

## **BNY Insured Deposits Disclosure Statement and Terms and Conditions**

### **I. Introduction**

Pershing LLC ("Pershing"), a wholly owned indirect subsidiary of The Bank of New York Mellon Corporation ("BNY"), is a registered broker-dealer and is a member organization of the New York Stock Exchange ("NYSE"), the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Pershing Advisor Solutions LLC ("Pershing Advisor Solutions") is also a wholly owned indirect subsidiary of BNY and a registered broker-dealer and member of FINRA and SIPC. If your Account was introduced to Pershing by your registered investment adviser ("Investment Adviser") through Pershing Advisor Solutions, Pershing Advisor Solutions relies on Pershing to provide clearing, custody, execution, and other broker-dealer services. The BNY Insured Deposits product ("Product") is offered by an Investment Adviser through Pershing Advisor Solutions. The Product is a sweep option intended for the automatic investment of available cash balances in an account custodied at Pershing ("Account") into interest-bearing bank deposit accounts ("Deposit Accounts") at two Federal Deposit Insurance Corporation ("FDIC") member banks, hereinafter referred to as Insured Depository Institutions ("IDIs"), The Bank of New York Mellon ("TBNY"), a NY state-chartered bank, and BNY Mellon, National Association ("BNY Mellon, N.A."), a national banking association, each BNY affiliates. Both participate in the Product by holding your Account's otherwise uninvested cash balances in Deposit Accounts. By selecting the Product as your automatic cash investment option, you agree to appoint Pershing as your authorized agent to establish and maintain Deposit Accounts at TBNY and BNY Mellon, N.A. (collectively, "Program Banks") and to effect deposits to and withdrawals from such Program

Banks pursuant to the Terms and Conditions set forth herein. Pursuant to this appointment, Pershing acts as your agent for no purposes other than those described herein relating to the establishment and maintenance of the Deposit Accounts. Pershing has appointed a third-party service provider, IntraFi Network LLC ("IntraFi" or "Administrator") to provide certain services with respect to the operation of the Product. Pershing, Pershing Advisor Solutions, TBNY and BNY Mellon, N.A. are BNY companies. BNY is the corporate brand for The Bank of New York Mellon Corporation. There is no minimum amount required as an initial deposit or for subsequent deposits.

**The Product is offered to you by your Investment Adviser and Pershing Advisor Solutions, subject to these Terms and Conditions. It is important to note that Pershing, Pershing Advisor Solutions, IntraFi, and your Investment Adviser are non-bank entities and are not FDIC members. The Product itself is NOT FDIC-insured. Rather, through the Product, the cash balance in your Account is swept into deposit accounts at the two Program Banks, which are both FDIC member IDIs. Those balances held at the Program Banks are eligible for FDIC insurance coverage up to the current maximum deposit insurance amount of \$250,000 per eligible depositor at each IDI Program Bank, for each eligible category of ownership or capacity, including any other balances you may hold at that IDI directly or through other intermediaries, including other broker-dealers. The Product is intended to direct the available cash balances in your Account to the two Program Banks in a manner intended to secure pass-through FDIC insurance coverage on your Product balances from each Program Bank, up to applicable Product and FDIC coverage limits. Subject to certain exceptions and limitations, the maximum amount of FDIC deposit insurance coverage available on your Deposit Account balances held in the Product is**

**currently \$500,000 for each eligible category of legal ownership as more fully explained below.**

**The only two Program Banks participating in the Product are BNY Mellon, N.A. and TBNY and both are IDIs and BNY Companies.**

These Terms and Conditions for the Product are supplemental to those contained in your Account agreement.

**YOU UNDERSTAND THAT TO ENROLL IN THE PRODUCT, YOU HAVE EITHER (1) RECENTLY INSTRUCTED YOUR INVESTMENT ADVISER TO DIRECT THE AVAILABLE CASH PENDING INVESTMENT IN YOUR ACCOUNT TO THIS INSURED BANK DEPOSIT SWEEP OPTION, OR (2) GIVEN YOUR INVESTMENT ADVISER DISCRETION TO MAKE INVESTMENT DECISIONS FOR YOUR ACCOUNT. YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED AND CAREFULLY READ THESE TERMS AND CONDITIONS AS WELL AS THE DISCLOSURE WITH RESPECT TO INTEREST RATES IN CONNECTION WITH CHOOSING TO ENROLL IN THE PRODUCT. IF YOU HAVE ANY QUESTIONS ABOUT ANY OF THE PROVISIONS OF THESE TERMS AND CONDITIONS, PLEASE CALL YOUR INVESTMENT ADVISER.**

### **II. Summary of Terms and Conditions**

This section of the Terms and Conditions is a summary of certain features of the Product. It is prepared for your convenience and must be read in conjunction with the more detailed disclosure below.

