

Benjamin F. Edwards Cash Sweep Program

(Currently consisting of Pershing's Insured Deposit Program)

Overview

Benjamin F. Edwards & Company ("BFE" or "we" or "us" or "our") offers the Cash Sweep Program as the cash sweep for our clients. Our Cash Sweep Program currently consists of the Insured Deposit Program product which has two components: the bank sweep feature and the secondary sweep feature, each described in more detail below. The Insured Deposit Program (also referred to as the "Product") allows for the automatic investment of available cash balances in each BFE client's ("client" or "you" or "your") account ("Account") custodied at Pershing LLC ("Pershing") as an opportunity to earn income on available cash balances held in your Accounts.

In the bank sweep feature, Pershing has appointed Total Deposit Solutions, LLC, d/b/a R&T Deposit Solutions ("R&T"), to provide certain services with respect to the operation of the Product (Pershing and TBS together, the "Service Providers"). Available cash in your Account will be automatically "swept" daily into an account ("Deposit Account") maintained at one or more participating depository institutions ("Program Banks" or "Bank" or "Banks"). By using multiple Program Banks, the bank sweep feature seeks to provide aggregate pass through FDIC insurance protection for a client's Product balance up to the \$2.5 million current FDIC coverage limit for most account types as described in more detail in the *Insured Deposit Program Terms and Conditions* document ("Terms and Conditions"), available at www.benjaminfedwards.com/products-services/cash-management or by requesting a copy from your financial advisor. Any cash balance in excess of the FDIC insurance limit available through the Product ("Excess Balance") is automatically invested in a SIPC-insured money market mutual fund which BFE makes available as a secondary sweep feature of the Product as part of its Cash Sweep Program.

You understand that you affirmatively consent to enrollment in the Cash Sweep Program by default at the time of Account opening by signing an account agreement. When you continue participation in the Cash Sweep Program, you are instructing BFE to transfer your cash pending investment in your Account to the Cash Sweep Program utilizing the Insured Deposit Program product. No advice or recommendations are made concerning the client's decision to participate or to remain in the Cash Sweep Program. You may opt out of participation in the Cash Sweep Program at any time by contacting your financial advisor.

The Cash Sweep Program should not be viewed as a long-term investment option for holding cash. Other cash alternative products are available to you through BFE if you are seeking the highest yields currently available for your cash. Please contact your financial advisor to if you wish to discuss cash alternative products.

BFE receives significant amounts of compensation in connection with the product components of the Cash Sweep Program. Such compensation presents a conflict of interest in that it gives BFE and our Service Providers a financial incentive to have clients participate in the Cash Sweep Program and to maintain cash balances. BFE is compensated by exercising its discretion to deduct its fee from the interest rates paid by Banks in connection the Product's Deposit Accounts, and this discretion creates a conflict of interest, as any increase in BFE's fees will decrease the interest that you will receive in connection with the Deposit Accounts and any decrease in BFE's fees will increase the interest that you will receive in connection with the Deposit Accounts.

Clients with Accounts that are charged an investment advisory fee will pay a fee on all the assets in those Accounts, including cash balances in the Cash Sweep Program, which means that BFE receives both the asset-based advisory fee on such cash balances and compensation under the Cash Sweep Program on such cash balances. Alternatively, cash maintained in a brokerage account does not incur an asset-based advisory fee.

Compensation to BFE & Service Providers

Program Banks will pay a fee equal to a percentage of the average daily deposit balance in your Deposit Account at their Banks. The Service Providers earn a fixed percentage of that fee. The remainder of the fee is paid to BFE. The interest rate applicable to your Deposit Accounts will be based on the amount paid by the Bank less the fees that are applied to the bank sweep feature by BFE. Interest rates paid to clients are subject to tiers based on the aggregate value of your eligible linked Accounts, as described more in the *Terms and Conditions* BFE's compensation rate is higher on client's cash in lower interest rate tiers and lower on client's cash balances in higher rate tiers. In its discretion, BFE may change its compensation rate and may vary the amount of such changes at its discretion. The differences in BFE's compensation from Bank to Bank is intended to ensure that all clients receive the same rate of interest on their Deposit Accounts for their respective interest rate tiers, regardless of the Banks at which the Deposit Accounts are held.

The interest rate and fees will change from time to time. Current interest rates and fees are available at www.benjaminfedwards.com/products-services/cash-management and from your financial advisor. BFE is compensated by deducting a percentage of the rate paid by Banks for fees paid in connection with the Deposit Accounts. Any increase in BFE's fees will decrease the interest that you will receive in connection with the Deposit Accounts and any decrease in BFE's fees will increase the interest that you will receive in connection with the Deposit Accounts.

