest or dividends while your transactions are being processed.

TD Ameritrade also reserves the right to change eligibility requirements for cash sweep vehicles and to vary the offered cash sweep vehicles between clients, and may offer versions that pay different rates or yields. We may also change, replace, or terminate any cash sweep vehicle available to you as provided in the Client Agreement. My account statement will include sweep transactions involving money market funds in lieu of immediate trade confirmations.

If my cash sweep vehicle is a money market fund, or the Insured Deposit Account, and my account is flagged as a "Pattern Day Trader," on the next business day, I understand that TD Ameritrade may change my cash sweep vehicle to TD Ameritrade Cash.

**Deposit and Withdrawal Procedures.** Cash balances in your cash sweep vehicle are automatically deposited on a daily basis to your Insured Deposit Account, money market fund, or held in TD Ameritrade Cash, as applicable. For clients who have selected the Insured Deposit Account, TD Ameritrade will deposit cash balances with one or more Program Banks. TD Ameritrade will deposit up to \$247,500 in the Program Banks, per depositor per legal capacity, except for "the Excess Bank" and receive deposits without limit, even if the amount in the IDA exceeds the FDIC insurance available to me. The list of Program Banks and "the Excess Bank" is included on the TD Ameritrade website at <http://www.tdameritrade.com/idaprogrambanks>. Funds are withdrawn automatically from your cash sweep vehicle to satisfy any debits created in your brokerage account when you purchase securities or request a withdrawal of funds. The availability of funds for making payments, withdrawals, or transfers from your account is governed by the TD Ameritrade Client Agreement.

**Availability of Cash.** The balance in your Insured Deposit Account or shares of your money market fund can be liquidated on your order, and the proceeds returned to TD Ameritrade Cash or remitted to you.

## Interest Rates and Dividends.

- 1. Insured Deposit Account.** The Program Banks establish the interest rates paid on balances in the Insured Deposit Account. Interest rates are based on tiers and are established based on prevailing market and business conditions. The previous day's closing balance determines eligibility for a particular tier each day. Interest is accrued daily based on the interest rate tier applicable to each day's balance and is credited monthly on the last business day. TD Ameritrade uses the daily balance method to calculate interest on your Account. The interest rates paid may vary over time, but will be the same for each Program Bank. The account statement will display the name of each Program Bank which holds deposits, the balance of deposits at each Program Bank, any withdrawals made during the month, and the applicable interest rate and amount of interest earned on deposits.
- 2. TD Ameritrade Cash.** TD Ameritrade establishes the interest rate paid on the uninvested cash in your brokerage account (also referred to as "free credit balances") based on prevailing market and business conditions. TD Ameritrade Cash is intended as a place to keep your cash pending investment and not solely for the purpose of receiving interest.
- 3. Money Market Funds.** Money market funds are investment companies that pay dividends. Details regarding money market funds will be included in the fund prospectus. Money market fund dividends will be credited to your account on a monthly basis.



**FDIC Limits of Coverage; Distinction from SIPC Protection.** In the unlikely event that a Program Bank should fail, each depositor with Insured Deposit Account balances is insured, up to the \$250,000 limit, for taxable accounts, IRAs, and certain other retirement accounts, when aggregated with other deposits, including Certificates of Deposit, held by you in the same recognized legal capacity at each of the Program Banks for principal and interest accrued to the day the Program Banks are closed. Because your funds may be maintained on deposit in multiple Program Banks, the maximum amount of FDIC deposit insurance coverage you will receive is \$500,000 per depositor, per legal capacity. Any deposits (including certificates of deposit) that you maintain in the same insurable capacity directly with a Program Bank, or through an intermediary (such as us or another broker), will be aggregated with deposits in the Insured Deposit Account at such Program Bank for purposes of determining the maximum FDIC insurance amount. **You are responsible for monitoring the total amount of deposits that you have with each of the Program Banks in order to determine the deposit insurance coverage available to you. If your balances in the Insured Deposit Account exceed \$250,000 at any of the Program Banks, contact TD Ameritrade to discuss other options. TD Ameritrade will not be responsible for any insured or uninsured portion of your Insured Deposit Account balances.** Questions about FDIC coverage may be directed to TD Ameritrade. Information also may be obtained by contacting the FDIC, Division of Compliance and Consumer Affairs, or by accessing the FDIC website at [fdic.gov](http://fdic.gov).

TD Ameritrade is a member of the Securities Investor Protection Corporation ("SIPC"), which protects securities customers of its members up to \$500,000 (including \$250,000 for claims for cash). Explanatory brochure is available on request at [sipc.org](http://sipc.org).

Additionally, TD Ameritrade provides each client \$149.5 million worth of protection for securities and \$2 million of protection for cash through supplemental coverage provided by London insurers. In the event of a brokerage insolvency, a client may receive amounts due from the trustee in bankruptcy and then SIPC. Supplemental coverage is paid out after the trustee and SIPC payouts and under such coverage each client is limited to a combined return of \$152 million from a trustee, SIPC, and London insurers. The TD Ameritrade supplemental coverage has an aggregate limit of \$500 million over all customers. This policy provides coverage following brokerage insolvency and does not protect against loss in market value of the securities.

#### **Benefits to TD Ameritrade.**

- 1. Insured Deposit Account.** The Program Banks use Insured Deposit Account balances to fund current and new investment and lending activity. The Program Banks seek to make a profit by achieving a positive spread between their cost of funds (for example, deposits) and the return on their assets, net of expenses. TD Ameritrade receives a fee from the Program Banks that ranges from 1.1 to 1.4%. The rate of the fee that TD Ameritrade receives may exceed the interest rate or effective yield that you receive in your balances in the Insured Deposit Accounts, and the payment of the fee reduces the yield that you receive. Other than the applicable fees charged on brokerage accounts, there will be no charges, fees, or commissions imposed on your account for this cash sweep feature. The current Insured Deposit Account interest rate will be disclosed on the TD Ameritrade website and may be changed without prior notice.
- 2. TD Ameritrade Cash.** TD Ameritrade segregates customer cash consistent with the Securities and Exchange Commission rules and regulations. TD Ameritrade may earn income from holding client cash.
- 3. Money Market Funds.** TD Ameritrade may receive fees for providing marketing and shareholder services to money market funds included as a cash vehicle. In addition, TD Ameritrade Clearing, Inc. may act as transfer agent for certain funds and may receive payment for such services provided to such funds. The fees TD Ameritrade and TD Ameritrade Clearing, Inc. receive are disclosed in the prospectus for the fund.
- 4. Fee Payments.** If a client invests in a TD Asset Management USA Funds, Inc. (TDAM) money market fund, an affiliated money market fund provider, as a sweep vehicle, the following information is applicable. Pursuant to certain agreements by and among TDAM, its distributor, SEI Investments Distribution Co., TD Ameritrade Clearing, Inc., and TD Ameritrade, Inc., fee payments of up to an aggregate of approximately 80 bps are paid by TDAM or its distributor to TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc. for sweep, subdistribution, shareholder services, subtransfer agency, recordkeeping, and administrative services. TDAM is managed by TDAM USA, Inc., an affiliate of TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc. The amount paid to TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc. may include 12b-1 fees, absent voluntary waivers of such fees that may be in place, and is calculated on net assets of TDAM distributed through TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc.

Investment Products: Not FDIC Insured \* No Bank Guarantee \* May Lose Value

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