**A Summary of the Product:** Pershing operates the Product which, if your Account is eligible and you choose to participate, automatically sweeps the available uninvested cash balance in your Account (including proceeds of securities transactions, dividend and interest payments, cash deposits, and other monies pending investment) to Deposit Accounts at the two Program Banks and sweeps your cash from the two Program Banks to cover purchases of securities and other debits in your Account. The Product is intended to provide a rate of interest on your

balances held on deposit at the two Program Banks. The Deposit Accounts opened and maintained by Pershing at the Program Banks are entitled "Pershing LLC as Agent for its customers, acting for themselves or others."

**FDIC Insurance:** Balances swept into the Product are deposited into Deposit Accounts at the two Program Banks in a manner designed to provide your Product balance with eligibility for up to \$500,000 of FDIC insurance coverage on your Product balance provided through the Program Banks, which are both IDIs. FDIC insurance protects your deposit in the event of the failure of the bank. However, any cash you hold at a Program Bank outside the Product may impact the insurance coverage available, as neither Pershing, Pershing Advisor Solutions, your Investment Adviser, nor the Administrator monitors or takes any responsibility for cash you may have at a Program Bank outside of the Product. You are solely responsible for monitoring this. As such, you should carefully review any other relationship you may have with TBNY or BNY Mellon, N.A. for FDIC insurance coverage availability. The specific amount of your Product balance held at each of the two Program Banks will be listed on your Account statement. Due to the limited number of Program Banks, you cannot provide an instruction to not allocate your balances to either Program Bank. Moreover, as discussed more fully below, your cash balances will be allocated to BNY Mellon, N.A. first, then TBNY. If you have any concerns with your cash balance being allocated to either Program Bank, please contact your Investment Adviser.

**Securities Investor Protection Corporation ("SIPC"):** SIPC insures customer assets held at broker-dealers, such as Pershing, in the event of the failure of the broker-dealer. The deposits made through the Product are not insured by SIPC. Note that SIPC does not insure against the loss of value of any investment or product. Please see the section of this Disclosure

Statement titled "SIPC Coverage" for additional information.

**Access to Funds:** You will access your Product balance only through your Account, by contacting your Investment Adviser.

**Determination of Interest Rates:** Interest rates fluctuate and are based on the prevailing interest rates that the Program Banks are willing to pay. The Product interest rate (see Appendix A), as well as money market or other cash equivalent investment product rates, are available from your Investment Adviser or online at <https://www.bny.com/pershing/us/en/disclosures.html>. Please see the "Negative Interest Rates" section of this Disclosure Statement for more information on Product rates. If your Account is a retirement account, you authorize the use of the Product to hold your retirement account's uninvested cash balances as described herein.

**Conflicts of Interest:** Bank deposit sweep products are an important source of revenue for Pershing (and its affiliates). Pershing Advisor Solutions will receive a portion of the fees paid by the Program Banks but does not share these fees with Investment Advisers. In addition, the Administrator will receive fees from the Program Banks. Pershing and Pershing Advisor Solutions earn fees (which may or may not be account-based) on the amount of money in the Product, including your money. Pershing and Pershing Advisor Solutions may earn a higher fee if you participate in the Product than if you invest cash in alternatives such as money market mutual funds ("Money Funds"), therefore these parties have an incentive for you to enroll in and maintain your cash in the Product. Pershing and Pershing Advisor Solutions are affiliated with both Program Banks. When your Product balances are allocated to the two Program Banks, TBNY and BNY Mellon, N.A., each will realize an economic benefit from them. The Program Banks do not have a duty to offer the highest rates available or rates that are comparable to Money Funds or other investments.

The Product creates significant financial benefits for Pershing (and its affiliates). Pershing has a conflict of interest with respect to requiring the use of the Product and with respect to establishing the Product as the sole option for certain accounts. Pershing mitigates these conflicts by disclosing them to you. Pershing is not obligated to offer you (or your Account) sweep options or to make available sweep options that offer a rate of return that is equal to or greater than other comparable investments or deposits. Pershing considers Account participation in the Product and the Deposit Account balances as part of its overall compensation. Product Deposit Account cash deposits are an indirect cost to your Account because of the revenue and compensation that Pershing (and its affiliates) receive through your Account's use of the Program. If you are investing through an advisory account, the Product fees and benefits that Pershing (and its affiliates) receive are in addition to the advisory fee that you pay. The Program should not be viewed as a long-term investment option for cash holdings. 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 Investment Adviser about alternatives available to you outside of the Product that may be better suited to your Account's goals.