In the event your Product balance reaches the current Product Limit, any additional cash balance in excess of such levels swept from your Account will be automatically invested into the designated secondary sweep feature, a money market mutual fund. Your investments in the secondary sweep feature, if any, will earn dividends based on the income realized by the funds' underlying investments. The dividends earned on the shares in the money market mutual funds will not be payable

in cash but will be automatically reinvested each month into the principal balance of the applicable money market mutual fund.

Pershing will earn fees on balances in any money market mutual funds used as the secondary sweep feature, which are paid out of the total operating expenses of the specific fund. BFE will receive a portion of the fee paid to Pershing. These fees are paid monthly based on the total average daily balance held in the particular money market mutual fund.

Conflicts of Interest

BFE and the Service Providers receive fees and benefits for services provided in connection with the Cash Sweep Program and the Product. Administration and operation of the Product is primarily performed by our Service Providers, and services performed by BFE are minimal. BFE offers the Cash Sweep Program as a service to you and is not obligated to offer you this or any sweep product or to make available to you a sweep product that offers a rate of return that is equal to or greater than other comparable products or investments. BFE has an economic incentive to make available to our clients sweep options that are more profitable to us and our Service Providers. Your financial advisor does not directly receive a portion of the fee paid to BFE in the Cash Sweep Program, nor the Product.

BFE and the Service Providers retain and exercise the right to determine their own fees and may reduce or increase their fees. The amount of the fees collected reduces the effective amount of the interest rate that is ultimately paid to clients. Therefore, BFE and our Service Providers have a conflict of interest with regard to the Product. Any increase in the fees applied by BFE or Pershing will decrease the amount of interest received by clients. BFE and our Service Providers earn more in connection with your participation in the Product. Please visit www.benjaminfedwards.com/products-services/cash-management for disclosure of BFE's fees.

The Product balances held in a BFE investment advisory account are considered cash for billing purposes. Cash balances held in an investment advisory account are included in the assets of the account when calculating the investment advisory fee earned by BFE for management of such account. BFE therefore retains its fee from the Cash Sweep Program and earns an investment advisory fee for your balances in the Cash Sweep Program. This creates a conflict of interest, as BFE earns more from Cash Sweep Program balances in investment advisory accounts than it would if such balances were held in brokerage accounts or held outside of the Cash Sweep Program, creating an economic incentive for BFE to retain advisory assets in cash in the Cash Sweep Program. You should contact your financial advisor to discuss other cash alternative options that are available outside the Cash Sweep Program. Other cash alternative products do not compensate BFE in the same manner as the Cash Sweep Program and those products typically provide higher rates of return.

In deciding whether to participate in the Cash Sweep Program, clients should consider the expected rate of return versus the safety of the program. Banks participating in the Product are not selected by BFE and each bank participating in the Cash Sweep Program is covered by FDIC deposit insurance up to the applicable FDIC limit. Banks in the program are expected to have acceptable credit but clients should evaluate credit quality and FDIC insurance coverage together with the return they are expected to receive.

Changes to the Cash Sweep Program

BFE and the Service Providers may discontinue or modify the Cash Sweep Program, the Terms and Conditions of the Product, and may change or add Banks offered by the Product therein in their sole discretion. In addition, client balances in a Deposit Account at one or more Banks may be transferred to other Banks. If BFE makes a material change to the Cash Sweep Program, BFE will provide advance notice to you, and if applicable, identify options available to you as a result of the change. If BFE or the Service Providers makes 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.

All notice of changes to the Cash Sweep Program will be communicated to you in writing and on our website at www.benjaminfedwards.com (under *Important Disclosures*). Written notice can be provided to you in a separate electronic or written communication, on an account statement, or by other reasonable means.

Alternatives to the Cash Sweep Program

You may elect not to participate in the Cash Sweep Program and/or periodically invest cash balances directly in direct investments outside of the Cash Sweep Program by providing instructions to your Financial Advisor. This means your account will not have a sweep feature and the available cash in your account will not be automatically swept or otherwise invested without further instruction to your Financial Advisor. Please note, if you elect not to participate in the Cash Sweep Program, accruing cash balances will not earn a rate of return prior to direct investment and will remain as free credit balances, uninsured and uninvested, in your Account. Your Financial Advisor can provide additional product information for any cash alternative investment options outside of the Cash Sweep Program.

You acknowledge that you have received and carefully read the Insured Deposit Program Terms and Conditions and disclosures in connection with the Cash Sweep Program as well as the disclosure with respect to interest rates and Program Banks, and the designated money market fund. If you have any questions about any of the provisions of the Cash Sweep Program or wish to terminate your participation in the Cash Sweep Program, please contact your financial advisor.