**Risks of the Product:** You may receive a lower rate of return on money deposited through the Product than on other investment alternatives. Please contact your Investment Adviser for information regarding such alternatives. The two Program Banks are permitted to impose a seven-day delay on any withdrawal request. In the event of a failure of a Program Bank, there may be a time period during which you may not be able to access your Product balance held at that Program Bank. Any cash deposits you hold at a Program Bank outside

the Product (along with the Program Bank Deposit Account balance within the Product) will count towards the \$250,000 FDIC insurance limit at that Program Bank and any cash deposits in excess of that limit will not be insured by the FDIC. If your Product balance exceeds \$500,000, the balance in excess of this amount will not be insured by the FDIC. In the event there is insufficient capacity at the Program Banks to fully allocate your balances, there is a potential that your Product balance may not be fully insured up to \$500,000. In the event the Product cannot accept any additional deposits, the sweep feature on your Account may be updated to prevent any further sweep deposits into the Product from your Account. If this occurs, any available cash balance in your Account would no longer be automatically invested into the Product and would remain a free credit balance in your Account (as discussed more fully below). If you have concerns about the risks of this Product, contact your Investment Adviser about alternatives available to you.

### III. Detailed Terms and Conditions

Funds in the Deposit Accounts at a Program Bank will be eligible for FDIC insurance up to \$250,000 (including principal and accrued interest) per depositor when aggregated with all other deposits held in the same insurable capacity (e.g., Individual, IRA, etc.) at a Program Bank. For example, Deposit Account balances at a Program Bank held in an Account registered to an individual are insured up to \$250,000.

**Any deposits (including certificates of deposit) that you maintain in the same capacity directly with either of the two Program Banks, TBNY and BNY Mellon, N.A., or through an intermediary (such as Pershing or another broker-dealer), will be aggregated with deposits in your Deposit Accounts at the Program Bank for purposes of the FDIC insurance limit. You are responsible for monitoring the total amount of**

**deposits that you have with each Program Bank in order to determine the extent of FDIC deposit insurance coverage available to you. For example, any deposit you hold at BNY Mellon, N.A. will be aggregated with your Product balance held at BNY Mellon, N.A. for purposes of the FDIC insurance limit. Please see the sections of this Disclosure Statement titled “Deposit Insurance: General” and “Deposit Insurance: Retirement Plans and Accounts” for more information.**

Through the Product, Pershing will place up to \$246,500 (the “Deposit Limit”) of the available cash in your Account into a Deposit Account at first BNY Mellon, N.A., then TBNY, irrespective of the capacity in which you hold your Account and of the maximum applicable deposit insurance amount available, typically \$250,000 for the deposits held in each eligible capacity, up to the total amount of FDIC insurance coverage available in the Product, currently \$500,000 (“Product Deposit Limit”).

**Please note:** the Product treats all funds in Deposit Accounts at a Program Bank as if held by an individual account for purposes of the Deposit Limit and Product Deposit Limit unless your Investment Adviser expressly notifies Pershing Advisor Solutions that different treatment is requested and Pershing Advisor Solutions receives and accepts such request. Under FDIC insurance rules, funds held in a joint account are generally eligible for FDIC insurance coverage up to \$250,000 per joint owner. However, as described above, the Product does not place amounts over \$246,500 with a Program Bank, regardless of account registration, unless different treatment is received. As a result, a joint account may be eligible for an amount of FDIC insurance coverage less than the maximum coverage available under FDIC rules. Please review the section titled, “Deposit Insurance: General” for more detailed information. Once cash balances equal to the Deposit Limit have been deposited for you through the Product into each of the Program

Banks, any additional funds (“Excess Balance”) will be treated differently based on your Account type, as described in more detail below.

Each Deposit Account constitutes a direct obligation of the respective Program Bank and is not directly or indirectly an obligation of Pershing, Pershing Advisor Solutions, or your Investment Adviser. You can obtain publicly available financial information concerning each Program Bank at [www.ffiec.gov/nic](http://www.ffiec.gov/nic) 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. Pershing does not guarantee in any way the financial condition of the Program Banks or the accuracy of any publicly available financial information concerning the Program Banks.

You will not have a direct account relationship with the Program Banks through the Product. Pershing, as agent, will establish the Deposit Accounts for you at each Program Bank and make deposits to and withdrawals from the Deposit Accounts. Pershing will receive a fee from a Program Bank based on the Program Bank’s Deposit Account balances. The amount of the fees paid to Pershing, Pershing Advisor Solutions, and the Administrator will affect the interest rate paid on the Deposit Accounts. Please see the section titled “Information About Your Relationship with Pershing and Program Banks” for more information.

As discussed herein, interest rates on the Deposit Accounts will fluctuate based upon prevailing economic and business conditions. The Program Banks, TBNY and BNY Mellon, N.A., do not have a duty to offer the highest rates available, nor do they have a duty to offer rates that are comparable to Money Funds or other investments. By comparison, Money Funds, which are not FDIC insured and involve principal risk, generally seek to achieve high rates of return consistent with their investment

objectives as found in their prospectuses.

The information in this Disclosure Statement applies, unless otherwise indicated, to each Account for which you are a client of record of Pershing, whether as an individual, joint tenant, trustee, executor, custodian or in any other capacity, and is furnished to you by Pershing in each of such capacities in respect of all such accounts.

#### **Interest Rates**

The current Product interest rate schedule is attached as Appendix A or is available from your Investment Adviser or online at <https://www.bny.com/pershing/us/en/disclosures.html>. The Product interest rate will vary daily and can be higher or lower than that provided on the interest rate schedule's Effective Date. Please see the section of this Disclosure Statement titled "Operation of the Product — Interest on Balances in the Deposit Accounts" for more information.

#### **Tax Information**

For most clients, interest earned from the Deposit Accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to you each year showing the amount of interest income you have earned in your Deposit Accounts. You should consult with your tax adviser about how the Deposit Account Sweep affects you.

### **OPERATION OF THE PRODUCT**

#### **Priority**

Under the Product, your available cash balances will first be allocated to Deposit Accounts at BNY Mellon, N.A. up to the applicable Deposit Limit. Upon meeting the Deposit Limit at BNY Mellon, N.A., additional cash balances will be allocated to Deposit Accounts at TBNY, up to the applicable Deposit Limit. Amounts in excess of the applicable Deposit Limits at both Program Banks will be treated as discussed below. You may not change the priority order, or opt out of, allocations to either of the Program Banks. You may at any time instruct your

Investment Adviser to remove your cash from the Product and remove the sweep feature from your Account.

#### **Establishment of, and Deposits into, the Deposit Accounts**

The Product typically makes available to you a money market deposit account ("MMDA"), which is a type of savings deposit, and a linked transaction account ("TA") at one or more of the Program Banks. The MMDAs and TAs are non-transferable.

When funds are first available for deposit, Pershing, as your agent, will open an MMDA and a linked TA on your behalf at one or more of the Program Banks. Once your balance in the Deposit Accounts at the first Program Bank reaches the Deposit Limit, Pershing, as your agent, will open an MMDA and TA for you at the other Program Bank and place your additional funds in that Program Bank.

To satisfy withdrawals from the Product, funds will be transferred from your MMDA to the related TA at each Program Bank as necessary and withdrawals will be made from the TA. The Program Bank and Pershing in their discretion may determine a minimum, or "threshold," amount to be maintained in your TA to satisfy debits in your brokerage account.

If federal banking regulations limit the transfers from an MMDA to a total of six (6) during a monthly statement cycle, at any point during a month in which transfers from an MMDA at a Program Bank have reached the applicable limit, all funds will be transferred from that MMDA to the linked TA at the Program Bank until the end of the month. If that occurs, any additional deposits for the remainder of the month that are allocated into this Program Bank will be made to the TA. At the beginning of the next month, funds on deposit in the TA will be transferred back to the MMDA, minus any threshold amount to be maintained in the TA. The limits on MMDA transfers, if

applicable, will not limit the number of withdrawals you can make from funds on deposit at a Program Bank or the amount of FDIC insurance coverage for which you are eligible.

#### **Treatment of Excess Balances**

*Once the Deposit Limit has been placed at each Program Bank, the treatment of any Excess Balance (i.e., available cash balances in the Account in excess of the Deposit Limit amount placed at each Program Bank) will differ based on your Account type.*

- **For retirement Accounts,** *Excess Balances will be swept into the Deposit Accounts at BNY Mellon, N.A., where those balances will be uninsured but will still earn the Product rate of interest.*
- **For non-retirement Accounts,** *Excess Balances will not be swept and will remain in the Account as a free credit balance and that balance will be eligible to receive a free credit balance interest rate (see below for more information about free credit balances).*

#### **Withdrawal Procedures**

All withdrawals from the Deposit Accounts necessary to satisfy debits in your Account (after reducing any available free credit balances in the Account) will be made by Pershing, as your agent. A debit is created in your Account by a securities purchase or a request for a withdrawal of cash from your Account and, if applicable, when you write a check on your Account, make payments via the online bill pay service or withdraw funds through your debit card. Checks written on your Account are not drawn directly against the Deposit Accounts established for you at the Program Banks.

Account withdrawals will first reduce available free credit balances, if any, then available Deposit Account balances at TBNY, if any, and finally available Deposit Account balances at BNY Mellon, N.A., if any.

If there are insufficient funds in the Deposit Accounts of both Program

Banks to satisfy a debit in your Account, Pershing will withdraw funds from other available sources as described in your Account agreement. If your Product balance exceeds the Deposit Limit at both Program Banks, and Excess Balances from your Account have been swept into a secondary sweep option, either held as Excess Balances in BNY Mellon, N.A., or as a free credit balance, as applicable, the balance in that secondary sweep option, BNY Mellon, N.A., Excess Balances (or free credit balance) will be used first to satisfy debits in your Account before withdrawals are made from your Product Deposit Account balances.

### **Interest on Balances in the Deposit Accounts**

The interest rates on the Deposit Accounts will be determined by the amount the Program Banks are willing to pay on the Deposit Accounts minus the fees paid to Pershing and other parties as set forth below under "Fees and Benefits."

To determine the current interest rate on the Product and the rate on free credit balances, you may contact your Investment Adviser or view online at <https://www.bny.com/pershing/us/en/disclosures.html>. You may also contact your Investment Adviser to determine the current interest rate on other cash equivalent investments available to you. Interest rates may change daily and will be available for the prior business day. Interest will accrue on Deposit Account balances from the day funds are deposited into the Deposit Accounts at a Program Bank through the business day preceding the date of withdrawal from the Deposit Accounts at the Program Bank. Interest will be compounded daily and credited monthly.

The interest rates paid with respect to the Deposit Accounts at a Program Bank may be higher or lower than the interest rates available to depositors making deposits directly with the Program

Bank or other depository institutions in comparable accounts and may be higher or lower than investments in Money Funds, tax-advantaged Money Funds, or other cash equivalent investments that may be available through Pershing. You should compare the terms, interest rates, required minimum amounts, and other features of the Product with other accounts and alternative investments. The Product is not intended for other than short-term cash holdings.

### **Negative Interest Rates**

In response to certain extraordinary economic conditions, some foreign countries have implemented a negative interest rate policy to stabilize their economies. Under such a policy, a central bank charges banks a fee to hold reserves, and, as a result, the banks then charge depositors a fee to maintain their deposits. Historically, the US has not adopted policies resulting in negative interest rates, and there is no indication that the Federal Reserve Board plans to adopt such a policy in the future. If, however, such a policy is adopted in the US, Program Banks may begin to charge fees to maintain deposits held through bank deposit sweep products, such as the Product. In such an event, a fee would be charged for maintaining your deposits at Program Banks through the Product. This fee would be in addition to fees received from Program Banks for their participation in the Product. Any fees related to negative interest rates would be applied to your Product balance on a monthly basis for the duration of the negative interest rate period. If applicable, this fee will appear on your periodic Account statement.

### **Information about Your Deposit Accounts**

You will not receive trade confirmations for each deposit or withdrawal. All transactions and other activity in your Deposit Accounts will be reported on your periodic Account statement.

For each statement period, your Account statement will reflect:

- All deposits to and withdrawals from your Product balance
- The total balance in the Deposit Accounts at each Program Bank as of the interest payable date
- The interest rate and interest earned on your Product balances for the period

Pershing is responsible for the accuracy of your Account statement. Your Investment Adviser can assist you in understanding your Account statement and can answer any questions you may have about it.

You may obtain information about your Product position, including balances and the current interest rates, by calling your Investment Adviser.

### **Notices**

All notices described in this Disclosure Statement may be made by means of a letter, an entry on your Account statement (or an entry on a trade confirmation) or by other means.

### **Free Credit Balance**

Cash balances held in your account, which represent a liability of Pershing and are commonly referred to as free credit balances, may be used by Pershing in the ordinary course of its business subject to the limitations under Securities Exchange Commission Rule 15c3-3 under the Securities Exchange Act of 1934 ("Rule 15c3-3"). The use of customer free credit balances creates funding for limited uses by Pershing, generally at a lesser cost than other sources of funding. Pershing can use the funding created by free credit balances to generate revenue for Pershing (less amounts paid to the customer on such balances), which Pershing retains as additional compensation.

Under these arrangements, Pershing may earn fees and interest on such cash balances by using such funding to finance customer positions at a lower funding cost than might otherwise be the case. Pershing does not share this compensation with



your Investment Adviser. Credit balances held in your Account are not insured or guaranteed by the FDIC but are eligible for limited insurance coverage by SIPC under SIPA.

During such time that you hold free credit balances in your Account through the Product, you may receive interest. For the current rate of interest, if any, on free credit balances in the Product, contact your Investment Adviser or view online at

<https://www.bny.com/pershing/us/en/disclosures.html>.

Pershing makes money on the use of these balances depending on whether they are invested or deposited. Pursuant to Rule 15c3-3, Pershing can (i) deposit cash balances into a segregated deposit account at its banks, thereby earning interest, or (ii) invest the cash balances in securities backed by the full faith and credit of the U.S. government, thereby making money on any yield generated by such securities. The amount Pershing earns from these sources will vary based on market forces and the contracts for deposit arrangements that Pershing is able to secure with its banks. Pershing may use both or either of these vehicles at its sole discretion. Any amounts Pershing receives pursuant to these sources will be reduced by the interest payable to you on such balances described above, and further reduced by the cost of borrowing any funds necessary to meet its reserve requirements under Rule 15c3-3.

#### **INFORMATION ABOUT YOUR RELATIONSHIP WITH PERSHING AND PROGRAM BANKS**

##### **Relationship with Pershing**

As your agent, Pershing establishes the Deposit Accounts at each Program Bank, deposits funds into the Deposit Accounts, withdraws funds from the Deposit Accounts and transfers funds among the Deposit Accounts at Program Banks. Pershing acts as your agent for no purposes other than those described herein relating to the establishment

and maintenance of the Deposit Accounts. Pershing has appointed IntraFi as Administrator to provide certain services with respect to the operation of the Product. Deposit Account ownership will be evidenced by a book entry on the account records of each Program Bank and by records maintained by Pershing as your custodian. No evidence of ownership, such as a passbook or certificate will be issued to you. Your Account statements will reflect the total balance in your Deposit Accounts at each Program Bank. You should retain your Account statements for your records. You may at any time obtain information about your Deposit Accounts by contacting your Investment Adviser.

Unless you establish Deposit Accounts directly with a Program Bank as described below, all transactions with respect to your Deposit Accounts must be directed by Pershing and all information concerning your Deposit Accounts can only be obtained from Pershing. Neither the Program Banks nor the Administrator will accept instructions from you with respect to your Deposit Accounts or provide you with information concerning your Deposit Accounts.

Pershing may, in its sole discretion, terminate your use of the Product as a sweep investment option. If Pershing terminates your use of the Product as a sweep investment option, you may establish a direct depository relationship with each Program Bank, subject to its rules with respect to maintaining deposit accounts.

Similarly, if you decide to terminate your participation in the Product, you may establish a direct relationship with any Program Bank by requesting to have your Deposit Accounts established in your name at each Program Bank, subject to each Program Bank's rules with respect to establishing and maintaining deposit accounts.

Establishing Deposit Accounts in your name at a Program Bank will separate the Deposit Accounts from

your Account. Your Deposit Account balances will no longer be reflected in your Account statement and Pershing will have no further responsibility concerning your Deposit Accounts.

##### **Relationship with the Program Banks**

As described above, you will not have a direct account relationship with the Program Banks. However, each Deposit Account constitutes an obligation of the respective Program Bank and is not directly or indirectly an obligation of Pershing. You can obtain publicly available financial information concerning each Bank at [www.ffiec.gov/nicpubweb/nicweb/nichome.aspx](http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx) 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. Pershing does not guarantee in any way the financial condition of the Program Banks or the accuracy of any publicly available financial information concerning such Program Banks.

##### **Fees and Benefits**

The Program Bank pays Pershing fees for participating in the Product, in the form of a percentage of the average daily deposit balance in your Deposit Accounts at the Program Bank. In its sole discretion, Pershing may reduce or waive a portion or all of its fee and may vary the amount of the reductions between clients. The fee may vary from Program Bank to Program Bank. The amount of fees received by Pershing will affect the interest rate paid by the Program Bank on your Deposit Accounts. In addition, the Administrator will receive fees from each Program Bank. The combined fee of Pershing, the third-party Administrator, and Pershing Advisor Solutions may not exceed 5%, or 500 basis points, on the average daily balances held in the Deposit Accounts. Other than applicable fees imposed by Pershing on your Account, there will be no charges, fees, or commissions imposed on your Account by Pershing with respect to the Product. Please see the "Negative Interest Rates" section

of this Disclosure Statement for more information on Fees.

The Program Banks and Pershing are each separate but affiliated companies and wholly owned subsidiaries of BNY.

The Product provides financial benefits to both Pershing (and Pershing Advisor Solutions) and the Program Banks. Limiting the Product to affiliated banks benefits Pershing and its affiliates. In addition to the fees and benefits received by Pershing and its affiliates in offering and maintaining the Product, the Program Banks receive substantial deposits at a price that may be less than other alternative funding sources available to them. Deposits at the Program Banks provide a stable source of funds for the Program Banks. The Program Banks each intend to use the deposited funds to support a variety of activities, including, but not limited to, each of their lending activities, if any. As with other depository institutions, the profitability of the Program Banks is determined in large part by the difference between the interest paid and other costs incurred by it on its deposit amounts (including amounts held through the Deposit Accounts), and the interest or other income earned on its loans, investments, and other assets.

#### **Deposit Insurance: General**

The Deposit Accounts (including principal and accrued interest) are insured by the FDIC, an independent agency of the U.S. Government, up to \$250,000 for all deposits held in the same insurable capacity at any one Program Bank. Generally, any accounts or deposits that you may maintain directly with a particular Program Bank, or through any other intermediary, in the same insurable capacity in which the Deposit Accounts are maintained at that same Program Bank would be aggregated with the Deposit Accounts for purposes of the FDIC insurance limit. In the event a Program Bank fails, the Deposit Accounts are insured, up to \$250,000, for principal and interest accrued to the date the Program Bank is closed.

Under certain circumstances, if you become the owner of deposits at a Program Bank because another depositor dies, beginning six months after the death of the depositor the FDIC will aggregate those deposits for purposes of the FDIC Insurance limit with any other deposits that you own in the same insurable capacity at the same Program Bank. Examples of accounts that may be subject to this FDIC policy include joint accounts, "payable on death" accounts and certain trust accounts. The FDIC provides a six-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

You are responsible for monitoring the total amount of deposits that you hold with any one Program Bank, directly or through an intermediary, in order for you to determine the extent of deposit insurance coverage available to you on your deposits, including the Deposit Accounts. Pershing, the Administrator, and your Investment Adviser are not responsible for any insured or uninsured portion of the Deposit Accounts or any other deposits. TBNY and BNY Mellon, N.A. are only responsible for the total balance, including any insured or uninsured portion, of the Deposit Accounts and other deposits held at that Bank.

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you. There is no specific time period during which the FDIC must make insurance payments available, and Pershing and the Administrator are under no obligation to credit your account with funds in advance of payments received from the FDIC. Furthermore, you may be required to provide certain documentation to the FDIC and Pershing before insurance payments are made. For example, if you hold deposits as trustee for the benefit of trust participants, you may be required to furnish affidavits and provide

indemnities regarding an insurance payment.

If your Deposit Accounts or other deposits at a Program 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 any time deposits that were assumed, or (ii) with respect to deposits that 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 with the acquiror held in the same capacity for purposes of federal deposit insurance. Any deposit opened at the Program Bank after the acquisition will be aggregated with deposits established with the acquiror for purposes of federal deposit insurance.

The application of the FDIC insurance limit is illustrated by several common factual situations discussed below, some of which may not apply to Product balances. References in the examples below. Please review the section titled "Deposit Insurance: Retirement Plans and Accounts" for the application of the FDIC insurance limit.

#### **Individual Customer Accounts.**

Deposits of any one Program Bank held by an individual in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts held through Pershing) or 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 agent, nominee or custodian, but are added to other deposits of such individual held in the same insurable capacity (including funds held in a sole proprietorship) and are insured up to \$250,000 in the aggregate. Deposits held through a qualified tuition savings program (529 Plan) will be insured as deposits of the participant and aggregated with other deposits of the participant if

the arrangement and the name of the participant are identified on Pershing's account records.

**Joint Accounts.** An individual's interest in deposits of any one Program Bank 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 Program Bank. Joint Accounts will be 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.

It is important to note that joint account funds in Deposit Accounts at a Program Bank are generally eligible for FDIC insurance coverage up to \$250,000 per joint owner, but the Product treats all funds in Deposit Accounts at a Program Bank as if held by an individual account for purposes of the Deposit Limit and Product Deposit Limit unless your Investment Advisor expressly notifies Pershing Advisor Solutions that different treatment is requested and Pershing Advisor Solutions receives and accepts such request. As a result, unless such different treatment is received, a joint account may be eligible for an amount of FDIC insurance coverage less than the maximum coverage available under FDIC rules.

#### **Trust accounts.**

Revocable and irrevocable trust account deposits held in any one Program Bank are generally insured by the FDIC in an amount up to \$250,000 for each trust beneficiary, up to a maximum of five eligible beneficiaries, per trust owner. An owner for this purpose includes the

trust's grantor or settlor. An eligible trust beneficiary is any natural person or IRS-recognized charity/non-profit. An eligible trust beneficiary does not include the trust's grantor or beneficiaries that will become beneficiaries only upon the death of a beneficiary.

All revocable and irrevocable trust deposits of a trust owner held at a Program Bank will be aggregated for purposes of determining FDIC insurance coverage. A trust established by two owners where the owners are the sole beneficiaries will be treated as a joint account under the applicable rules and will be aggregated with other joint accounts. For more information on FDIC coverage, visit [fdic.gov](https://www.fdic.gov).

Please note that due to operational complexities, Product balances held in Accounts with trust or TOD registrations are allocated to Program Banks at the Account level, regardless of the number of trust owners or beneficiaries. This may result in an amount of FDIC insurance coverage less than the maximum coverage available under FDIC rules.

**Medical Savings Accounts.** Deposits of any one Program Bank held in a Medical Savings Account, sometimes referred to as an Archer Medical Savings Account, will be eligible for deposit insurance as either an individual account, a revocable trust account or an employee benefit plan. You may wish to consult with your attorney or the FDIC to determine the available deposit insurance coverage.

#### **Deposit Insurance: Retirement Plans and Accounts**

**Retirement Plans and Accounts — Generally.** If you have deposits of any one Program Bank that are held through one or more retirement plans and accounts, the amount of deposit insurance you will be eligible for, including whether the deposits held by the plan or account will be considered separately or aggregated with the deposits of the same Program Bank held by other plans or

accounts, will vary depending on the type of plan or account. It is therefore important to understand the type of plan or account holding the deposits. The following sections generally discuss the rules that apply to deposits of retirement plans and accounts.

#### **Individual Retirement Accounts ("IRAs").**

Deposits of any one Program Bank held in an IRA will be insured up to \$250,000 in the aggregate. However, the deposits of any one Program Bank acquired by an IRA will be aggregated with the deposits of the same Program Bank held by certain employee benefit plans in which the owner of the IRA has an interest. Thus, the owner of an IRA will only be eligible for insurance of \$250,000 for deposits at any one Program Bank held in plans and accounts that are subject to aggregation. See the section below titled "Aggregation of Retirement Plan and Account Deposits."

#### **Pass-Through Deposit Insurance for Employee Benefit Plan Deposits.**

Subject to the limitations discussed below, under FDIC regulations an individual's non-contingent interests in the deposits of any one Program Bank held by many types of plans are eligible for insurance up to \$250,000 on a pass-through basis. This means that instead of an employee benefit plan's deposits at any one Program Bank being entitled to only \$250,000 in total per Program Bank, each participant in the employee benefit plan is entitled to insurance of his or her non-contingent interest in the employee benefit plan's deposits of up to \$250,000 per Program Bank (subject to the aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is separate from the FDIC Insurance limit allowed on other deposits held by an individual in different insurable capacities with the Program Bank.

The types of plans for which deposits may receive pass-through treatment are employee benefit plans, as



defined in Section 3(3) of the Employee Retirement Income Security Act (ERISA) (including Keogh plans, whether or not they are technically “employee benefit plans” under ERISA) and eligible deferred compensation plans described in Section 457 of the Internal Revenue Code of 1986. For purposes of Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

A deposit at any one Program Bank held by an employee benefit plan that is eligible for pass-through insurance is not insured for an amount equal to the number of plan participants multiplied by \$250,000. For example, an employee benefit plan owns \$500,000 in deposits at one Program Bank and the participants are eligible for up to \$250,000 per plan beneficiary. The employee benefit plan has two participants, one with a non-contingent interest of \$425,000 and one with a non-contingent interest of \$75,000. In this case, the employee benefit plan’s deposits would be insured up to only \$325,000; the individual with the \$425,000 interest would be insured up to the \$250,000 limit and the individual with the \$75,000 interest would be insured up to the full value of such interest.

The contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee benefit plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan deposit are interests that are not capable of evaluation in accordance with FDIC rules and are aggregated and insured up to \$250,000 per Program Bank. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to \$250,000 separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

**Aggregation of Retirement Plan and Account Deposits.** Under FDIC regulations, an individual’s interests in plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits of the same Program Bank will be insured for \$250,000 in the aggregate. In addition, under FDIC regulations an individual’s interest in the deposits of one Program Bank held by (i) IRAs, (ii) Section 457 Plans, (iii) self-directed Keogh Plans and (iv) self-directed defined contribution plans that are acquired by these plans and accounts will be insured for \$250,000 in the aggregate whether or not maintained by the same employer or employee organization.

**Questions about FDIC Deposit Insurance Coverage.** If you have questions about basic FDIC insurance coverage, please contact your Investment Adviser. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable 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 Online Customer Assistance Form available on its website.

#### SIPC Coverage

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 Pershing, in the event such firms become insolvent. Unlike FDIC insurance, SIPC does not insure against the loss of your investment, nor does SIPC insurance protect against a decline in the value of your investment. SIPC protects each client’s securities, including Money

Funds, 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 (including a maximum of \$250,000 for claims for uninvested cash) per customer in each separate capacity under SIPC rules. Additional amounts may be covered by excess SIPC coverage obtained by Pershing.

Money Fund balances are considered to be securities for purposes of SIPC coverage. Balances maintained in the Deposit Accounts at each Program Bank are not protected by SIPC or, if any, excess coverage purchased by Pershing. If you have questions about SIPC coverage and additional SIPC-like coverage, please contact your Investment Adviser. You may also obtain information about SIPC coverage, including a brochure that describes SIPC and SIPC insurance, by accessing the SIPC website at [www.sipc.org](http://www.sipc.org).

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